

**CITY OF OAKLAND**  
OFFICE OF THE CITY CLERK  
OAKLAND **AGENDA REPORT**

2010 OCT 14 PM 4:29

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: October 19, 2010

RE: **A Supplemental Report To The Annual Report of the Rent Adjustment Program for Fiscal Year 2009-2010**

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## SUMMARY

During staff's presentation of the annual report of the Rent Adjustment Program on October 12, 2010, the Community and Economic Development Committee asked for more information on the Program Service Fee charged by the program.

This report will summarize the processing of petitions and other responsibilities of the Rent Adjustment Program as mandated by City of Oakland Ordinances.

## KEY ISSUES AND IMPACTS

### Petition Processing in FY 09-10

Fiscal year 09-10 saw a decrease in some aspects of the Rent Adjustment Program, including public contact, petition filing, and client participation in the Low-Income Representation Program. The decrease is reflective of changed circumstances in the rental housing market. Historically, this trend emerges during an economic downturn. The trend typically reverses with improvement in economic conditions.

In the past four months, staff have observed an increase in the amount of public contact and petition filing. The increase in petitions may be attributed, in part, to the increase in the CPI rate to 2.7%, effective July 1, 2010. The upward trend in petitions filed is most apparent in August and September, following rent increases pegged to CPI rates which were passed on to tenants by landlords. There were 22 petitions filed in August and 19 petitions filed in September, an average of one petition filed every business day.

Based upon historical trends, the gradual increase in petitions, coupled with better economic conditions, predict a more typical number of 300 to 400 petition filings for the 2010-11 fiscal year.

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### Other Program Mandates

Adjudicating petitions is only one service the Rent Adjustment Program is mandated to provide by the Ordinance. Listed below are other responsibilities charged to the Rent Adjustment Program.

#### **Just Cause for Eviction**

With the Adoption of the Just Cause for Eviction Ordinance, Rent Adjustment was charged with carrying out the mandates of that Ordinance, which include holding hearings; giving information to tenants; receiving, processing, and indexing eviction notices; settling disputes over age or disability claims; and adopting regulations.

The foreclosure crisis in Oakland has required that staff spend a significant amount of time discussing the Just Cause Ordinance with not only tenants living in these properties, but landlords who have lost the properties, and with representatives of banks.

It has been necessary for staff to attend workshops and meetings regarding foreclosure and to create informational material and referral lists.

#### **Low-Income Client Representation Program**

Rent Adjustment funds and manages a successful Low-Income Client Representation Program. This program allows low-income tenants and landlords to secure their rights under Oakland's Ordinances.

#### **Ellis Act**

Council adopted protections for tenants when a residential landlord removes property from the rental market pursuant to the Ellis Act (California Government Code Sections 7060 *ET SEQ.*) These Ellis Act protections have added substantial amount of work in preparing and maintaining forms, drafting regulations, answering public inquiries, and processing applications.

#### **Coordinating with City Attorney's Office**

Rent Adjustment staff works extensively with the City Attorney's office to draft legislation, regulations, and reports. Staff also works with City Attorney on litigation relating to the Rent Program.

### Unspent funds carried forward

The budgeted expenditures for FY 09-10 include unspent but designated funds for hiring two additional staff (Project Manager II and Program Analyst II). Total expenditures for FY 09-10

were \$1,581,380, with a balance left over \$232,301. The cost of filling the vacant positions is shown below.

<u>Vacant Positions</u>	<u>Costs</u>
Project Manager II	\$240,690
Program Analyst II	\$102,150
Total:	\$342,840

Had staff spent all or a portion of the funds designated for one or both of the vacant positions, there may have been a deficit in FY 09-10. Uncertainty over revenue collection caused staff to be cautious about filling the Program Analyst II position during the previous fiscal year.

#### Compliance and Collections

The program's fiscal discipline is due, in part, to the lower revenue expectation for FY 09-10. The expectations were based on the problems with collection of delinquent accounts of less than \$150. Delinquent notices are sent out after the end of the fiscal year, typically in July or August. Non-compliance usually involves single-family units, where \$30 plus delinquent fees are sought. The Business License Tax Section concentrates on collecting larger accounts. The cost of collecting a small debt exceeds the potential recovery and it is not cost-effective. The Revenue Division only sends to Collection amounts of \$150 or more. Accounts under \$150 continue to accumulate penalties and interest and receive yearly invoices until resolved or until the amount owed exceeds \$150.

#### Summary

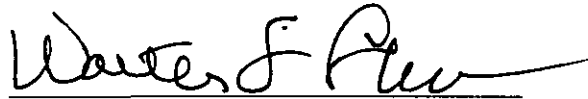
Oakland's Rent Adjustment Program is efficient and cost effective. Oakland currently controls approximately 60,000 units at a cost of \$30 per unit for an annual total of about \$1.8 million. This amount of funding is sufficient to cover all expenditures for the Rent Program.

The Rent Program needs to maintain an infrastructure that allows compliance with the mandates set forth in the Oakland Ordinances. A sufficient infrastructure would include the ability to hire staff, have access to appropriate technology, and other elements required to allow staff to carry out their responsibilities.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council accept this informational report.

Respectfully submitted,

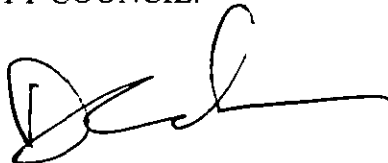


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APPROVED AND FORWARDED TO THE  
CITY COUNCIL:



Office of the City Administrator

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