

CITY OF OAKLAND
COUNCILMEMBER REPORT

OFFICE OF THE CLERK

To: City Council colleagues
From: Council President De La Fuente and Councilmembers Brooks and Chang
Date: for December 5, 2006
Recommendation: **PROPOSED AMENDMENTS TO AN ORDINANCE TO IMPLEMENT
THE "AFFORDABLE HOMES FOR OAKLANDERS PLAN"**

On December 5, 2006, the City Council will consider the "Affordable Homes for Oaklanders Plan" (A.H.O.P.) which we believe will increase our City's dismal homeownership rate while generating millions of dollars for affordable housing.

We appreciate the Community and Economic Development Committee forwarding this proposal to the City Council after accepting several amendments that we outlined in a memo to the Committee dated November 14, 2006. We believe those amendments strengthen our original proposal and address the key issues raised at the public meetings held by our City Planning Commission on October 18 and November 1, 2006.

After hearing the comments raised at the Committee meetings, we would like to ensure that the City Council consider at least the following amendments:

(1) Provide Better Flexibility for Small Buildings:

Small buildings (defined as buildings with 2 units, 3 units or 4 units) that are located outside of the Impact Area are not required by the existing law to obtain "conversion rights." Moreover, existing law does not charge a "conversion fee" or "In-Lieu Fee." To respond to concerns raised at the initial public meetings, we improved our proposal by exempting these small buildings from the new fees if they complete their application prior to July 1, 2008. To provide better flexibility to these small buildings, however, we would like to propose the following amendment:

- Under "Applicability – Effective date of chapter" (Section 16.36.200), strike the following:
 - A. ~~The following provisions do not apply to applications deemed complete by the Advisory Agency before July 1, 2008 on parcels located outside the conversion impact areas described in Section 16.36.070G and that contain fewer than five dwelling units:~~
 1. ~~Conversion rights or in lieu fee requirements contained in Section 16.36.070;~~
 2. ~~The closing cost allowance authorized in 16.36.050C~~

Add the following language:

Buildings located outside the conversion impact area described in Section 16.36.070G and that contain fewer than five dwelling units are exempt from this ordinance if one of the following conditions is met:

- (a) the building is owned as "Tenants in Common" or Joint Tenancy and all of units in the building are owner-occupied or
- (b) one-hundred percent (100%) of the tenants in place at the time the conversion application is filed have entered into "intent to purchase" agreements with the Subdivider for their respective units or a similar unit in the building. As authorized by Section 16.136.150, the City Administrator shall draft and make available by January 1, 2007 the content required for a satisfactory "intent to purchase" agreement.

(2) Focus the Affordable Housing Trust Fund to Benefit Existing Tenants

The goal of the newly proposed Affordable Housing Trust Fund is to generate at least \$10 million a year in new funds by fixing the current law which has encouraged building owners to pay developers for "conversion rights." Our intent in creating this new Trust Fund is to redirect those funds so that we can assist existing Oakland renters in purchasing and occupying a unit in their building as homeowners. To clarify this in the ordinance itself, however, we would like to propose the following addition:

- At least 75% of the funds collected for the Trust Fund shall be used in assisting existing Oakland renters to purchase and occupy their units as homeowners. Such assistance shall include, but not be limited to, funds to assist the renters with their downpayments as well as fixed-rate mortgages with below-market interest rates.

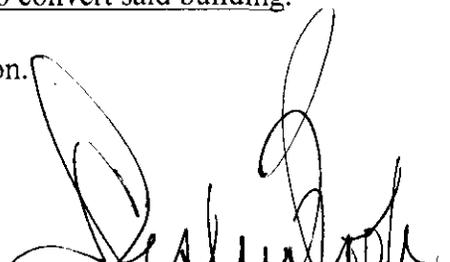
(3) Further Safeguard the Goal of Homeownership by Discouraging Speculation

We share the concerns raised about "condominium speculators" who might attempt to purchase multiple apartment buildings in order to convert them into condominiums. Our goal, however, is to transform existing Oakland renters into Oakland homeowners. Therefore, to further safeguard this goal, we would like to propose the following addition:

- The Subdivider must have owned the building for a minimum of two years prior to submitting to the City an application to convert said building.

Thank you for your consideration.



Ignacio De La Fuente
President of the City Council

Desley Brooks
Councilmember (D-6)

Henry Chang
Councilmember At-Large

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