



CITY HALL • ONE FRANK H. OGAWA PLAZA, 4TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Auditor
Brenda D. Roberts, CPA, CFE, CIA
City Auditor

(510) 238-3378
FAX (510) 238-7640
TDD (510) 238-3254
www.oaklandauditor.com

August 5, 2016

LaTonda Simmons, City Clerk
1 Frank H. Ogawa Plaza
Oakland, CA 94612

RE: Financial Analysis of the Protect Oakland Renters Act for November 2016

Dear City Clerk:

I am pleased to submit an impartial analysis of the Protect Oakland Renters Act ballot measure, which amends the City Charter, the Rent Adjustment Program and Just Cause for Evictions on the November 2016 ballot.

The Office of the City Auditor prepared this analysis in accordance with Municipal Code Section 3.08.210, which requires the Office prepare an impartial financial analysis of each measure qualifying for ballot placement.

If you have any questions, please contact Stephen Lawrence, Assistant City Auditor at 510-238-7609.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Brenda Roberts', with a stylized flourish at the end.

Brenda Roberts
City Auditor

CITY AUDITORS IMPARTIAL FINANCIAL ANALYSIS OF Proposed Amendments to Oakland's Just Cause for Eviction and Rent Adjustment Ordinances

This measure proposes amendments to the Rent Adjustment Program (RAP) and Just Cause for Evictions (Just Cause) ordinances (O.M.C. 8.22.100 and 8.22.300, respectively) to, if approved by voters:

- (1) require residential rental property owners and landlords to file petitions for rent increases other than those based on the annual consumer price index or banking (effective February 1, 2017);
- (2) increase transparency and reporting; and
- (3) modify the Just Cause for Eviction Ordinance to apply to units constructed on or before December 31, 1995 (currently October 14, 1980).

The last two components of the measure go into effect, if approved by the voters, 10 days after the results of the vote are declared by the City Council.

Financial Impact

Property owners of residential rental units covered under these ordinances are assessed an annual Rent Program Service fee per unit (owners may pass through one-half of the fee to the tenant). These monies are used to support RAP operations.

An increase (or decrease) in cost to operate the program relates primarily to changes in workload and staff time due to a greater (or lesser) number of petitions submitted to RAP. Under this measure, landlords must petition RAP to increase rent in excess of the allowable limits or to pass on the costs of capital improvements to their tenants. Tenants may continue to appeal petition decisions and may use the petition process to contest decreased housing services. Given this, it is probable that the number of petitions will increase under this measure and add to the caseload. Expanded informational reporting may also impact staff workload. If these changes result in significant increased costs, the Program Service fee may need to be increased to support the costs of the RAP operations.

Further, this measure will expand the properties covered under Just Cause from those built prior to October 14, 1980 to those constructed prior to December 31, 1995. Owners of these properties will be assessed the annual Rent Program Service fee.

Background

Oakland's RAP presently permits landlords to petition for rent increases, but in most cases tenants petition to contest rent increases that exceed an annual rent allowance. Under the proposed measure, rent increases are restricted to the Consumer Price Index

or banked rents unless a petition, filed by the landlord or property owner, is approved by the RAP.

Currently, RAP requires an annual reporting on its activities and operations. The proposed measure expands the reporting requirements to include Rent Board vacancies, Rent Board meeting cancellations, and other statistics and information.

The effective dates for and the protections afforded under RAP and Just Cause ordinances are different. Tenants living in rental units constructed prior to January 1, 1983 are afforded protections under the Just Cause and RAP ordinances. Tenants residing in rental properties built between January 1, 1983 and prior to December 31, 1995 are only protected under the Just Cause for Evictions Ordinance.