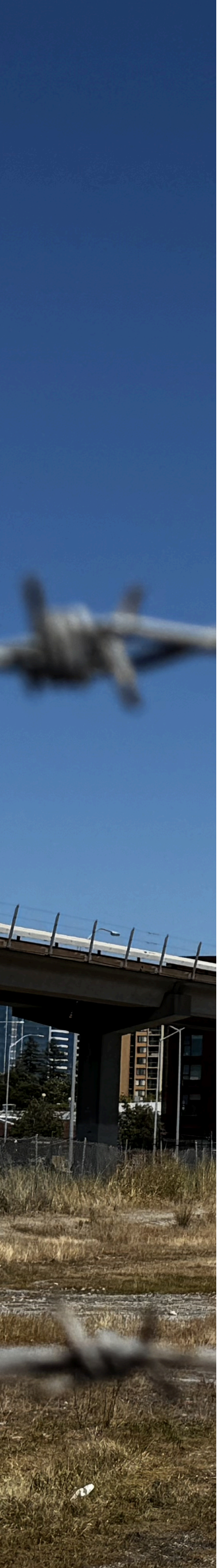

CITY OF OAKLAND
Office of the City Auditor

JULY 2026

Audit REPORT

Performance Audit of the Vacant Property Tax: Defined Goals, Reporting, and Oversight Needed to Align Expenditures with Policy Goals

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July 9, 2026

RE: Performance Audit of the Vacant Property Tax

Residents of Oakland, Mayor Lee, Council President Jenkins, Members of the City Council, City Attorney Richardson, and Interim City Administrator Lake,

The Office of the City Auditor (Office) has completed an audit of the City's Vacant Property Tax (tax). The audit report, titled *Performance Audit of the Vacant Property Tax: Defined Goals, Reporting, and Oversight Needed to Align Expenditures with Policy Goals*, is enclosed. We completed this audit based on Oakland Municipal Code (O.M.C) Chapter 4.56, which requires regular audits by the City Auditor to ensure accountability and proper disbursement of revenue collected.

Oakland voters passed the Vacant Property Tax Act as Measure W in 2018, which was codified within Municipal Code Chapter 4.56. The City began administering the tax in 2019, with those revenues being collected within Fiscal Year (FY) 2020-21. This is the first audit of the Measure. The objectives were to review the process for identifying properties subject to the tax, its exemptions, revenues produced, expenditures, and administrative costs. We reviewed data from FY 2020-21 through FY 2025-26.

We found the City's administrative process appears to effectively identify vacant properties. The City contracts out its administrative process to SCI Consulting Group (SCI). Reviewing the City and SCI's policies and procedures, processes, and vacancy database, we found that the City's process identifies likely vacant properties, confirms their status using owner declarations, and taxes non-exempt vacant properties. Further, the process appears to have shown improvement over the years, with the rate of false positives, number of exemption applications, exemption approval rates, and number of refund requests all decreasing over the period reviewed. To test for the potential incidence of untaxed vacant properties, we collected images and locations of 18 potentially vacant properties in Oakland to test whether these had been identified and taxed by the City. Thirteen of 18 properties (72 percent) were found in the Vacant Property Tax database and have either been taxed as vacant or have qualified for an exemption from the tax. While the methods to identify vacant properties have been refined over time, it is still possible that some vacant properties go undetected.

Additionally, we found the Finance Department appears to be administering the tax in compliance with the Municipal Code, and during the audit, the Finance Department approved comprehensive written policies and procedures for administering the tax. From FY 2020-21 through FY 2024-25, the City collected about $29.8 million in revenues from the Vacant Property Tax and spent about $26.8 million. The City generally complied with the allowable uses stated within the Municipal Code: at least 25 percent of expenditures must go towards illegal dumping and blight remediation, and no more than 15 percent can be spent on administrative costs. While the City exceeded the minimum spending requirement for illegal dumping, we found the City's expenditure of Vacant Property Tax funds may not meet community expectations, as the City has used less funds for support services for people at risk of or experiencing homelessness, one of the primary purposes of the tax. During the period reviewed, we found that 66 percent of expenditures were allocated to illegal dumping cleanup, with 16 percent of remaining non-administrative expenditure going towards other allowable uses, such as homelessness services and housing assistance. We also found that administrative spending has generally been within the legal limits of 15 percent, but the City's Oracle system does not clearly distinguish administrative expenditures relevant to the Vacant Property Tax's administrative spending requirement.

Additionally, we found that the City could improve its oversight of the tax, particularly with regard to spending and policy effectiveness. The stated goals of the Vacant Property Tax are broad, and the associated minimum spending requirement for illegal dumping does not encourage spending in alignment with the breadth of these goals. The City should set specific, measurable metrics and establish a baseline on those metrics for comparison to understand the effectiveness of the tax and fund expenditures in meeting the goals associated with reducing vacancy in Oakland, mitigating the effects of vacant property (including disrepair, blight, illegal dumping), and increasing the productive use of properties and affordable housing. More specific goals and metrics will help guide expenditure allocations and future evaluations of the tax. Additionally, while Municipal Code Chapter 4.56 assigns oversight of Vacant Property Tax funds to the Commission on Homelessness, the Commission has not complied with its required annual reporting. Also, the Finance Department should provide an annual report to the City Council to comply with state law on voter-approved special taxes.

Last, we found that the tax may fall short of maximizing the productive use of vacant properties due to its design, which is low compared to other jurisdictions and set at a flat rate. As described above, collecting and regularly reporting information such as the number of vacant properties, the property types, duration of vacancy, and geographic trends will allow the City to assess whether Oakland's tax has been effective in reducing the number of vacant properties.

This audit provides three recommendations to support the successful implementation of the Vacant Property Tax: to ensure administrative costs are clearly and appropriately coded, to establish defined policy goals and regular reports to assess progress towards goals of reducing vacancy and blight, and to facilitate oversight and compliance with state law.

We thank the City Administration, including staff in the Finance Department and City Administrator's Office, as well as the City Attorney's Office for their time and insight during the audit process. We also thank SCI Consulting Group for their time and cooperation in providing data and records.

Sincerely,

MCHouston

Michael C. Houston
City Auditor

Cc: Bradley Johnson, Director of Finance
Nicole Welch, Revenue & Tax Administrator

REPORT HIGHLIGHTS

Performance Audit of the Vacant Property Tax: Defined Goals, Reporting, and Oversight Needed to Align Expenditures with Policy Goals

Background

In November 2018, Oakland voters passed the Vacant Property Tax, a special tax to generate revenue for services to reduce homelessness, blight, and related issues. The Oakland Municipal Code mandates regular audits of the tax by the City Auditor to ensure accountability and proper disbursement of revenue collected by the City. This audit is our Office's first evaluation of the tax. The objectives of the audit were to review the process for identifying properties subject to the tax, its exemptions, revenues produced, expenditures, and administrative costs.

What We Found

We found that the City's process for administering the tax appears to effectively identify many vacant properties, is generating revenue, and shows signs of improvement over the years. Reviewing expenditures from the Vacant Property Tax Fund (Fund 2270), most of the tax's revenues have gone towards illegal dumping clean up. The City has generally met legal limits for administrative spending for the tax, but can improve its expense coding to accurately and precisely identify administrative uses. While the Vacant Property Tax has met its minimum spending requirement to address illegal dumping, we found the City lacks specific, measurable metrics and baselines to assess the success of the tax in meeting the policy goals of reducing vacancy and addressing blight and homelessness. The City's Commission on Homelessness, the tax's oversight body, has not yet met its oversight requirements to publish annual reports on the policy's outcomes and recommend spending priorities. Additionally, the City has not complied with state law requiring annual reports detailing revenues, expenditures, and the status of projects funded by the tax. Defined goals, reporting, and oversight will help to ensure the tax meets its broader policy goals. We found that the tax's design has constraints that may limit the revenues collected and the tax's effectiveness at incentivizing the development or use of vacant properties. While some design constraints can be revised by the City Council with voter approval, others such as the property tax limits established by California's Proposition 13 are outside the City's authority.

What We Recommend

We made 3 recommendations to improve documentation of administrative expenditures, establish a baseline of vacant property trends and clearer goals to regularly assess the tax's effectiveness, and improve accountability through the publication of an annual report detailing revenues, expenditures, and projects funded by the tax.

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Introduction

In November 2018, Oakland voters passed the Vacant Property Tax, a special tax to generate revenue for services to reduce homelessness, blight, and related issues. The tax, passed as Measure W, was codified in Oakland Municipal Code Chapter 4.56.

Our Office has completed a performance audit of the Vacant Property Tax in accordance with Oakland Municipal Code Section 4.56.070(A)(4), which requires the City Auditor to perform regular audits to ensure accountability and proper disbursement of all revenue collected by the City from the tax, in accordance with state law and the objectives described within Oakland Municipal Code Chapter 4.56. The objectives of this audit were to review the process for identifying properties subject to the tax, its exemptions, revenues produced, expenditures, and administrative costs.

Background

In November 2018, Oakland voters passed Measure W, establishing a special tax on vacant properties to generate revenue to reduce homelessness, blight, and related issues. City Council Resolution 87319, which put the tax on the ballot, states that, "Oakland [is] experiencing significant vacancy of property," and that "properties that are vacant or undeveloped deprive the community of economic opportunity and housing that could be provided if those properties were put to use." The resolution further states that vacant properties "deprive the City of the revenue needed to provide public services," and that vacancy encourages blight, crime, and illegal dumping. The tax on vacant properties is intended to fund solutions for homelessness, illegal dumping remediation, and related programs.

The ordinance, passed as Measure W, is codified within the Oakland Municipal Code Chapter 4.56 and establishes a flat-rate tax on properties that meet the City's definition of vacancy (see Box 1). The ordinance exempts properties with low-income owners, properties included in substantially complete planning applications, or properties with owners who have experienced demonstrable hardship unrelated to personal finances preventing property use. In accordance with the ordinance, the City began administering the tax in fiscal year (FY) 2020-21, for properties vacant in calendar year 2019, and has administered the tax each year since. The ordinance establishing the tax expires 20 years from when it was first levied, FY 2040-2041.

Box 1

Defining Vacancy

This report uses the definition of "vacant" established in Oakland Municipal Code Section 4.56.020. According to the Code, a property is vacant if it is in use less than 50 days in the calendar year. Use is broadly defined to include lawful physical occupancy as well as civic, commercial, industrial, agricultural, extractive, or religious activities. If a property owner files a petition to claim their property is in-use and not subject to the tax and their use of the property is not lawful, their petition will be denied, and the property will be deemed vacant.

Certain undeveloped properties and ground-floor commercial spaces may also be considered in-use under specific conditions. Ground-floor commercial spaces must be leased out to a tenant occupying the space for legal activity and at least 40 percent of the property or unit's floor space must be occupied. Undeveloped properties that are maintained and are contiguous to or located within 500 feet of an occupied residential property by the same owner may also qualify as in-use.

Oakland's Vacant Property Tax Is a Flat Rate of $3,000 to $6,000 Annually

Oakland's Vacant Property Tax rates range from $3,000 to $6,000 annually per property, depending on property type, as shown in Exhibit 1.

Exhibit 1: The Oakland Municipal Code Sets Maximum Tax Rates for Vacant Properties in the City of Oakland

Property Type	Annual Tax Rate
Residential	$6,000 per parcel
Condominium, duplex, or townhouse under separate ownership	$3,000 per vacant residential unit
Nonresidential	$6,000 per parcel
Parcel allowed to have ground floor commercial activity, but is vacant	$3,000 per parcel
Undeveloped	$6,000 per parcel

Source: Oakland Municipal Code Section 4.56.030.

Oakland Municipal Code Section 4.56.030(E) allows the City Council to change tax rates, so long as they remain below the values shown in Exhibit 1. Since the initiation of the tax, the City Council has set the tax rate at the maximum allowable values listed for each property type, except FY 2020-21 (calendar year 2019) when the tax rate for vacant residential land zoned for four units or fewer was set to $3,000 rather than $6,000.

The Municipal Code Specifies Allowable Uses for Vacant Property Tax Revenue, Including Services to Reduce Homelessness, Develop Affordable Housing, and Clean Up Blighted Property and Illegal Dumping

Allowable uses for Vacant Property Tax revenues are defined in Oakland Municipal Code Section 4.56.050. They include:

- **Services to mitigate the effects of vacancy,** such as providing services and programs to homeless people, to reduce homelessness, and to support the production of affordable housing. Other enumerated allowed expenses include job training services, housing assistance such as temporary housing and move-in expense support, accessibility support for seniors and persons with disabilities, and cleaning up blighted properties and illegal dumping.

- **Audits of the use of tax funds,**[1]
- **Costs for the election required to obtain voter approval of the tax,**
- **Costs to administer the tax,** including costs to identify vacant properties, attorneys' fees for tax compliance, the cost to develop ordinances and regulations relevant to implementing the tax, costs associated with the Commission on Homelessness, and reimbursement to the County for collecting the tax.
- **Reimbursement to the City for the costs of legal defense,** if the tax is legally challenged.

The ordinance has two spending restrictions on revenue use:

- No more than 15 percent of annual revenues can be used for administrative costs,[2] to be confirmed by the City Auditor.
- At least 25 percent of revenue must be used for code enforcement and cleanup of blighted vacant properties, blight elimination, and remedying illegal dumping.

The Finance Department Oversees the Administration of the Vacant Property Tax

The Finance Department is primarily responsible for administering the Vacant Property Tax, as designated by the City Administrator. Exhibit 2 summarizes key stakeholders in the tax's administration, as described within Oakland Municipal Code Chapter 4.56.

Exhibit 2: The Municipal Code Outlines the Roles of Several Entities in the Administration and Oversight of the Vacant Property Tax

Entity	Vacant Property Tax Role
City Council	• Establishes a method for determining the use and vacancy status of properties (Section 4.56.020(B)) • Lowers or increases the tax rate subject to limits specified in the Municipal Code (Section 4.56.030(E)(1)) • Establishes additional exemptions and provides supplemental definitions of existing exemptions (Section 4.56.030(J)(3-4)) • Assigns other duties to the Commission on Homelessness through the adoption of ordinances (Section 4.56.060(C)) • Receives reports and recommendations from the Commission on Homelessness (Section 4.56.060(C))

[1] While an allowable expense, the City Auditor's Office has not been funded with Vacant Property Tax funds.

[2] Costs for the Commission on Homelessness are not included in administrative costs, as stated in Municipal Code Section 4.56.050(E).

Entity	Vacant Property Tax Role
City Administrator (or Designee)	• Adopts rules and regulations to implement the tax and the exemption process (Section 4.56.120) • Assists with evaluating evidence for exceptional specific circumstances as defined in the ordinance (Section 4.56.090(D)) • Publishes Commission on Homelessness reports to City website and transmits them to the City Council (Section 4.56.060(C)) and assists the Commission (Section 4.56.060(G)) • Develops administrative methods to identify likely vacant properties (Section 4.56.100(A)) • Appoints independent hearing officers for appeals (Section 4.56.110(A))
Finance Department	• Establishes procedures and guidelines for owners to apply for the tax's exemptions as well as procedures and guidelines for the City to grant exemptions. (Section 4.56.030(J)(2)) • Handles administrative functions of the tax (see above) as designated by the City Administrator
Commission on Homelessness	• Provides community oversight of Measure W (Vacant Property Tax) and Measure Q (Homeless Services) funds (Section 4.56.060(A)) • Reviews financial and operational reports on fund expenditures (Section 4.56.060(C)) • Publishes an annual report regarding how and to what extent the City Council and Mayor have implemented the Vacant Property Tax (Section 4.56.060(C)) • Publishes reports as requested that recommend fund allocations, detail program impacts, provide Biennial Fiscal Year Budget recommendations, and/or review and respond to the City's Encampment Management Policy and Access to Housing (Path) Plan (Section 4.56.060(C)(1-4)) • Performs other duties as assigned by the City Council (Section 4.56.060(C))
City Attorney	• Approves "exceptional specific circumstance" exemptions when needed (Section 4.56.090(D)) • Reviews and approves rules and regulations adopted by the City Administrator for administration of the tax (Section 4.56.120)
City Auditor	• Performs regular audits to ensure accountability and proper disbursement of revenue (Section 4.56.070(A)(4)) • Confirms the costs of establishing the program for collecting the tax (Section 4.56.050(E))

Source: Auditor analysis of Oakland Municipal Code Chapter 4.56.

The City Contracts Day-to-Day Administration of the Vacant Property Tax

The City contracts with SCI Consulting Group (SCI) to support administration of the Vacant Property Tax. The City has contracted with SCI since March 2019. SCI is the only consultant that has worked on the Vacant Property Tax to date.[3] SCI specializes in public finance consulting. For Oakland's Vacant Property Tax, SCI is contracted to provide services supporting tax administration including identifying vacant properties, corresponding with taxpayers, administering tax exemptions, and providing reports to the City annually.

The City's Contractor Identifies Likely Vacant Properties for Assessment

SCI makes an initial assessment of properties' vacancy status. After SCI identifies properties that are likely vacant, SCI sends notices to the property owners. A flowchart of the Vacant Property Tax determination and resolution process is shown in Appendix A and summarized below. Once noticed, owners of vacant properties have three options:

- Owners can pay the tax as part of their property tax bill.
- Owners can apply for a petition of vacancy if they believe their property meets the Oakland Municipal Code's definition of "in-use." The petition must include supporting documentation to demonstrate use of the property. After the petition and supporting documentation is reviewed, a final vacancy determination will be issued.
- Owners can apply to be exempted from the tax based on one of the ten exemptions detailed in Oakland Municipal Code Sections 4.56.030(J) and 4.56.090 and summarized in Exhibit 3.

Exhibit 3: The Oakland Municipal Code Details Ten Exemptions to the Vacant Property Tax, including Financial Hardship and Active Construction

Exemption Name	Who is Exempt
Very Low-Income Exemption	Owners who qualify as "very low income" as defined by the United States Department of Housing and Urban Development.
Financial Hardship Exemption	Owners for whom tax payment would constitute a financial hardship.
Demonstrable Hardship Exemption	Owners whose properties are vacant due to a demonstrable hardship unrelated to personal finances.

[3] SCI's role with the Vacant Property Tax began in 2019 with a contract to assist in developing the tax's implementation, and an amendment to the original contract allowing SCI to administer and manage the tax through December 2024. In February 2025, the City Council adopted a resolution to enter into a professional services agreement with SCI Consulting Group for administration and management of the Vacant Property Tax through December 31, 2029, with one two-year option for extension.

Exemption Name	Who is Exempt
Exceptional Specific Circumstances Exemption	Owners who can demonstrate that exceptional specific circumstances prevent the use or development of their properties.
Active Construction Exemption	Owners of properties under active construction.
Active Building Permit Application Exemption	Owners of properties for which active building permits are being processed by the City.
Low Income Senior Exemption	Owners who are 65 or older and qualify as low income as defined by the United States Department of Housing and Urban Development.
Disability Exemption	Owners who receive supplemental security income for a disability or social security disability insurance benefits so long as income does not exceed 250 percent of 2012 federal poverty guidelines issued by the United States Department of Health and Human Services.
Nonprofit Organization Exemption	Owners that are nonprofit organizations or entities owned or controlled by nonprofit organizations.
Substantially Complete Planning Application Exemption	Owners whose properties are included in substantially complete planning applications that have not yet received approval.

Source: Auditor analysis of Oakland Municipal Code Sections 4.56.030(J) and 4.56.090.

If an owner disagrees with their final vacancy or exemption status determination, they can file a petition and request an appeal hearing within 20 days of the date on the City's vacancy decision letter. In this case, an independent hearing officer will review additional evidence as provided, set a hearing date, and make a final decision on whether the property is subject to the tax.

In December 2025, the City Council approved a series of amendments to the Vacant Property Tax, including the addition of one exemption for new property owners and changes to details in the hearing and refund process.[4] These changes are outside the scope of the current audit.

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[4] The City Council approved three amendments to the Oakland Municipal Code Chapter 4.56 in December 2025. In an October 2025 memo from the Finance Department to the City Administrator, the Finance Department provided the rationale for each amendment. First, the City Council added an exemption for new owners who acquire a parcel during or after the year it was deemed vacant and therefore was assessed the tax. The Finance Department stated that the new exemption is fairer to new owners who acquire parcels without knowing that their upcoming property tax bill may have already reflected the prior year's assessment. Second, the City Council specified under Oakland Municipal Code Section 4.56.110(D) that Vacant Property Tax hearing officer decisions must include findings of fact. The Finance Department stated that without knowing the rationale behind hearing decisions, it is difficult for either party to seek further relief in court. Third, the City Council established a 12-month statute of limitations to file a Petition of

Property Owners May Request Refunds for Improper Assessments

If property owners feel they should not have paid the tax, they can request a refund and the Finance Department's Revenue Management Bureau will assess whether the refund request should be granted. To request a refund, owners must file a petition of vacancy to demonstrate that the property was in-use or is entitled to an exemption. Additionally, they must provide a detailed explanation as to why they did not submit a petition of vacancy or exemption application within 20 days of when they were initially notified.

The Vacant Property Tax is Assessed by Alameda County

Alameda County imposes the Vacant Property Tax on properties, as stated by Oakland Municipal Code Section 4.56.030. Property owners who do not pay the Vacant Property Tax are subject to the same penalties they would face for not paying their regular property taxes to Alameda County.[5] The Vacant Property Tax is imposed on property owners' property tax bill during the fiscal year following the calendar year in which the property was vacant. Thus, a property vacant in calendar year 2025 will be assessed during FY 2026-27. The City of Oakland is reimbursed by Alameda County for taxes collected for the Vacant Property Tax.

Vacancy or Entitlement to Exemption for the tax, which applies to those who seek to reverse the assessment, file for an exemption and/or refund of the taxes paid. Previously, the lack of a statute of limitations created an indefinite period that parcel owners could seek reversal of their assessment, claim an exemption, or file for a refund.

[5] Penalties for the late payment of county property taxes are enforced under state law. If an owner fails to pay property taxes on time, the unpaid portion will incur a 10 percent penalty. If the owner fails again to pay the tax, they will also incur a one-time administrative fee in addition to the 10 percent penalty.

Finding 1: The Administrative Process Appears to Effectively Identify Vacant Properties in Oakland

Summary

The administrative process for the Vacant Property Tax includes identifying properties subject to the tax, notifying property owners, handling appeals and exemptions, and sending a list of taxable properties to Alameda County. The City's process for administering the tax has shown signs of improvement over the years and appears to effectively identify vacant properties. The City's administrative procedures appear consistent with the requirements of the Municipal Code.

Likely Vacant Properties are Confirmed through Owner Declarations, and Non-Exempt Vacant Properties are Taxed

The City's consultant, SCI Consulting Group, identifies likely vacant properties using multiple data sources. For single-family properties, water usage data and ownership address data may indicate vacancy. For non-single family and non-residential properties, building permit data, planning data, trash delinquency data, business tax data, blight enforcement data, and aerial data may indicate vacancy. The City also receives information on vacant properties from community members, who can contact the City or SCI to report properties. According to the Finance Department's Revenue Bureau, SCI investigates reports of vacancies and acts accordingly.

Box 2

A Note on Data Used in this Report

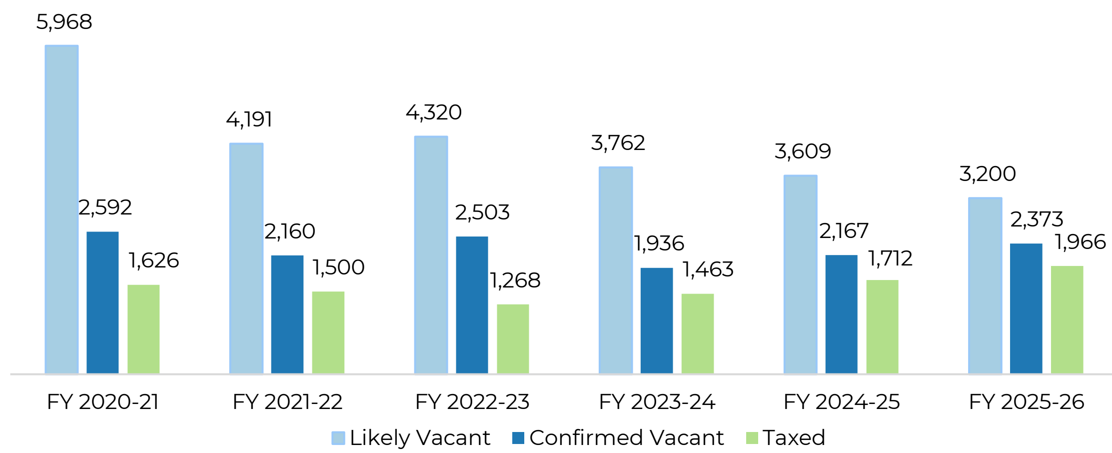
The visualizations and analysis in this report use data from the City's Vacant Property Tax database provided by SCI Consulting Group. The database contains information on all parcels identified as vacant in each year of the tax, including data such as property type, exemption application status, and refund status.

The analysis in this report reflects the status of properties as of September 15, 2025. This data captures most tax status determinations for FY 2025-26 (calendar year 2024) because most of the City's application review was complete at that time. However, this dataset does not reflect later revisions that occurred after the tax roll was submitted to the County, nor any late refund approvals or appeal outcomes.

Some properties identified as likely vacant are later exempted after owners submit in-use declarations or qualify for one of the Vacant Property Tax exemptions listed in Exhibit 3; the remaining properties are taxed. If a property is identified as likely vacant, the owner can apply for either a Petition of Vacancy or Condominium Status Declaration (collectively referred to as "in-use" declarations) to provide evidence that the property is in-use and should not be taxed. If an in-use declaration is filed and the owner supplies sufficient documentation demonstrating use, the property will not be taxed. Some properties that are confirmed vacancies are not taxed because the owner qualifies, applies, and is approved for one of the Vacant Property Tax exemptions.

Exhibit 4 shows the number of properties that were identified as likely vacant, confirmed as vacant, and taxed as vacant during each calendar year of the tax.

Exhibit 4: Since Initiation of the Tax, Numbers of Taxed Properties Were Lower than Numbers of 'Likely Vacant' and 'Confirmed Vacant' Properties Due to In-Use Declarations and Exemptions



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Note: All years shown refer to fiscal years. Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. A property vacant in the 2024 calendar year would be taxed in FY 2025-26. Data reflects the status of properties as of September 15, 2025.

The gap between the number of "likely vacant" and "confirmed vacant" properties reflect properties approved for in-use declarations. The gap between the number of "confirmed vacant" and "taxed" properties represents properties approved for exemptions.[6]

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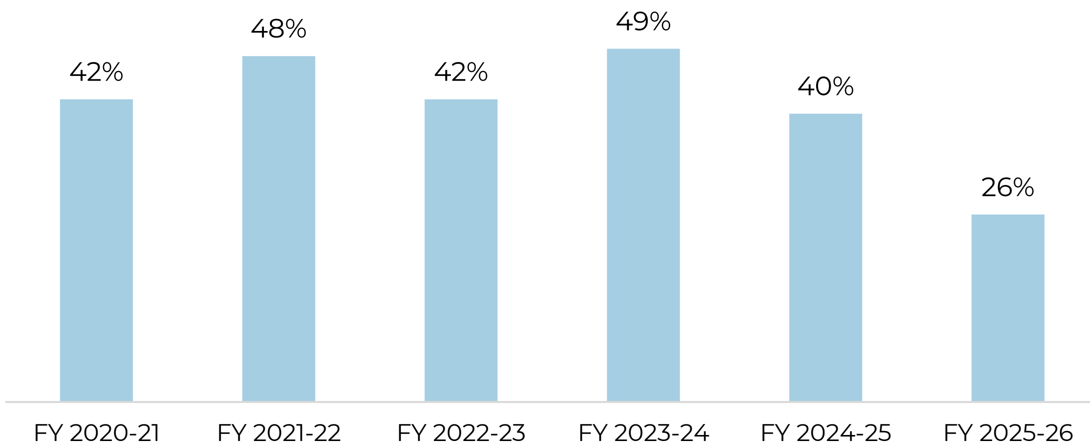
[6] In FY 2022-23, 709 parcels were also approved for Contiguous Parcel Certifications, which is why the gap between "confirmed vacant" and "taxed" is larger in this year than in other years. SCI had previously approved contiguous parcels using Petitions of Vacancy, which is why the gap between "likely vacant" and "confirmed vacant" is larger in FY 2020-21. Under Oakland Municipal Code Section 4.56.080(C), contiguous properties are exempt from the tax when they are within 500 feet of an occupied residential property under the same ownership. As indicated by SCI's Vacant Property Tax database, contiguous properties were noticed and mainly exempt from the tax in FY 2020-21 (calendar year 2019) and FY 2022-23 (calendar year 2021). The absence of data on contiguous properties in other fiscal years prompted us to examine how the City handles these properties from year-to-year to assess consistency. The Finance Department reports that SCI keeps track of the status of contiguous properties and notices owners when ownership changes and the property is no longer owned by the same owner as the adjacent occupied residential property. Once property is no longer owned and maintained by the adjacent residential property's owner it becomes subject to the tax unless exempted. As a result, contiguous properties show up in the database for earlier years of the tax, but do not show up in subsequent years unless the City has identified an ownership change and taxes or exempts the vacant land.

SCI's Identification Process Has Shown Improvement, with Properties Less Likely to be Incorrectly Identified as Vacant

SCI's identification process appears to have improved over time, as shown by a decline in the rate of properties being incorrectly identified as vacant ("false positives"). As discussed in the Background, owners can challenge vacancy determinations by filing in-use declarations and providing evidence that their property is not vacant. The false positive rate has decreased by 38 percent, from approximately 42 percent in the FY 2020-21 to approximately 26 percent in FY 2025-26 (a 16 percentage-point reduction), as shown in Exhibit 5.[7]

Exhibit 5: The False Positive Rate is Trending Downwards Indicating that Properties that are Not Vacant, as Measured by Approved In-Use Declarations, are Becoming Less Likely to be Identified as Vacant



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Note: All years shown refer to fiscal years. Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. Data reflects the status of properties as of September 15, 2025.

Exemption Applications and Approval Rates Have Declined

The number and rate of approved exemptions have also declined. Exhibit 6 shows that the number of exemption applications has declined since the tax began, from 1,137 exemption applications in FY 2020-21 to 656 exemption applications in FY 2025-26. Similarly, the number of

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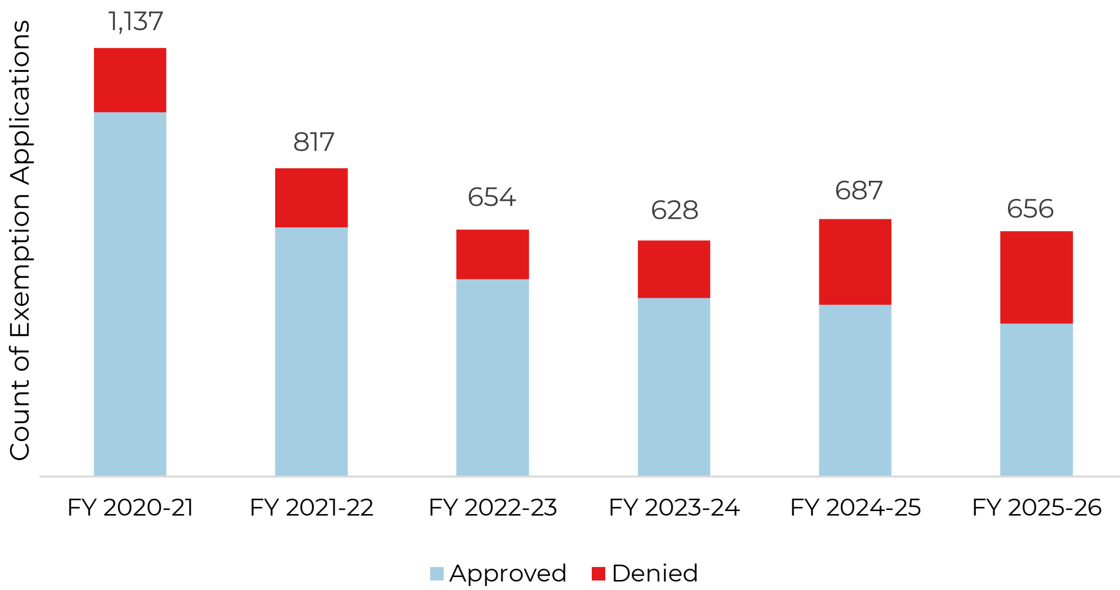
[7] We estimated the false positive rate by calculating the percentage of likely vacant properties that are later approved as in-use through Petitions of Vacancy. To calculate and create an estimate of the false positive rate, we counted the total number of properties that were notified as vacant and approved for a Petition of Vacancy, indicating that the property was not vacant. We then divided this by the total number of notified properties. For example, a 38 percent false positive rate indicates that 38 percent of parcels notified as vacant are found to be not vacant.

approved exemptions has decreased, while the number of denied exemptions has increased over time.

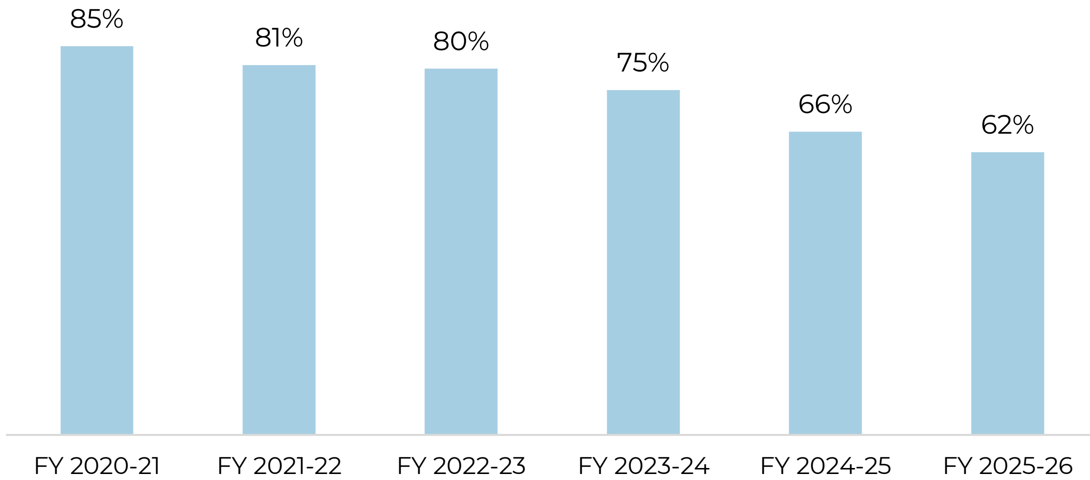
Exhibit 6: Both Vacant Property Tax Exemption Applications, and Approved Exemptions Have Decreased Since the Tax's Adoption



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Note: Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. A small number of exemption applications were marked for further review by the City or SCI and these categories are not shown in the graph, but they are included in the total exemption application count each year. Data reflects the status of properties as of September 15, 2025.

In addition to a decline in the number of exemption applications, there has also been a decline in the exemption approval rate. The overall exemption approval rate declined from 85 percent of exemption applications approved in FY 2020-21 (calendar year 2019) to 62 percent in FY 2025-26, representing a 27 percent decline (23 percentage points) in the exemption approval rate, as shown in Exhibit 7.

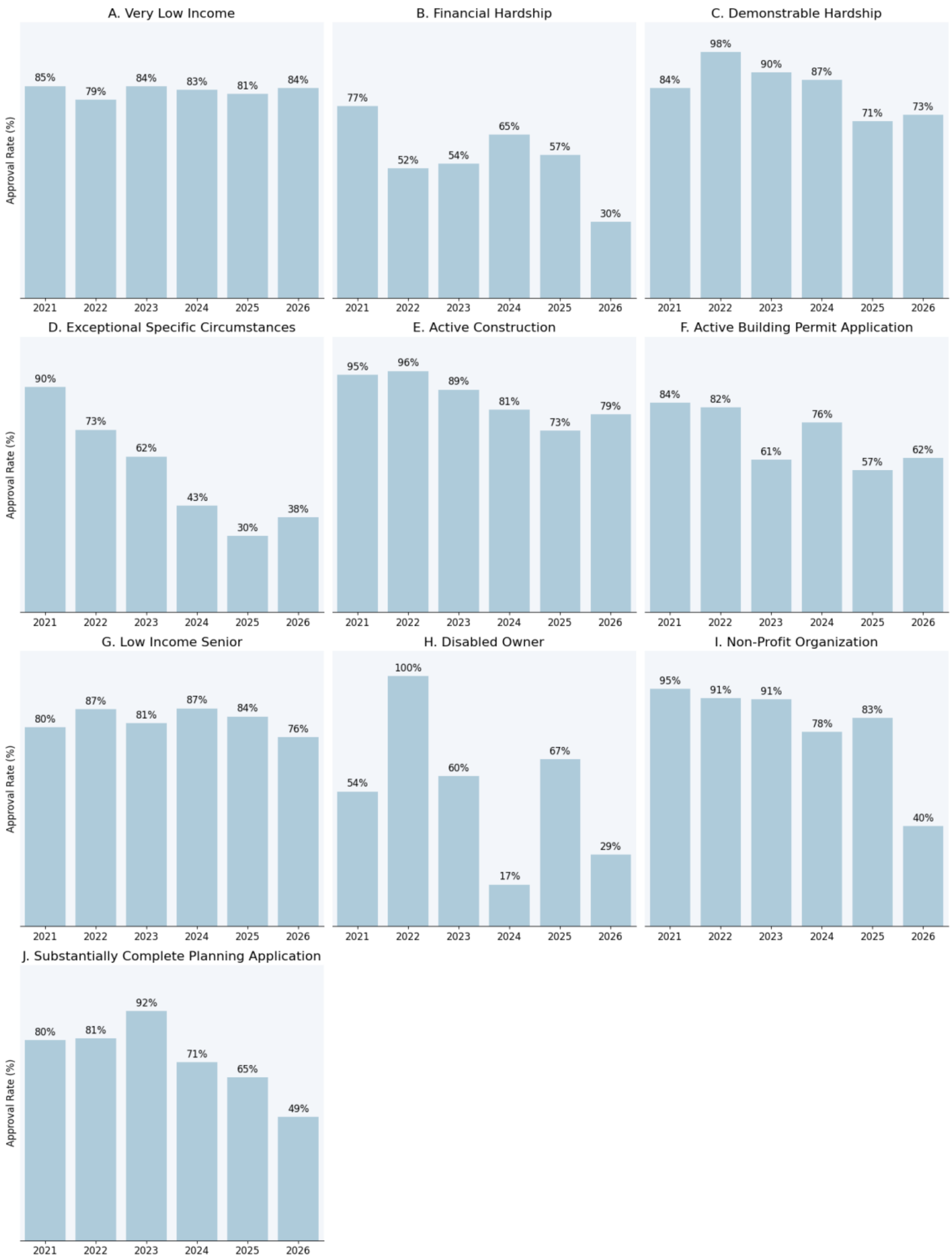
Exhibit 7: Vacant Property Tax Exemption Approval Rate is Decreasing



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Note: All years shown refer to fiscal years. Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. Data reflects the status of properties as of September 15, 2025.

Almost all exemption types, but most notably Exceptional Specific Circumstance and Substantially Complete Planning Applications, have seen decreases in approval rates over time (see Exhibit 8). Very Low-Income and Low-Income Senior exemption approval rates have remained mostly constant.

Exhibit 8: Approval Rates for Most Exemption Types Have Decreased with the Sharpest Decrease Occurring in the Approval Rate for the Exceptional Specific Circumstances Exemption



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Note: All years shown refer to fiscal year ends. Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. Data reflects the status of properties as of September 15, 2025.

SCI staff noted that some exemption types were difficult to define during the tax's development. These include Exceptional Specific Circumstances, Demonstrable Hardship, and Financial Hardship exemptions. In our review of documentation for nine vacant properties, we noted that some properties have complex challenges with blight and vacancy that lead property owners to apply for these exemption types.[8] As a result of the difficulty of defining these exemption types that reflect the complexity of issues associated with vacancy, the City requires specific evidence to approve these exemptions. Improvements made in the exemption process, such as requiring more specific documentation, may have contributed to the decline in approved Exceptional Specific Circumstance and moderate decline in approved Financial Hardship exceptions.

A decrease in exemption approval rates may also suggest that owners are increasingly applying for exemptions without meeting the documentation requirements. SCI staff noted that this is common for Active Building Permit and Substantially Complete Planning Exemption applications. According to SCI's staff, owners that apply for these exemptions without providing documentation of an active or pending permit or planning application receive an exemption denial.

The Number of Refund Requests Has Decreased

The number of refund requests from property owners also declined over time, as shown in Exhibit 9. The Finance Department stated that refund requests in the first two years of the tax were higher due to an Alameda County practice that required all assessed property owners to pay the Vacant Property Tax prior to requesting a refund. Now, the County allows changes to Vacant Property Tax assessments even if the taxpayer has not yet paid the tax. The decrease may also indicate improvements in SCI's processes for vacancy identification, or that the public is now more aware of the tax and there are fewer cases where owners miss acting upon initial vacancy determinations.

[8] A few cases we examined demonstrated systemic challenges with vacancy in Oakland. Cases like this are uncommon but draw attention to the complexity of blight and vacancy in Oakland and suggest that the tax alone may not be able to remedy these issues.

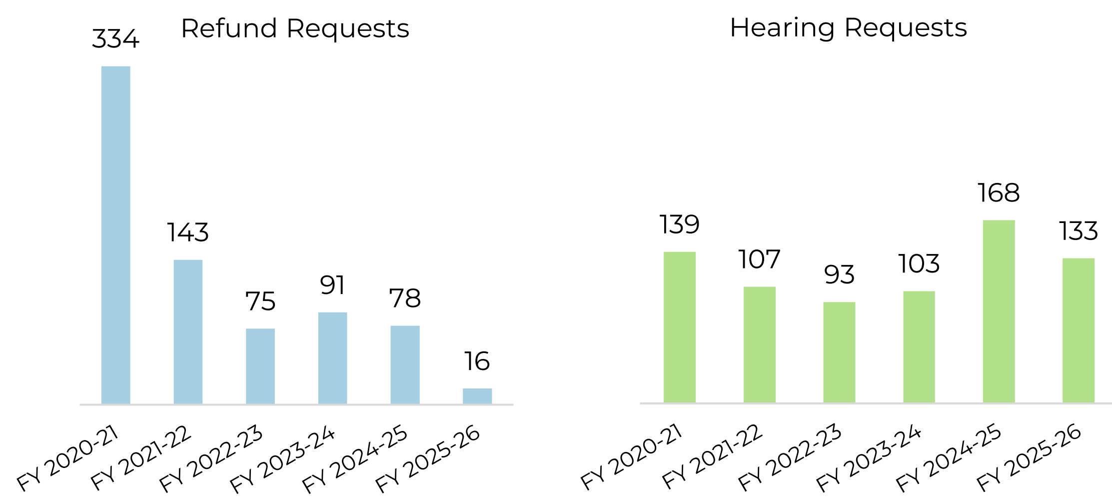
At one vacant lot located near a BART station, the owner has been unable to complete development plans due to a series of legal challenges. While the lot has been vacant, it has become an encampment, has had large amounts of illegal dumping, and has had multiple fires. The surrounding community has expressed concern about the property's impact on safety. This property is an example of the kinds of blight and safety issues associated with vacant properties that the tax intends to discourage. However, in FY 2024-25 (calendar year 2023) the property owner was approved for a Demonstrable Hardship exemption from the tax by providing documentation of the legal challenges experienced while trying to develop the property.

At a condo building near Lake Merritt, a property was taxed as vacant for multiple years. A new owner purchased the property and is applying for an Exceptional Specific Circumstance exemption, citing property damage from unauthorized occupancy as the reason for being unable to rent out the condo units. The case presents an example of an owner using blight-related circumstances as evidence for exemption.

The Number of Hearing Requests Have Remained Relatively Stable

In contrast to the sharp decline in refund requests, hearing requests have remained relatively stable. Owners who receive an exemption denial after SCI assesses the evidence they provided on an exemption application can request a hearing if they disagree with the determination. The Finance Department also noted that hearing requests may have increased because a higher volume of properties have been assessed in recent years and because there may have been a backlog from the City temporarily not having a hearing officer on contract.

Exhibit 9: Refund Requests Have Decreased Substantially and Hearing Requests Have Remained More Stable



Source: Auditor analysis of refund and hearing request data provided by the Finance Department. Note: All years shown refer to fiscal years. Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed.

Methods for Identifying Vacancies Have Improved and Appear Reasonable but Some Vacant Properties May Go Undetected

SCI staff report that they have refined their methods for identifying vacancies over time. For example, they report that aerial imagery has been particularly valuable to identify vacant properties. Additionally, they have improved their process of matching utility data to Assessor Parcel Numbers (APNs), the numbers used to identify each unique property in the County.

It is still possible that some vacant properties go undetected.[9] For example, SCI noted that identifying vacancy status of single-family homes and condos remains a challenge. Unlike vacant lots that appear visually empty, vacancy for condos, homes, and structures may not be detectable through aerial imagery and these properties may still exhibit utility use even when vacant. As such, it is possible that vacant single-family homes, condos, and structures may be underrepresented in the City's identification of vacant properties.

Our review of the incidence of untaxed vacant properties provides some assurance of the effectiveness of the process for identifying vacant properties. To test for the potential incidence of untaxed vacant properties, we collected images and locations of 18 potentially vacant properties in Oakland to test whether these had been identified and taxed by the City. Thirteen of 18 properties (72 percent) were found in the Vacant Property Tax database and have either been taxed as vacant or have qualified for an exemption from the tax. The remaining five properties that were not in the database contained structures that, while visually vacant, may have been determined to be in-use or exempt from the tax based on other data.[10] This small convenience sample is not representative of the incidence of untaxed vacant properties in the City altogether but provides some assurance as to the effectiveness of the identification process.

The Finance Department Appears to be Administering the Tax in Compliance with the Municipal Code

To review the City and SCI's compliance with the Municipal Code, we reviewed all provided Vacant Property Tax documentation for a sample of nine cases.[11]

- Municipal Code Section 4.56.100 states that the City may send initial determination notices to likely vacant properties. It specifies the process for owners to submit petitions of vacancy and requires the City to issue final vacancy determinations. In cases reviewed,

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[9] SCI's use of multiple data sources reduces the likelihood of undetected vacancies, but the process may still miss some properties. In lowering the rate at which vacant properties go undetected, the City faces a trade-off between assurance that all vacant properties are identified and increased administrative cost and resident burden. Over-identifying properties as vacant when they are not results in a high false positive rate. This puts a higher burden on residents who must file in-use declarations to show their properties are not vacant. The administrative cost required to minimize the number of undetected properties without increasing the false positive rate may be high relative to the number of additional vacant properties that could be taxed.

[10] For example, one property we identified as potentially vacant had a building permit application that may have been active during the vacancy identification process and another potentially vacant property had historical Google Maps imagery suggesting possible use.

[11] To assess compliance of these nine cases with the Municipal Code, we built an evaluation matrix with checks for each Municipal Code requirement. We assessed the appropriateness of evidence provided for tax exemptions. During the course of the audit, the Finance Department developed and provided written policies and procedures for tax administration, which document the specific minimum documentation required to approve exemptions, and detail requirements for each step of the administration process. Because these policies and procedures were not established at the time of testing, we did not audit the nine cases for compliance with the written policies.

SCI consistently sent out initial notices to property owners, maintained timely communications with owners, and assisted owners with navigating the exemption process when applicable.

- Municipal Code Section 4.56.110 specifies the process by which property owners request a hearing to appeal the City's vacancy decision. In two of the case studies, property owners requested hearings. In both cases, it appears that Municipal Code procedures were followed. In one case, the hearing process led to a determination that the property owner is subject to the tax. In this case, the Finance Department created a case file for the hearing containing the hearing decision, City files and findings relating to the property's vacancy status, and the property owner's documentation. Finance staff confirmed that this is standard procedure for all hearings. No hearing occurred for the second hearing request because the property was approved for a Demonstrable Hardship exemption. As part of the exemption application, the owner submitted documentation that the property was subject to legal conflict that challenged title or ownership of the property in accordance with Oakland Municipal Code Section 4.56.090(C)(1), thus qualifying the property for a Demonstrable Hardship exemption.

- Municipal Code Section 4.56.090 defines Vacant Property Tax exemptions. We found that SCI has generally handled exemptions in compliance with the Municipal Code, and that SCI made appropriate judgments to approve exemptions using evidence provided by property owners. SCI and the City developed individual forms for each exemption. Each form lists the types of circumstances that would qualify an owner for the exemption and the specific evidence that must be provided to prove that circumstance. For an example of an exemption form, see Appendix B, Very Low-Income Exemption Application.

Finance and the City's Administrative Consultant Have Established Written Policies and Procedures For Administration of the Tax

At the time of the audit, Finance staff reported referring to the Measure W ballot measure, staff reports, and the knowledge and experience gained by staff to guide administration of the Vacant Property Tax. During the course of the audit, the Finance Department approved comprehensive written policies and procedures for administering the Vacant Property Tax.

The policies and procedures provided by Finance contain detailed checklists for each step of the Vacant Property Tax administration process which help ensure that each property is evaluated according to the same procedures and standards. They detail the minimum eligibility criteria and documentation required to approve applications for each of the tax's exemptions and include a step to maintain updated records for the status of vacant properties. When followed, these recently established policies and procedures will help ensure consistent administration of the tax with applicable laws especially given recent turnover of Finance Department leadership and staff and potential changes in the tax's administrative consultant.

Finding 2: Measurable Goals and Regular Reporting Would Allow the City to Assess the Effectiveness of the Vacant Property Tax

Summary

Oakland has collected about $29.8 million in revenues from the Vacant Property Tax from FY 2020-21 through FY 2024-25, and spent about $26.8 million.[12] The City's expenditures generally comply with the allowable uses stated within the Municipal Code, as at least 25 percent of expenditures must go towards illegal dumping and blight remediation and no more than 15 percent can be spent on administrative costs.[13] However, the City's expenditure of Vacant Property Tax funds may not meet community expectations. The City appears to underutilize funds to support services for people at risk of or experiencing homelessness, which is described as one of the primary purposes of the tax in City Council Resolution 87319. We found that for all years of the period reviewed, 66 percent of expenditures supported illegal dumping cleanup, 18 percent supported the Finance Department, and the remaining 16 percent funded other allowable uses, such as homelessness services and housing assistance. We also found that administrative spending has generally been within the legal limits of 15 percent, but we recommend that the Finance Department make changes necessary to accurately track Vacant Property Tax administrative expenditures. We also recommend that the City Administrator's Office develop a plan to assemble and report data that establishes a baseline of vacant property causes and trends in Oakland and establish a measurable baseline or goals to assess the effectiveness of the Vacant Property Tax in meeting the Measure's stated policy goals. Lastly, we recommend that the Finance Department report annually to the City Council and Commission on Homelessness on tax revenues, expenditures, and the status of projects funded by the tax, as required by state law.

The Vacant Property Tax Has Generated an Average of $6.02 Million in City Revenues Each Year

The City has raised $29.8 million from the Vacant Property Tax since its inception in FY 2020-21 through FY 2024-25. Between $4.7 and $7.56 million has been generated annually from taxed vacant properties, for an average of just over $6 million per year (see Exhibit 10). In January 2026, the City Administrator reported an ending fund balance of $1.72 million for Quarter 4 of FY 2024-25.

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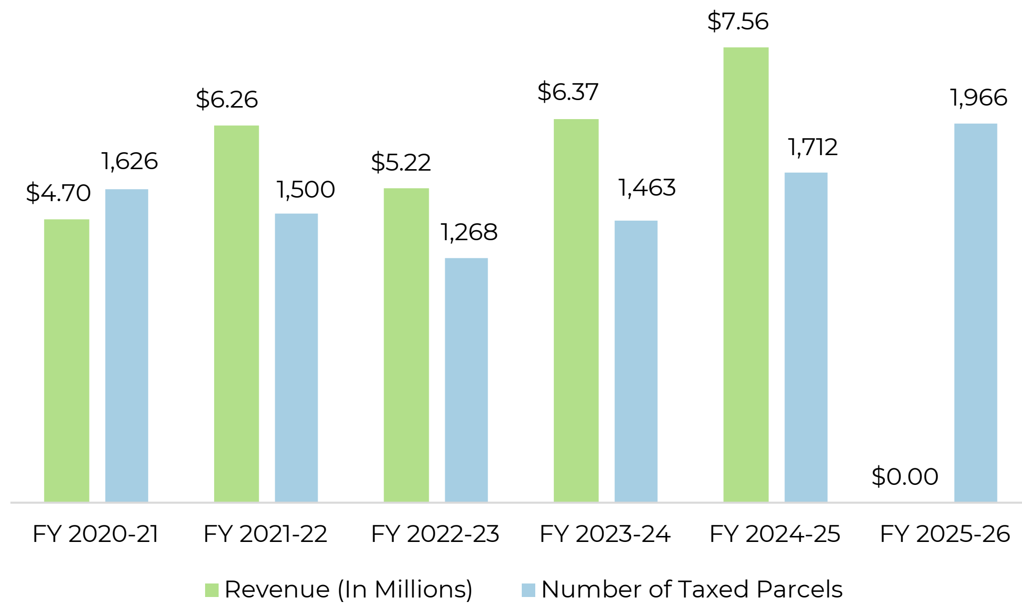
[12] In addition to revenues collected from taxed vacant properties, the Vacant Property Tax Fund (Fund 2270) also contains about $259,000 in revenue from other sources, mainly investment interest and unrealized gain/loss in market value. Including these amounts brings the total Vacant Property Tax revenue for all years to $30.1 million dollars.

[13] Although administrative spending exceeded 15 percent in the first year of the tax (FY 2020-21, reaching 28 percent), overall average administrative spending has met the requirement, as discussed later in the Finding.

Exhibit 10: Vacant Property Tax Revenues Fluctuate with the Number of Taxed Properties, But Have Averaged Just Over $6 Million Annually



Source: Auditor analysis of Oracle, the City of Oakland's Financial Management System, as well as the City's Vacant Property Tax database provided by SCI Consulting Group. Note: Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed (i.e., properties vacant in 2023 are taxed in FY 2024-25). Revenues have not been determined for FY 2025-26 and are shown as $0, but properties were billed as vacant during this fiscal year for vacancies in calendar year 2024. Data reflects the status of properties as of September 15, 2025.

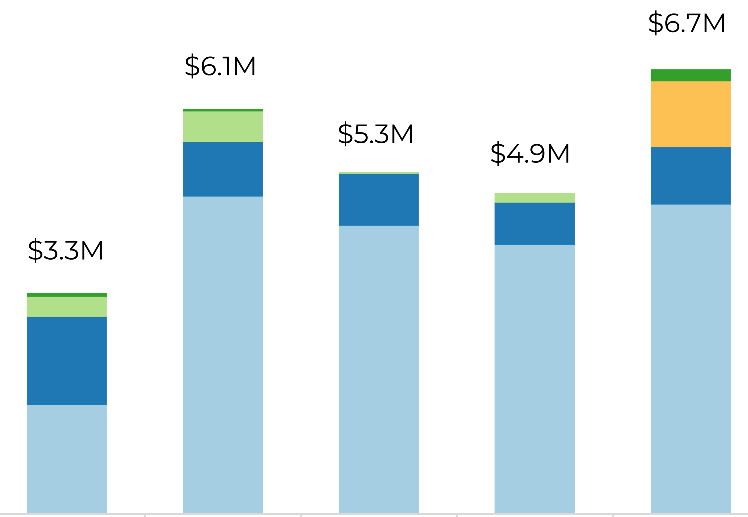
While the first fiscal year in which the tax revenues were booked shows less revenue generated per property than subsequent years, higher revenue per property is generated in subsequent years.[14] The low revenues in FY 2020-21 (calendar year 2019) are likely due to the large number of refunds granted during the first tax year.

Nearly Three-Quarters of Expenditures Fund Oakland Public Works for Illegal Dumping and Related Programs

As described in the Background, Vacant Property Tax revenues may go towards various services to offset the negative effects of vacancy, including homelessness, affordable housing, and blight and illegal dumping remediation. Expenditures from the Vacant Property Tax Fund have funded Oakland Public Works, the Finance Department, the City Administrator's Office, the Housing and Community Development Department, and the Human Services Department. Exhibit 11 shows expenditures used for all City departments funded by the tax for each fiscal year of the tax.

[14] Average revenues generated per taxed vacant parcel are as follow: FY 2020-21: $2,893. FY 2021-22: $4,173. FY 2022-23: $4,114. FY 2023-24: $4,352. FY 2024-25: $4,415.

Exhibit 11: Most Vacant Property Tax Fund Expenditures Have Gone to Oakland Public Works



	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Human Services	$48,415	$29,920	$-	$-	$173,475
Housing and Community Development	$-	$-	$-	$-	$998,922
City Administrator	$303,747	$463,723	$20,744	$141,027	$-
Finance	$1,338,179	$823,395	$785,860	$642,781	$866,424
Public Works	$1,653,194	$4,816,650	$4,372,655	$4,080,573	$4,695,447

Source: Auditor analysis of data from Oracle, the City of Oakland's Financial Management System. Note: All years shown refer to fiscal years. Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. Expenditures for FY 2018-19 and FY 2019-20 are not shown, as these expenditures occurred before revenue was generated.

Oakland Public Works accounts for approximately 73 percent of Vacant Property Tax expenditures over all years within the period reviewed, totaling about $19.6 million. Two-thirds (66 percent) of all Vacant Property Tax expenditure has funded illegal dumping initiatives, representing the largest use of Vacant Property Tax funds. From FY 2020-21 through FY 2024-25, Oakland Public Works spent funds on programs including Keep Oakland Clean and Beautiful, Recycling and Solid Waste, Streets and Sidewalk Management/Development, and Homelessness Services, though many funds spent through these programs were more broadly categorized as illegal dumping expenditure. Oakland Public Works also dedicated a large portion of the Keep Oakland Clean and Beautiful program, which receives revenue from the Vacant Property Tax, towards encampment clean up.[15] Oakland Public Works staff report that 20 to 25 percent of the Keep Oakland Clean and Beautiful workload involves cleanup of homeless encampments.

By spending 66 percent of Vacant Property Tax expenditure on illegal dumping, the City met the minimum spending requirement for the Vacant Property Tax. The Municipal Code specifies that at least 25 percent of revenue in the Vacant Property Tax fund each year must be used for blight elimination, illegal dumping cleanup, and code enforcement of blighted vacant properties. This is the only allowable use in Chapter 4.56 that has a minimum spending requirement.[16]

Within Oakland Public Works, Vacant Property Tax funding has mainly supported City programs by staffing personnel; from FY 2020-21 through FY 2024-25, about three-quarters (74 percent) of expenditures have funded personnel, while the remaining 26 percent has funded non-personnel expenditures.

Finance Department expenditures from FY 2018-19 through FY 2024-25 total approximately $4.9 million and comprise 18 percent of total Vacant Property Tax expenditures.[17] According to staff, Finance expenditures primarily support tax administration. About half (48 percent) of Finance Department expenditures funded non-personnel, including the City's contract with SCI Consulting Group. The remaining 52 percent of Finance Department expenditures funded personnel.

City Administrator expenditures represent approximately 3 percent of all Vacant Property expenditures, with 95 percent of that funding personnel. Staff report that revenue from the Vacant Property Tax has helped partially fund seven fulltime positions supporting the City Administrator's Homelessness Administration Division established in FY 2021-22. The Division provides services to the City's unhoused residents and assists in coordinating the City's overall response to homelessness. The City Administrator's Office also provides staff support to the Commission on Homelessness, an advisory body created by Measure W to provide oversight of the Vacant Property Tax, described later in this Finding.

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[15] Keep Oakland Clean and Beautiful program has received $17.8 million from the Vacant Property Tax fund since the tax's first year of revenue collection in FY 2020-21. This represents 66 percent of Vacant Property Tax expenditure and covers usage including illegal dumping, graffiti abatement, the Environmental Enforcement Program of Oakland Public Works, street cleaning, litter enforcement, and contract services relating to homeless encampment cleaning.

[16] Oakland Municipal Code Section 4.56.050(B)(11) states that no less than 25 percent of the revenue deposited into the Vacant Property Tax Fund in any single year shall be used for code enforcement and cleanup of blighted vacant properties, other blight elimination, and remedying illegal dumping (including legal action to address any of these issues). At the same time, Section 4.56.070(B) states that the City's general purpose fund expenditures for illegal dumping cannot be replaced by the Vacant Property Tax. It specifies that if general purpose fund expenditures on illegal dumping remediation are less than the amount expended in FY 2016-17, the Vacant Property Tax should not be levied and collected, unless specific exceptions described in the Section 4.56.050(B) occur.

[17] This percentage represents Vacant Property Tax funds that have gone towards the Finance Department and is inclusive of start-up expenses that occurred prior to revenue generation, which are not limited to the 15 percent cap otherwise applicable to administrative costs. The Oakland Municipal Code requirement that no more than 15 percent of total revenues can be used towards administrative costs is discussed later in this Finding.

Relatively Little Vacant Property Tax Revenue Has Gone Toward Housing and Homelessness Programs

Just 4 percent of Vacant Property Tax revenue, a little under $1 million, has gone to the Housing and Community Development Department (HCD), mainly for a grant to an agency that provides tenant legal services and for contract services relating to the Access Improvement Program, which provides grants for accessibility modifications to owner-occupied properties.[18]

One percent (about $350,000) has gone towards the Human Services Department (HSD), which provides homelessness services and community services like shelter assistance, eviction prevention, rental assistance, physical and mental health assistance, and food assistance. HSD's spending has been used towards staff expenditures, contract services, and internal work orders. Fifty-seven percent of HSD's expenditure has funded non-personnel costs, the majority of which (88 percent) went towards various contract services. The remaining 43 percent of HSD spending funded personnel costs. The Human Services Department's major contract expense is for Bay Area Community Services, which administers the Homelessness Prevention Pilot Program.

Administrative Cost Coding Does Not Clearly Distinguish Administrative Expenditures Relevant to the Vacant Property Tax's Administrative Spending Requirement

Municipal Code Chapter 4.56 specifies that no more than 15 percent of the Vacant Property Tax Fund may be used each year to pay for the cost of administering the tax, not including the costs of the Commission on Homelessness. Administrative costs include the cost of identifying vacant properties, the cost of monitoring and enforcing compliance with Municipal Code Chapter 4.56, the cost of developing ordinances and regulations to implement the tax, and payment of Alameda County's 1.73 percent fee charged for collection of the tax. Administrative costs do not include the costs incurred to establish the program for collecting the tax.[19]

Based on data from the City's financial management database (Oracle), the City spent 15 percent of revenues on administrative costs on average from FY 2020-21 to FY 2024-25, or around $4.5

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[18] In March 2025, the City Council approved Resolution 90654 to award an approximately $1 million grant to the legal services agency Centro Legal de la Raza using Vacant Property Tax funds. The agency has been operating the Oakland Housing Secure Program since 2018, which is part of the Alameda County Housing Secure collaborative.

[19] Costs incurred to establish the program for collecting the tax are required to be reimbursed to the City and confirmed by the City Auditor as stated in Oakland Municipal Code Section 4.56.050(E). We confirmed the actual costs of establishing the program were paid through vacant property tax revenues in accordance with 4.25.050. The FY 2019-21 Adopted Budget included a $1,014,407 offset to account for implementation costs that occurred in FY 2019-20, before the tax generated revenue. The transfer for implementation costs covered operations and maintenance expenses relevant to the tax, as well as 4.5 full time equivalent staff positions in the Finance Department. Those funds were drawn from Fund 2270, initially resulting in a negative fund balance. These implementation costs were then reimbursed by revenues later generated by the tax.

million total.[20] Examining administrative expenditures each year between FY 2020-21 and FY 2024-25, the City exceeded the 15 percent threshold only in FY 2020-21 (calendar year 2019), when approximately 28 percent of revenues, or $1.4 million, were spent on administration. This was the first year the City collected revenues and taxed properties. As a result, expenditures on administrative costs were high due to adding City staff positions to administer the tax and setting up SCI Consulting Group's contract. In all subsequent years (FY 2021-22, FY 2022-23, FY 2023-24, and FY 2024-25), the City met or fell below the 15 percent threshold.[21]

In determining administrative costs we included all Finance Department uses of Vacant Property Tax funds. Finance Department staff stated that they presume other departmental costs are for programs and services. However, other expenses may qualify as administrative outside of the Finance Department, such as costs to appoint independent hearing officers for tax determination appeals. As coded, Oracle data does not clearly distinguish administrative expenditures relevant to the vacant property tax administrative spending requirement.[22] The amounts stated in this report represent estimates, and may over- or under-state the actual administrative costs of the Vacant Property Tax. Given that the City has spent exactly the limit of 15 percent on administrative costs over the years reviewed, more clearly tracking administrative expenses will help ensure compliance with the Municipal Code's administrative spending limit.

Recommendation 1: The Finance Department should define administrative expenses (i.e., specified cost codes) in the budget, or other methodological documentation, or develop new administrative codes as needed to ensure the accuracy of administrative expenditures for the purpose of compliance with Oakland Municipal Code 4.56.

Blight, Vacancy, and Homelessness, which the Vacancy Tax Seeks to Address, are Ongoing Concerns in Oakland

Blighted properties can be defined in several ways.[23] While the City does not keep data on the prevalence of blighted properties, the City's efforts to target issues such as illegal dumping

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[20] The $4.5 million spent on administrative costs listed here differs from the $4.9 million spent by the Finance Department noted above because some expenses are listed under the Vacant Property Tax fund before revenue was generated. These start-up costs are not included in the $4.5 million calculation, as the Municipal Code specifies that no more than 15 percent of revenue can be used on administrative costs.

[21] In FY 2021-22, administrative expenditures were approximately 13 percent of revenue. In FY 2022-23, they were approximately 15 percent of revenue. In FY 2023-24, they were approximately 10 percent of revenue. In FY 2024-25, they were approximately 11 percent of revenue.

[22] For example, the City Administrator's Office has $389,309 of expenditures using the Vacant Property Tax Fund that are coded as "Administration" but are not counted in the calculation of administrative expenses using the Finance Department's definition stated above.

[23] Oakland Municipal Code Chapter 8.24 defines blighted properties which include abandoned buildings or structures, properties that attract or enable nuisances, inadequately maintained parcels, properties that pose unsafe conditions, parcels that detract from the aesthetic and economic value of neighboring parcels, and parcels that do not adequately prevent the illegal dumping of waste.

indicate the ongoing presence and challenges of blight, which interconnects with issues of vacancy and homelessness.

Research suggests that vacancy and blight reduce property values, increase public safety costs, and contribute to poor neighborhood reputations.[24] Despite the concerns about vacancy in Oakland, the City does not appear to monitor data on property vacancy and whether vacancy differs in scale from other similar municipalities. Other published data speaks to the incidence of illegal dumping and homelessness. Data on the prevalence of illegal dumping in Oakland between 2020 and 2024 as measured by service requests made to OAK311 indicates that 33,004 service requests were made for illegal dumping in 2020, more than the number of requests received each year in 2021 (27,309), 2022 (22,564), and 2023 (20,598). In 2024, Oakland received 24,580 service requests for illegal dumping.[25]

Oakland has also experienced a decline in the growth rate of homelessness in recent years, though many people still experience homelessness. Alameda County's point-in-time counts estimate that the number of people experiencing homelessness in Oakland rose from 5,055 in 2022 to 5,485 in 2024, an 8.5 percent increase. This is slower than the 24 percent increase between 2019-2022 (from 4,071 to 5,055) and the 47 percent increase between 2017 and 2019 (from 2,761 to 4,071).

The Goals of the Vacant Property Tax are to Address Problems Associated with Vacancy, But Outcomes are Unclear

The City Council resolution leading up to the passage of Measure W states that the Vacant Property Tax is imposed "for the sole purpose of raising revenue necessary to support and fund services for homeless people and affordable housing, and related programs."

In addition to revenue generation, the findings in the City Council resolution point to other reasons for the policy. As described in the Background, the resolution states that Oakland suffers from significant vacancy of property and that these properties deprive the City of revenue, and encourage blight, vacancy, crime, and illegal dumping. While not directly stated within Measure W, it follows that discouraging vacant properties and reducing blight, crime, and illegal dumping are also goals of the tax. These were also stated as goals of the tax in a public outreach session held by the Finance Department in June 2019.

The Vacant Property Tax's single minimum spending requirement for illegal dumping does not reflect the broadly stated goals and multiple allowable uses of the tax. As a result, the City has spent much of Vacant Property Tax revenues on illegal dumping and has not consistently funded other programs relating to the tax's goal of supporting and funding services for people experiencing homelessness and affordable housing.

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[24] As a note, existing research is location-specific and may not be generalizable to Oakland. Ana M. F. Pinto et al., "Analyzing Blight Impacts on Urban Areas: A Multi-Criteria Approach," Land Use Policy 108 (September 2021): 105661, https://doi.org/10.1016/j.landusepol.2021.105661.

[25] OAK311 is the City of Oakland's reporting platform for infrastructure complaints.

To understand the effectiveness of the tax and related revenues expended in meeting the goals associated with reducing vacancy in Oakland, mitigating the effects of vacant property (including disrepair, blight, illegal dumping), and increasing the productive use of properties and affordable housing, the City should set specific, measurable metrics against a baseline for comparison. The current stated goals of the Vacant Property Tax are broad, and the associated minimum spending requirement does not encourage spending in alignment with the breadth of these goals. More specific goals and metrics will help guide expenditure allocations and future evaluations of the tax.

Recommendation 2: The City Administrator should develop a plan to assemble and report data to establish a baseline of vacant property trends and causes in Oakland. The City Administrator should also establish performance metrics and goals for the Vacant Property Tax. These should be used to regularly assess the effectiveness of the tax in reducing vacancies, minimizing the negative impacts of blighted properties, and funding programs aligned with the tax's approved uses.

Vacant Property Tax Reporting and Oversight Need Improvement to Meet Legislative Requirements

Municipal Code Section 4.56.070 specifies accountability measures for the Vacant Property Tax. It requires the establishment of the Commission on Homelessness to perform oversight and ensure tax revenue is spent solely for listed purposes. We found that the current oversight structure does not meet those requirements.

The Municipal Code Assigns Oversight of Vacant Property Tax Funds to the Commission on Homelessness, which Has Not Complied with Required Annual Reporting

The Commission on Homelessness has been designated to provide oversight of the Vacant Property Tax by Measure W.[26] It also provides oversight of Measure Q funds for homelessness services.[27] The Municipal Code establishes the Commission to:

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[26] The Commission on Homelessness is an advisory body consisting of Oakland residents. Commissioners are intended to be representative of heavily impacted neighborhoods and have expertise in finance or homelessness related areas (Oakland Municipal Code Chapter 4.56.060(E)). The Commission is required to include individuals who have experienced or are experiencing homelessness or are low income (at least two members), individuals with professional expertise in housing or homelessness services (at least three members), and at least one individual with financial expertise.

[27] Oakland voters passed the 2020 Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act (Measure Q) after passing Measure W that established the Vacant Property Tax. Measure Q funds were intended to support services to address homelessness, parks maintenance and recreational services, and projects to address water quality and litter reduction.

- Provide citizen oversight of Measure W and Measure Q tax funds (Oakland Municipal Code 4.56.060(A));
- Review financial and operational reports on homelessness services fund expenditures (Oakland Municipal Code 4.56.060(C));
- Publish an annual report on the implementation status of Municipal Code Chapter 4.56;
- Publish reports, as requested, providing recommendations on fund allocation prioritization, providing information on the impacts of programs funded by the Vacant Property Tax and Measure Q homelessness fund, providing recommendations to the Mayor and City Council on the Biennial Fiscal Year Budget relating to homelessness priorities, and responding annually to the City's Homeless Encampment Policy and the Permanent Access to Housing (Path) Plan; and
- Complete other duties, assigned by the City Council through ordinance.

The Commission has yet to publish any annual reports regarding the Vacant Property Tax. The Commission cited Commission vacancies and related quorum issues as the reason for lack of reporting. Producing annual reports requires access to detailed data on expenditures, programs funded by the tax, and program outcomes. In 2023, the Finance Department presented to the Commission on financial summaries of the Measure Q Fund and Measure W Fund but until recently has not had a standing agenda item to present such information. Additionally, the Municipal Code does not require Commission staff to have expertise in program evaluation or the data analysis that may be required for evaluating and reporting on this information.

The City Administration has made some progress towards Measure W reporting and Commission oversight of the Vacant Property Tax. In 2023, our Office recommended in the audit of the 2020 Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act (Measure Q) that the City Administrator bring regular operational and expenditure reports to the Commission on Homelessness and that the Commission fulfill its annual reporting obligation.[28] In spring 2026, City staff reported they are in the process of setting a date with the Commission for the publication of an annual report. Additionally, the Commission has a standing agenda item in 2026 to receive reports from the Finance Department on revenues and expenditures relating to Measures W and Q. The Commission has also filled one of its vacant positions and intends to return to a monthly meeting schedule in 2026.

State Law Requires Annual Reporting for Local Special Taxes

California Government Code Sections 50075.1 and 50075.3 require that voter-approved special taxes comply with specific accountability measures, including the publication of an annual report filed by the chief fiscal officer of the levying local agency that reviews the amount of funds collected and expended as well as the status of any project required or authorized to be funded

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28 https://www.oaklandauditor.com/wp-content/uploads/2024/03/20240312_Final_Measure-Q-Audit-Report-with-Administrations-Response-1.pdf

by the tax. While reports of this nature would also be informative to the Commission on Homelessness, Government Code 50075.3 specifies that reports must be filed to the governing body, which would be the City Council.

To effectively monitor the tax's impact towards its goals we suggest that an annual report also include:

- a description of specific programs and services supported by funding,
- assessment of fund expenditure restrictions and how the City is meeting them,
- information on any new staff positions created with Vacant Property Tax funding,
- and an explanation of how funds have expanded or enhanced services and programs, as well as estimates of the costs spent on administering the tax.

Recommendation 3: The Finance Department should provide an annual report to the City Council and Commission on Homelessness detailing revenues, expenditures, and the status of projects funded by the Tax, as required by California Government Code sections 50075.1 and 50075.3.

Finding 3: The Tax May Fall Short of Maximizing the Productive Use and Development of Vacant Properties Due to Design Constraints

Summary

In addition to raising revenues to support homelessness, housing, and blight related projects in Oakland, the City Council and voters envisioned that the Vacant Property Tax would discourage vacant properties and reduce blight, crime, and illegal dumping as implied by City Council Resolution 87319. During the period reviewed, an estimated 2 percent of properties in Oakland were vacant. Based on economic research, some amount of vacancy is unavoidable. Economic research provides evidence that a vacancy tax based on assessed value can effectively reduce vacancy rates, but California's Proposition 13 limits jurisdictions' ability to increase tax based on assessed value. According to economic theory, for a vacancy tax to effectively encourage development, it must be more expensive for owners to pay the tax than it is for them to take no action and maintain the vacant property. Oakland's Vacant Property Tax has design constraints that may limit revenues and the tax's effectiveness at incentivizing the development or use of vacant property—while some of these constraints could be revised by the City Council with voter approval, others such as the property tax limits established by California's Proposition 13, are outside the City's authority.

Vacant Property can be Caused by Frictional or Structural Factors

Vacant properties and land, whether developed or undeveloped, sit empty for various reasons.[29] Some properties may be leftover land from adjacent developments that developers did not use. Land may have physical limitations making it hard to build on because of steep slopes or wildfire risk, especially in areas like the Oakland Hills. Owners may hold onto land to put into use later, or to allow the land to grow in value over time.

Research distinguishes between vacancies due to structural and frictional factors. Structural vacancies occur when properties are purposefully kept off the market because the cost necessary to put the property to use is greater than the value that would be gained by doing so.[30] For example, a plot of vacant land in the Oakland Hills may remain vacant because of the high cost needed to re-engineer the terrain for development. Frictional vacancies occur due to market-related frictions that prevent properties from being sold or developed.[31] This may happen when

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[29] Astrid Haas and Mihaly Kopanyi, "Taxation of Vacant Urban Land: From Theory to Practice." International Growth Centre, July 2017, https://www.theigc.org/publications/taxation-vacant-urban-land-theory-practice.

[30] Haas and Kopanyi, "Taxation of Vacant Urban Land."

[31] Mariona Segú, "The Impact of Taxing Vacancy on Housing Markets: Evidence from France," Journal of Public Economics 185 (May 2020): 104079, https://doi.org/10.1016/j.jpubeco.2019.104079; Haas and Kopanyi, "Taxation of Vacant Urban Land."

buyers and sellers have different preferences, or when high fees or taxes exist that make development expensive. California has been described as having the "perfect storm" of factors that slow down housing development by encouraging both frictional and structural vacancies.[32] Understanding the cause of vacancy is essential to crafting effective policy responses, but specific causes of vacancy in Oakland are not well documented or studied.

Other Jurisdictions Have Enacted Vacancy Taxes that Encourage Use and Generate Municipal Revenue

Based on existing economic research, some amount of vacancy is unavoidable. Cities that desire to reduce vacancies may tax vacant land to encourage development or uses that suit community needs. Economic research provides evidence that a vacancy tax based on assessed property value can effectively reduce vacancy rates.[33] Certain conditions may make vacancy taxes more or less effective. If the cost of putting the property to use exceeds the benefit that owners would receive by putting property to use, vacancy taxes may not incentivize owners to put property to use.[34] In cases where development is not profitable, it is more cost effective for owners to pay the tax and leave their property vacant.

Compared to Benchmark Cities, Oakland's Vacant Property Tax is Low and Set at a Flat Rate

We found that Oakland's Vacant Property Tax rate is lower than other cities' and is set at a flat rate rather than increasing as the property's value or size increases. Oakland's flat tax rates contrast with those of Vancouver, British Columbia, Canada, Washington, DC, and San Francisco, where tax rates vary based on assessed property value, length of vacancy, and/or property size. The design of Oakland's tax limits the amount of revenue that it can generate compared to other municipalities and may limit its effectiveness in encouraging use and maintenance of the property.

- **Vancouver's Empty Homes Tax**: In Vancouver, British Columbia, Cananda, properties are taxed based upon assessed value. In 2017, the tax rate began at 1 percent and as of 2024,

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[32] Christian Leonard, "'A Perfect Storm': California's Housing Crisis Could Worsen as Construction Slows," San Francisco Chronicle, January 24, 2025, https://www.sfchronicle.com/realestate/article/california-housing-construction-development-20020496.php.

[33] Research in France found that a vacancy tax starting at 10 percent of property value resulted in a 13 percent decrease in vacancy between 1997 and 2001. (Mariona Segú, "The Impact of Taxing Vacancy on Housing Markets: Evidence from France," Journal of Public Economics 185 (May 2020): 104079, https://doi.org/10.1016/j.jpubeco.2019.104079.) This French vacancy tax applied only to residential units and was based on rental value and length of vacancy, starting at 10 percent and increasing to 15 percent for properties vacant longer than four years. This evidence has limited generalizability to Oakland's Vacant Property Tax because Oakland's tax is a flat rate and applies to multiple property types. However, it provides strong evidence that a progressively structured vacancy tax set at a proportion of property or rental value may be effective at reducing vacancy.

[34] Haas and Kopanyi, "Taxation of Vacant Urban Land."

was at 3 percent of the property's assessed value. Vancouver's tax includes ten exemptions for conditions such as death of a registered owner, properties undergoing major renovations, and hazardous or damaged residential properties. Revenues support affordable housing initiatives in Vancouver, such as the Community Housing Incentive Program that provides capital grants for the development of social housing.

Vancouver has attributed positive outcomes to its Empty Homes Tax. Vancouver has observed both a decline in the number of vacant homes (from 1.18 percent in 2017 to 0.54 percent in 2023) and an increase in the number of tenant-occupied properties. However, other market changes occurring around the same time as the vacancy tax could also be the cause.[35]

- **Washington, DC's Vacancy Tax,** implemented in 2010, is based on assessed property value and taxes both vacant and blighted properties. Washington's overall property taxes are $0.85 per $100 of assessed property value for residential buildings and $1.65 per $100 of assessed property value for commercial buildings. Vacant properties are taxed at $5 per $100 of assessed property value and blighted properties are taxed at $10 per $100 of assessed property value. Washington, DC requires property owners to register a property within 30 days of becoming vacant and pay a $250 annual registration fee. Examples of tax exempted properties include properties advertised for sale/rent and properties where owners can demonstrate "extraordinary circumstances."[36]
- **San Francisco's commercial and residential vacancy taxes:** San Francisco has two vacant property taxes: one for commercial property and one for residential property.
    - **San Francisco's commercial vacancy tax** was established in March 2020 to stimulate the rehabilitation of long-term retail vacancies, reinvigorate commercial corridors, and stabilize commercial rents. Revenues from the tax must go into the Small Business Assistance Act Fund, which provides relief to businesses adversely affected by blight, crime, and vacancy. Tax rates are based upon linear feet of frontage (the area adjacent to a public right-of-way) and the length of time the property has been vacant. The tax rate starts at $250 per linear

[35] Vancouver's Empty Homes Tax report did not report data on the vacant homes rate prior to the tax's passage, so is unclear whether the tax itself contributed to the decline in the vacant homes rate.

[36] An audit of DC's vacant property tax found almost $1 million in lost potential revenue. The Office of the DC Auditor (ODCA) attributed this discrepancy largely to failure of the Department of Consumer and Regulatory Affairs to manage the work required to implement the tax. For example, they found that the department failed to follow DC code to collect tax revenues by not issuing notices of infraction, and not communicating with property owners in a timely manner. ODCA made several recommendations to improve the tax process, including ending special exemptions that were granted but not detailed in the Municipal Code, publishing regular program performance reports of the vacant property tax program, and establishing a written agreement between the Department of Consumer and Regulatory Affairs and Office of Tax and Revenue to detail responsibilities and timelines for the program.

foot of frontage and increases to a maximum of $1,000 per linear foot of frontage if the property continues to be vacant for multiple years.

- **San Francisco's residential vacancy tax (the Empty Homes Tax)** passed in 2022 through Proposition M to disincentivize prolonged vacancies while raising funds for rent subsidies and affordable housing. San Francisco identifies vacancies through tax return filings; if a property owner does not file a return, the property is presumed vacant. San Francisco's residential vacancy tax follows a similar structure to the commercial vacancy tax, basing rates upon the square footage of the unit and the number of consecutive years the unit has been vacant. For example, units with square footage between 1,000-2,000 square feet face a tax rate of $3,500 for their first year of vacancy. If the property is vacant for an additional year, the rate doubles to $7,000. The maximum tax rate under the Empty Homes Tax is $20,000 for a unit larger than 2,000 square feet that has been kept vacant for at least two consecutive preceding tax years.

  San Francisco's Empty Homes Tax was set to begin in 2024, but a San Francisco Superior Court decision found that the tax is in violation of state and federal law. The City and County of San Francisco is appealing the decision, but the case is still in progress. [37]

Oakland's Flat Rate Tax Generates Substantially Less Revenue Per Property Compared to Other Jurisdictions

Vacant properties in Oakland face a tax of no greater than $6,000 annually, no matter the properties' assessed values. Exhibit 12 shows how Oakland's Vacant Property Tax results in the same tax owed, compared to other jurisdictions where tax owed changes based on a property's characteristics and length of vacancy. As a result, Oakland's tax will never generate more than $6,000 for a vacant property in a year. Other taxes that charge different rates for property size, assessed value, length of vacancy, or blight status are designed to generate tens of thousands of dollars more per property than Oakland's tax generates.

[37] In October 2024, the San Francisco Superior Court ruled that the Empty Homes Tax violates the Federal and State Constitutions and is preempted by California law. Plaintiffs argued that the tax violates the Taking and Due Process Clauses of the U.S. Constitution because property owners have a right to exclude others from private property by leaving property vacant. They also argued that the tax violates the Ellis Act, a California law, because the government cannot compel property owners to continue to offer accommodations through renting or leasing property. In November 2024, the court issued an order prohibiting the City from enforcing or administering the tax. The City and County of San Francisco appealed the decision in December 2024, but no final court decision has occurred as of April 2026. In April 2025, San Francisco's Mayor passed an ordinance to reinstate the tax so that the tax first applies in the calendar year following the final decision issued in Eric Debbane et al vs. City and County of San Francisco et al, San Francisco Superior Court Case No. CGC-23-604600.

Exhibit 12: Oakland's Vacant Property Tax Results in the Same Tax Value Owed, Regardless of Property Assessed Value

Property Assessed Value	Oakland Vacant Property Tax	Vancouver Empty Homes Tax	Washington, DC Vacant Property Tax	San Francisco's Empty Homes Tax[38]
$100,000	$3,000 or $6,000 depending on property type (residential/ commercial)	$3,000	$5,000 (not blighted) $10,000 (blighted) Rates apply to both residential and commercial properties.	Between $2,500 and $20,000 depending on the unit's size and number of vacant years.
$500,000	$3,000 or $6,000 depending on property type (residential/ commercial)	$15,000	$25,000 (not blighted) $50,000 (blighted) Rates apply to residential and commercial properties.	Between $2,500 and $20,000 depending on the unit's size and number of vacant years.
$2,000,000	$3,000 or $6,000 depending on property type (residential/ commercial)	$60,000	$100,000 (not blighted) $200,000 (blighted) Rates apply to residential and commercial properties.	Between $2,500 and $20,000 depending on the unit's size and number of vacant years.

Source: Auditor analysis of the City of Oakland Municipal Code Chapter 4.56, the City and County of San Francisco's Municipal Code Article 29, the 2024 Vancouver Empty Homes Tax Report, and the Office of the District of Columbia Auditor's Vacant and Blighted Property Program Audit.

As a result of Oakland's Vacant Property Tax design—a low starting rate that does not increase with property characteristics—Oakland's tax generates less revenue per property than those of Washington DC and Vancouver. Based on average estimates shown in Exhibit 13, if Oakland's tax

[38] San Francisco's commercial vacancy tax is excluded from the table because tax value is based on square feet of linear frontage, rather than assessed property value, as discussed above.

had been designed differently, it would have the potential to generate three to five times as much revenue as it does currently.

Exhibit 13: Oakland's Average Revenue Collected Per Property is Approximately Three to Five Times Lower than Other Vacancy Taxes

Fiscal Year	Municipality	Average Dollars Per Property	Approximate Inflation Adjusted Dollars Per Property (2025 Dollars)
2015	Washington, DC	$13, 570	$18,432
2023	Vancouver	$21, 771 (USD) $29, 823 (CAD)	$23,003 (USD)
Average of Fiscal Year 2021-22 through 2024-25	Oakland	$4,263	$5,065

Source: Auditor analysis of the City of Oakland Municipal Code Chapter 4.56, the 2024 Vancouver Empty Homes Tax Report, and the Office of the District of Columbia Auditor's Vacant and Blighted Property Program audit. Note: Values were calculated by dividing the revenue for the given tax year by the number of properties reported as taxed during that year. Canadian dollars were converted to USD based on the exchange rate of 1.0 CAD = 0.73 USD (as of April 30, 2026). FY 2020-21 is not included for Oakland's average dollars per property because revenues were lower during the first year of the tax compared to subsequent years. For Oakland's inflation adjustment, $4,263 dollars in 2021 was converted to 2025 dollars. San Francisco's vacancy tax has not been collected due to lawsuits and is excluded.

Increased Rates Could Generate Additional Revenue and Better Align with Goals of Discouraging Blight and Vacancy

Adopting a tax rate that increases based on length of vacancy, blight status, property size, or other factors could significantly increase the revenue potential of Oakland's Vacant Property Tax and better align with goals of discouraging blight and vacancy.[39] According to economic theory, for a vacancy tax to effectively encourage development, it must be more expensive for owners to pay the tax than it is for them to take no action and maintain the vacant property.[40] If this is the case, Oakland's relatively low, flat annual tax may not effectively incentivize selling, renting, or developing vacant properties. San Francisco, Vancouver, and DC's taxes have increased rates for higher valued or sized properties, or properties that are blighted. San Francisco further discourages vacancy by increasing the tax the longer a property remains vacant (with certain

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[39] Blighted property in Oakland may face penalties or fines through enforcement of Oakland's Blight Code (Oakland Municipal Code Chapter 8.24). Actions taken to abate violations may include but are not limited to assessment of fees, charges, penalties, and interest, and/or repair or removal of the condition, and/or installation and maintenance of physical barriers to deter the recurrence of or access to the condition, as noted in Oakland Municipal Code Section 8.24.060.

[40] Segú, M. (2020). *The impact of taxing vacancy on housing markets: Evidence from France*. *Journal of Public Economics, 185*, Article 104079. https://doi.org/10.1016/j.jpubeco.2019.104079 and Astrid Haas and Mihaly Kopanyi, "Taxation of Vacant Urban Land: From Theory to Practice," July 2017, https://www.theigc.org/publications/taxation-vacant-urban-land-theory-practice.

maximum caps). Unlike Oakland's tax, these structures raise the cost of keeping properties vacant and more effectively incentivize putting the property to productive use.

The City faces a few significant constraints in changing the Vacant Property Tax's rate design. First, California's Proposition 13 limits the City's ability to impose a vacancy tax based on properties' assessed value. The City can still consider other options to increase revenues and discourage vacancy, such as rates based on length of vacancy, property size, and blight status. San Francisco's Empty Homes Tax serves as an example of alternative vacancy tax rate structures in California but is being legally challenged for reasons unrelated to its rate structure. Certain additional changes to the rate design of Oakland's Vacant Property Tax would require voter approval. Voters approved the existing tax rate maximum and structure through passage of Measure W in 2018. Unless voters approve an amended tax term, the Vacant Property Tax will expire automatically in FY 2040-41.

Data on Vacancy Trends in Oakland Could Help Refine Goals and Monitor Outcomes

Robust data collection and analysis will help clarify the prevalence and effect of long-term vacant properties and guide future decisions regarding the tax's design and implementation. As noted in Finding 2, the City does not monitor and report on property vacancies and trends. Collecting and regularly reporting information such as the amount of vacant properties, property types, the duration of vacancy, and geographic trends will allow the City to assess whether Oakland's tax has been effective in reducing the number of vacancies.

Properties identified as vacant by the Vacant Property Tax administrative process represent around 2 percent of all properties in Oakland, on average, since FY 2020-21.[41] This estimate likely understates Oakland's vacancy rate because the City's database may not include every vacant property, and some types of vacancy are not considered for Oakland's Vacant Property Tax.[42]

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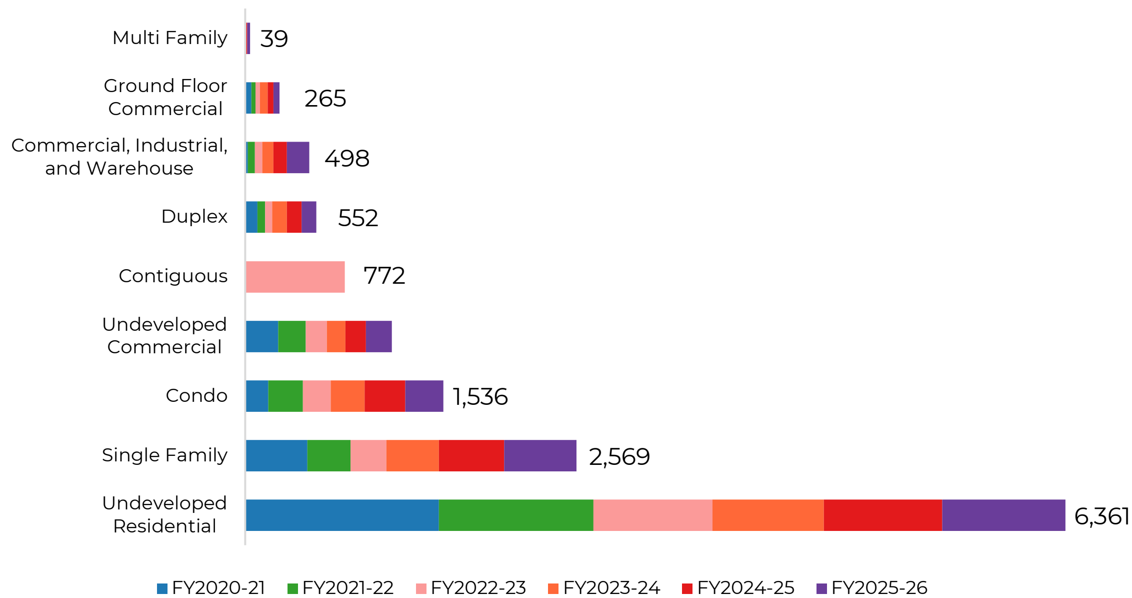
[41] We calculated this percent vacancy estimate by adding the total number of confirmed vacant properties in SCI's database each year and dividing it by the total number of parcels in the city boundaries for FY 2025-26, as determined by data from the Alameda County Assessor's Office. We averaged the percent vacancy estimate for each year for all years of the tax (FY 2020-21 through FY 2025-26) to arrive at 2 percent. More data is needed to assess whether vacancies in the tax database are representative of the City's property vacancy rate overall.

[42] According to the United States Census Bureau, the estimated vacancy rate for housing units in Oakland during 2024 was 7.3 percent. This is very close to the average rental vacancy rate across the 75 largest metropolitan areas in the United States during the fourth quarter of 2024, which was 7.4 percent. For non-housing unit property vacancies, Cushman & Wakefield reported an industrial vacancy rate of 7.3 percent in Oakland during the fourth quarter of 2025. Oakland's 7.3 percent industrial vacancy rate as reported by Cushman & Wakefield is close to the average industrial vacancy rate of 7.4 percent across nine East Bay cities: Richmond, Berkeley, Emeryville, Oakland, San Leandro, Hayward, Union City, Newark, and Fremont. The Census Bureau and Cushman & Wakefield measures of the vacancy rate differ from the 2 percent

Undeveloped residential properties represent the highest number of vacant properties in Oakland's database, as shown in Exhibit 14. The next largest category is vacant single-family residences, followed by vacant condos.

Exhibit 14: Undeveloped Residential Properties Make Up Most of the Vacant Properties in Oakland



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Data reflects the status of properties as of September 15, 2025.

Note: This figure includes all vacant properties, including those exempted from the Vacant Property Tax. Some properties are vacant for multiple years and are counted each year they are vacant in this exhibit.

Many vacant properties in the City's Vacant Property Tax database are classified as vacant for one year only, as shown in Exhibit 15. Just over 700 unique properties (12.5 percent of all vacant properties within the City's database) have been vacant all six years of the tax's lifetime.

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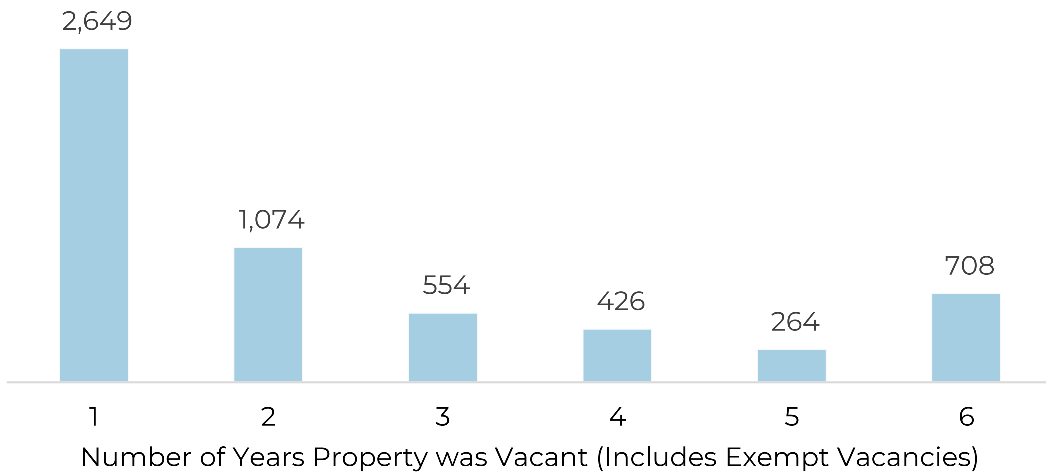
estimate due to differences in the definition and measurement of vacancy. Oakland's tax defines vacancy as properties in-use less than 50 days in a calendar year, whereas the Census Bureau measures whether a unit is vacant at the time of the survey. Additionally, the Census Bureau measures individual housing units, Cushman and Wakefield measure vacant square footage, and Oakland's Vacant Property Tax measures vacant parcels and occasionally units (in the case of condos under separate ownership).

Exhibit 15: Most Properties Have Been Vacant For One Year



Source: Auditor analysis of the City's Vacant Property Tax database provided by SCI Consulting Group. Note: This chart includes vacant properties that meet qualifications for tax exemptions. For example, if a property is marked vacant in 2019 but vacant and exempted in 2020, it will be counted for both years. Data reflects the status of properties as of September 15, 2025.

Last, mapping the location of vacant properties in FY 2025-26 (calendar year 2024) shows that the ten Oakland neighborhoods with the highest number of vacant properties are Forestland, Prescott, Claremont, Piedmont Pines, Upper Rockridge, Montclair, McClymonds, Chinatown, Millsmont, and Upper Dimond (see Appendix C). Regularly examining data such as this can help the City refine its goals for the tax and align funding decisions to address trends in the data.

Recommendations

RECOMMENDATION 1: The Finance Department should define administrative expenses (i.e., specified cost codes) in the budget, or other methodological documentation, or develop new administrative codes as needed to ensure the accuracy of administrative expenditures for the purpose of compliance with Oakland Municipal Code 4.56.

RECOMMENDATION 2: The City Administrator should develop a plan to assemble and report data to establish a baseline of vacant property trends and causes in Oakland. The City Administrator should also establish performance metrics and goals for the Vacant Property Tax. These should be used to regularly assess the effectiveness of the tax in reducing vacancies, minimizing the negative impacts of blighted properties, and funding programs aligned with the tax's approved uses.

RECOMMENDATION 3: The Finance Department should provide an annual report to the City Council and Vacant Property Tax oversight body detailing revenues, expenditures, and the status of projects funded by the tax, as required by California Government Code sections 50075.1 and 50075.3.

Objectives

The objective of this audit was to evaluate implementation of the City of Oakland's Vacant Property Tax since its inception in FY 2020-21. Specifically, the audit sought to:

- Review the process for identifying vacant properties subject to the tax, including assessing the incidence of untaxed properties.
- Examine the exemption process to ensure compliance with the Municipal Code and to understand the frequency of different exemptions.
- Identify the funding (revenues) the tax has produced.
- Identify the benefits the tax has produced through examination of expenditures and other data.
- Compare the cost of administering the tax against the benefits it has produced.

Audit Scope

The scope of the audit includes FY 2020-21 (reflecting taxes assessed in calendar year 2019), FY 2021-2022 (calendar year 2020), FY 2022-23 (calendar year 2021), FY 2023-24 (calendar year 2022), FY 2024-25 (calendar year 2023), and FY 2025-26 (calendar year 2024). Properties are assessed for vacancy in the calendar year preceding the fiscal year in which they are taxed. For example, a property vacant in calendar year 2019 will be taxed during FY 2020-21.

Methodology

To achieve audit objectives, we reviewed relevant management controls and:

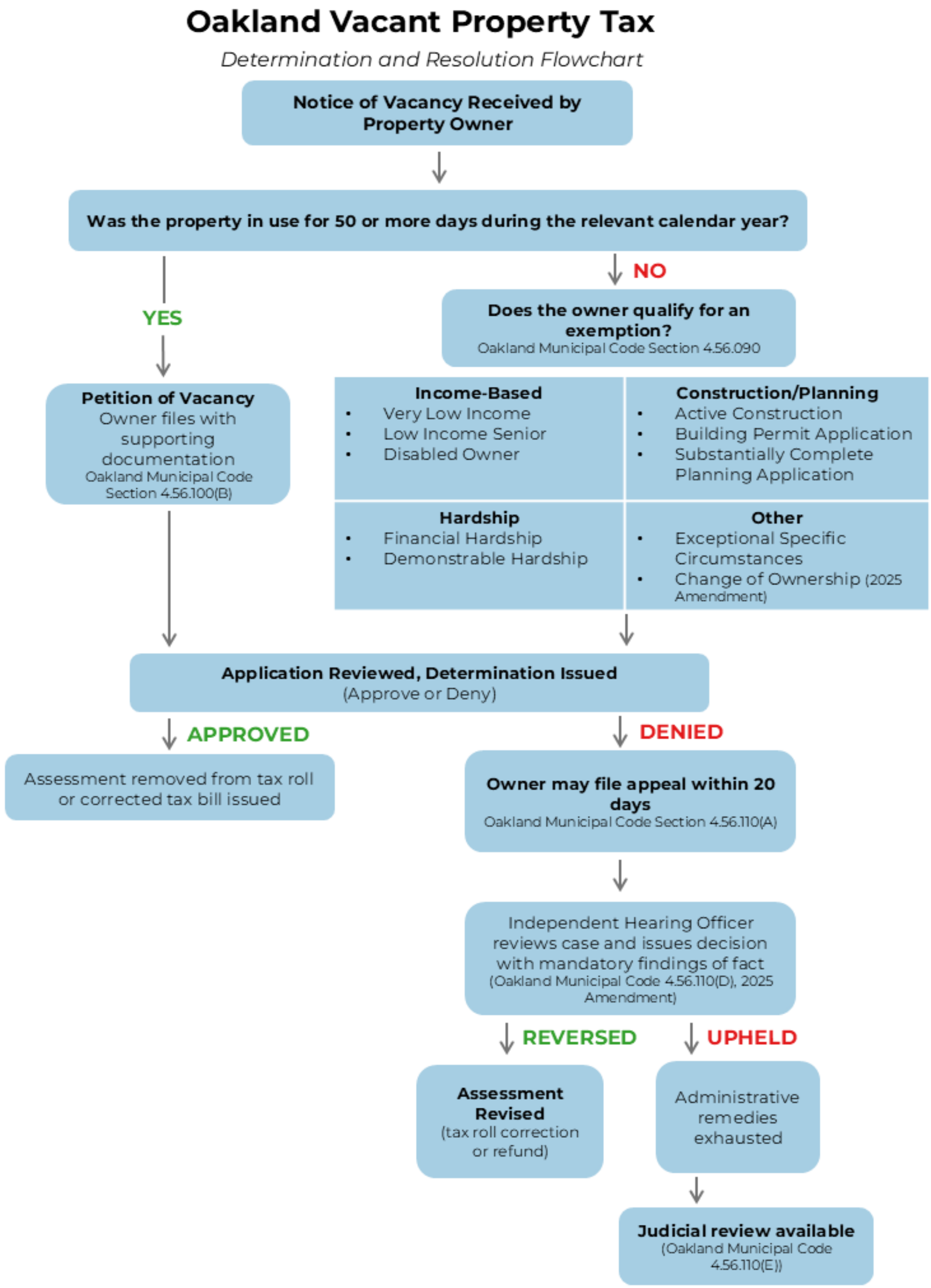
- Reviewed available City documents such as the Oakland Municipal Code and ballot measure materials to understand the tax's development and the legal framework guiding its administration.
- Reviewed economic literature and theory on the effectiveness of vacancy taxes in encouraging the productive use of properties and discoursing vacancy and associated blight.
- Reviewed City Council and Commission meeting records relevant to the Vacant Property Tax.
- Examined the City's contracts with SCI Consulting Group to understand the contract's scope of work.
- Conducted interviews with staff from the City's Finance Department, the City's contractor, and Oakland Public Works to gather information about the procedures used to implement and manage the tax and to understand how revenues are used.

- Analyzed the Vacant Property Tax contractor's database of vacant properties to assess trends in vacancies over time and examine the use of specific exemptions.
- Analyzed data from review of the City's financial management system to determine revenues and expenses from the Vacant Property Tax Fund.
- Examined the City's publicly available budget documents for information relevant to the Vacant Property Tax.
- Compared expenditures against allowable uses within the City's Municipal Code to assess the extent to which expenditures comply with the Code, including assessing the administrative costs of the tax in compliance with Municipal Code 4.56.070(A)(4) and 4.56.050(E) and assessing the tax's minimum spending requirement restriction for illegal dumping spending.
- Conducted nine in-depth case studies of individual properties to examine the tax administration process from beginning to end. We selected cases based on specific criteria and then randomly chose properties that matched those criteria. Criteria included properties exempt under the following exemptions: Petition of Vacancy, Condominium Status Declaration, Exceptional Specific Circumstances, Demonstrable Hardship, Very Low Income; three properties that were identified as vacant and paid the tax, and one property went through the hearing process. For each case, we obtained Vacant Property Tax related documentation from 2019 onward, including vacancy determinations, correspondence with owners, exemption forms, documents related to legal proceedings, and hearing files. These case studies provide insight into how the Vacant Property Tax is administered but the small sample size of nine means that the results may not be generalizable to the entire population of properties assessed through the Vacant Property Tax.
- Compared Oakland's Vacant Property Tax to other vacant property taxes in Vancouver, British Columbia, Canada; Washington, DC.; and San Francisco, California. Very few vacancy taxes exist, particularly in the United States. These cities selected for comparison are some of the few cities that have vacancy taxes.

Statement of Compliance

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A: Vacant Property Tax Determination and Resolution Process Flowchart



Source: Auditor reproduction of the Vacant Property Tax Determination and Resolution Process Flowchart located in the Vacant Property Tax's Policies and Procedures provided by the Finance Department.

Appendix B: FY 2024-25 Very Low-Income Exemption Application

Submit 2023 income

City of Oakland
c/o VPT Administrator
5627 Telegraph Ave #402
Oakland, CA 94609

vptsupport@sci-cg.com
(855) 831-1188
VACANTPROPERTYTAX.OAKLANDCA.GOV

VACANT PROPERTY TAX EXEMPTION APPLICATION FOR VERY LOW INCOME OWNERS
CALENDAR YEAR 2023 TAX YEAR 2024-25

APPLICATION MUST BE RECEIVED NO LATER THAN 20 DAYS AFTER DATE OF NOTICE OF VACANCY

To qualify for a "very low income" exemption, please complete the following (**see reverse for directions**):

1. Ownership Information:

Last Name	First Name	Middle

Parcel Number	Address
	Oakland, CA 94 ______

2. Under the column of Income Source below, include all sources of income received in **2023**, including salaries, wages, Social Disability, AFDC, business earnings, etc. Supporting documentation must be submitted.

Resident Name	Age	Relationship	**2023** Income Amount	Income Source	Verification Document
		Head of Household			
Total Number of Residents =		Total Income: $			

3. Have a combined family income from all sources (taxable and non-taxable income) in **2023** not exceeding the levels defined as very low income according to the U.S. Housing Urban Development. Very low income levels for the City of Oakland are shown in the table to the right.

Number in Household	Combined **2023** Household Income
1	$51,800
2	$59,200
3	$66,600
4	$73,950
5	$79,900
6	$85,800
7	$91,700
8	$97,650

4. Issued a notice of vacancy identifying a parcel you own has been identified as vacant for calendar year 2023, and likely subject to the Oakland Vacant Property Tax for tax year 2024-25.

5. I declare under penalty of perjury under the laws of the State of California that I own the parcel for which I am requesting exemption from the Vacant Property Tax; that the income stated above is the total income for my household, and that all information provided herein is true to the best of my knowledge. I understand that if any of the above information is found to be untrue, I may forfeit my eligibility. I further understand that this form may be subject to an audit, verification check, and possible denial of the exemption. I hereby authorize the City of Oakland to verify all the information herein provided.

Owner's Name	Owner's Signature	Phone Number	Email	Date

Co-Owner's Name	Co-Owner's Signature	Phone Number	Email	Date

Directions for Completing the Very Low-Income exemption application

Submit completed application (one application per parcel) with supporting documentation via **email to vptsupport@sci-com** or US mail to the address at the top of the first page.

1. To qualify for the exemption, you must be the owner of the property. Please fill in your last, first and middle name, along with the parcel number and address. Your parcel number can be found on the top right corner of the VPT notice you received by mail. Approved exemptions will receive an exemption for 100% of the Vacant Property Tax levied on the parcel for which a very low-income exemption application is submitted. Eligible property owners must reapply each tax year.

2. Supporting documentation must be included with your application. **If you file a tax return such as IRS 1040 you must include it with your application to substantiate the above-stated amounts of personal income - for each household member.** If you do not file a tax return, examples of other supporting documentation include Social Security benefit letters, W-2's, rental receipts, or any other income-based documentation to substantiate the above-stated amounts of personal income for EACH household member. All taxable and non-taxable income is included in the combined household income.

Property Tax Year	Income Required
2024/2025 1st Installment Nov 1, 2024 (Due Dec 10, 2024) 2nd Installment Feb 1, 2025 (Due Apr 10, 2025)	**2023** Income

If submitting individual income tax return, attach a copy of page 1 and 2.
If individual income tax return includes a Schedule 1, attach a copy of Schedule 1.
If a Schedule D is required and included with your income tax return include it.
If Schedule 1 has a value on line 3, attach a copy of Schedule C.
If Schedule 1 has a value on line 5, attach a copy of Schedule E.

Information for No-Income Affidavit:
If a household member is age 18 and over and has no income, a No-Income Affidavit must be included.
If a household member is age 26 or younger and is listed as a dependent on the individual tax return, a No-Income Affidavit does not need to be included.

No-Income Affidavit can be downloaded at:
vacantpropertytax.oaklandca.gov

3. From item 2, total the number of residents and total the combined household income to check against the Combined 2023 Household Income table.

4. If you received a notice of vacancy for a specified parcel you own, and your combined household income from all sources for the 2023 calendar year is equal to or less than the "very low-income" limit for the Oakland-Fremont CA HUD Metro FMR Area for a family of such size as defined by HUD, you may be eligible for an exemption from the Vacant Property Tax.

5. Owner and co-owners must complete, sign, date, and provide contact information on their application.

Submission of documents does not guarantee approval. Additional documentation may be requested.
Submit applications and supporting documents **email to vptsupport@sci-cg.com** or via mail to:

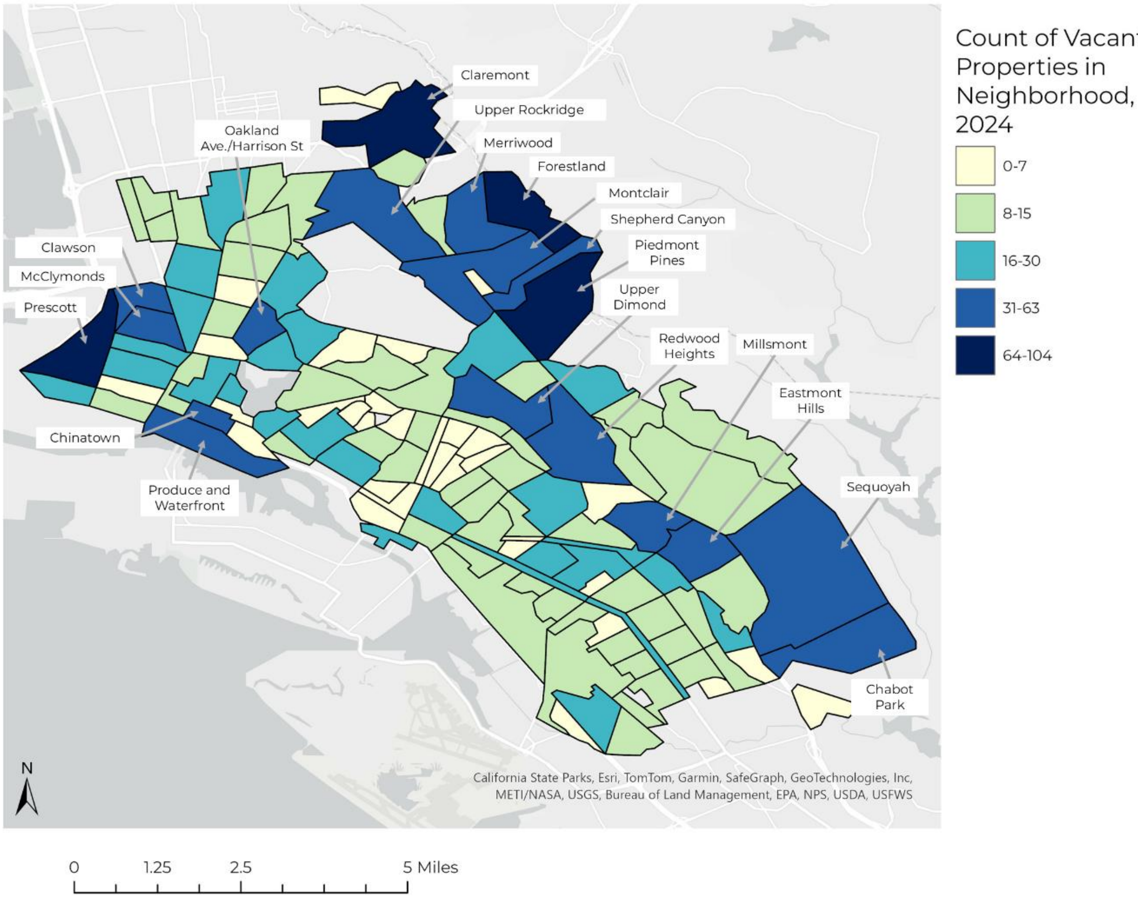
City of Oakland VPT
c/o VPT Administrator
5627 Telegraph Ave
#402
Oakland, CA 94609

Please note the above address is a commercial mail receiving agency and not an office.

Applicants will be notified with an approval or denial letter no later than July 15 of the applicable property tax year.

Source: FY 2024-25 Low Income Exemption application form provided by SCI Consulting Group.

Appendix C: Spatial Vacancy Clusters Exist in Oakland Neighborhoods



Source: Auditor analysis of the City's Vacant Property database provided by SCI Consulting Group. Neighborhood names and boundaries are sourced from the City of Oakland's Open Data Platform. Note: This map depicts the number of unique vacant properties per neighborhood in Fiscal Year 2025-26 (calendar year 2024). This includes properties that are identified as vacant but are exempt from the tax. This map represents the number of raw vacant properties per neighborhood and is not normalized.

Administration's Response

We presented the audit's findings, conclusions, and recommendations to the City Administration, including staff from the Finance Department. The Administration's response to the audit's recommendations is below.

CITY OF OAKLAND

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June 24, 2026

Michael C. Houston
Office of the Oakland City Auditor
1 Frank H. Ogawa Plaza, 4th Floor
Oakland, CA 94612

Dear City Auditor Houston,

The Administration would like to thank the City Auditor's Office for the work and insight in completing the Performance Audit of the Vacant Property Tax ("VPT Audit") in accordance with Oakland Municipal Code Section 5.46.070(A)(4). The Administration has reviewed and agrees with the core findings and operational insights in the final draft.

Overall Comment:

The Administration is generally in consensus with audit findings and recommendations made in the VPT Audit. Finance Department staff will take the initiative to launch the following efforts in response to the VPT Audit:

1. Expense Tracking: The Administration recognizes the need to implement clear definitions and restricted cost structures. The Finance Department will work with the Budget Bureau to establish sub-expenditure codes within the Oracle financial system to isolate administrative costs, ensuring fiscal alignment and compliance with the Oakland Municipal Code Chapter 4.56.

2. Data-Driven Performance Reporting: The Administration agrees that the underlying principle behind the Vacant Property Tax is to reduce vacancies and minimize the negative impacts of blighted properties. However, the Finance Department does not have control over those outcomes. Because these decisions rest largely with private property owners, they occur completely outside the direct scope of administering and enforcing the VPT. Despite these limitations, the department's data-collection work will continue to track property status and trends across the city.

3. Annual Reporting: The Administration will coordinate with departments funded by the VPT program to produce an annual report on tax revenues and project statuses to fulfill the statutory mandates of California Government Code Sections 50071.1 and 50071.3.

Recommendations and Administration's Response

The following is the Administration's response to each of the three (3) recommendations:

1. The Finance Department should define administrative expenses (i.e., specified cost codes) in the budget, or other methodological documentation, or develop new administrative codes as needed

to ensure the accuracy of administrative expenditures for the purpose of compliance with Oakland Municipal Code 4.56.

Administration Response: The Administration agrees with this recommendation and will work develop methodological documentation to isolate departmental or commission's expenses for the purpose of ensuring compliance with Oakland Municipal Code Chapter 4.56.

2. The City Administrator should develop a plan to assemble and report data to establish a baseline of vacant property trends and causes in Oakland. The City Administrator should also establish performance metrics and goals for the Vacant Property Tax. These should be used to regularly assess the effectiveness of the Tax in reducing vacancies, minimizing the negative impacts of blighted properties, and funding programs aligned with the Tax's approved uses.

   Administration Response: The Administration partially agrees with this recommendation. The Administration agrees that establishing performance metrics and a data baseline to track vacant property trends is critical for evaluating the effectiveness of the Vacant Property Tax. However, the Administration's role is limited.

   The Finance Department is only responsible for identifying vacant parcels, administering exemptions, and collecting the tax. As reflected in the Finance Department's 2024 Informational Report on Vacant Property Tax Statistics, these administrative duties effectively capture data on assessed properties across the city and within each City Council district.

   While the Finance Department's data-collection work effectively monitors trends, it cannot tell us the underlying causes of vacancies. Because these decisions rest largely with private property owners, such as whether to build, wait for favorable market conditions, or put the property in use, these fall entirely outside the direct scope of administering and enforcing the VPT. Despite these limitations, the department's work will continue to track property status and trends across the city.

3. The Finance Department should provide an annual report to the City Council and Commission on Homelessness detailing revenues, expenditures, and the status of projects funded by the Tax, as required by California Government Code sections 50071.1 and 50071.3.

   Administration Response: The Administration agrees with this recommendation. The Finance Department will coordinate with all City departments funded by the tax to provide an annual report detailing revenues, expenditures, and the status of projects funded by the Tax, as required by California Government Code sections 50071.1 and 50071.3.

<u>Conclusion</u>:

The VPT Audit identified critical issues regarding the Vacant Property Tax administration practices. The three (3) recommendations underscore the need for clearer cost-tracking policies, defined operational boundaries, and improved inter-departmental reporting in the overall management of the program. The Administration is committed to addressing these findings, establishing stronger internal controls within our financial systems, and maintaining transparent statutory reporting. The Finance Department looks forward to implementing these changes to strengthen operational oversight, clarify property data trends, and ensure full compliance with municipal and state regulations.

Sincerely,

Bradley Johnson
Bradley Johnson (Jun 24, 2026 11:53:43 PDT)

Bradley Johnson
Director of Finance

cc: Nicole Welch, Revenue & Tax Administrator

Rec#	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
1	The Finance Department should define administrative expenses (i.e., specified cost codes) in the budget, or other methodological documentation, or develop new administrative codes as needed to ensure the accuracy of administrative expenditures for the purpose of compliance with Oakland Municipal Code 4.56.	The Finance Department will collaborate with the Budget Bureau to formalize accounting definitions for administrative overhead expenditures under Oakland Municipal Code Chapter 4.56.	Finance Department	January 2027
2	The City Administrator should develop a plan to assemble and report data to establish a baseline of vacant property trends and causes in Oakland. The City Administrator should also establish performance metrics and goals for the Vacant Property Tax. These should be used to regularly assess the effectiveness of the Tax in reducing vacancies, minimizing the negative impacts of blighted properties, and funding programs aligned with the Tax's approved uses.	The City Administration agrees. The City Administrator will develop a plan to assemble and report data to establish a baseline of vacant property trends and causes in Oakland. The City Administrator's Office will include measurement of services related to the Vacant Property Tax in its Citywide Performance Metrics.	City Administrator's Office	July 2028
3	The Finance Department should provide an annual report to the City Council and Commission on Homelessness detailing revenues, expenditures, and the status of projects funded by the Tax, as required by California Government Code sections 50075.1 and 50075.3.	The Finance Department will coordinate with departments funded by the VPT program to produce an annual report on tax revenues and project statuses to fulfill the statutory mandates of California Government Code Sections 50075.1 and 50075.3.	Finance Department	January 2027

CITY OF
OAKLAND
Office of the City Auditor

CITY AUDITOR
Michael C. Houston, MPP, CIA

WHISTLEBLOWER HOTLINE
1-888-329-6390 (Interpreter available)

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Contact Us!
We'd love to hear from you.

联系我们!
我们非常乐意听到您的反馈。

¡Contáctenos!
Nos encantaría saber de ti.

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