

CITY OF OAKLAND



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November 10, 2009

Re: City of Oakland Affordable Housing Policies

Dear Oakland City Council and Oakland community;

I am writing to share my concerns about the proposed condominium conversion pilot program before the City Council Community Economic Development Committee. This letter expresses both the nature of my concerns and presents an alternative pathway for your consideration.

For many years, the City has been engaged in intense public debates about policies to meet Oakland's housing needs, in particular on condominium conversion and inclusionary zoning. In late 2006, the Council authorized a Housing Blue Ribbon Commission that spent six months in a thorough public process to develop model policies on condominium conversion and inclusionary zoning. The Commission included both developer and affordable housing representatives. The Commission arrived at consensus on the terms for an inclusionary zoning policy, but not on condominium conversion. In addition, at the request of Councilmembers and community groups, I provided a comprehensive affordable housing policy plan in February 2008.

The condominium conversion pilot proposal offers a piecemeal approach to a larger issue that requires a comprehensive plan to meet the City's short-term and long-term needs. At a time when the City needs more rental housing to meet the housing demand, it seems imprudent to be adopting a policy that will decrease the number of existing rental housing units without any plans to effectively mitigate the loss in rental housing stock. The proposed conversion fee, at \$15,000 a unit, is greatly insufficient to fund replacement housing units. It also appears that the proposed pilot program given its focus on "higher rent" buildings of 100 units or more in the impact areas, will facilitate the conversion of only a few targeted buildings. I do not believe that it is sound policy-making to introduce ordinance changes that benefit select development projects in isolation, especially given the potential negative impacts to tenants and the City's rental housing stock.

In addition, the proposal itself has substantive problems as identified in the November 10th City Staff Supplemental Report, including the need for a nexus study on the conversion fee, understanding the demographics of impacted tenants, and the unknown legality of some of the proposed tenant protections such as lifetime leases for all tenants.

Instead of moving on the proposed pilot program in isolation, I am asking the City Council to adopt citywide housing policies that include the following:

1. An inclusionary zoning policy, modeled after the Housing Blue Ribbon Commission's recommendations, with modifications if necessary to take into account changes in the housing market, while continuing to encourage private investment in housing development in Oakland.
2. A condominium conversion policy that incorporates the proposed pilot program, as modified to address the specific issues raised in the November 10th staff report, and also to reflect key changes with the existing policy, such as the guarantee of meaningful tenant protections, and changing the conversion rights system to allow for an annual cap and conversion fee.
3. Targeting the City's redevelopment set-aside funds for affordable housing (other than first-time homebuyer assistance) to serve households at or below 60 percent of area median income.

Made profoundly clear to me during the housing debates are the following principles that should guide our policymaking:

- Addressing the struggles of many Oakland residents to access, afford, and maintain quality housing for their families. For example, more than 37,000 Oakland renter households pay more than 30% of their income for their housing costs.
- Planning for adequate workforce housing stock critical to the City's economic development strategies.
- Providing clear and consistent policy direction as requested by private developers themselves and which helps to reduce and avoid time-consuming and costly specific project battles on community benefits.

The City needs to be able to take on these challenging issues and create policies that balance competing forces and develop models for the rest of the nation. The City has been at this long enough; it is time for Council to move forward on the adoption of a comprehensive affordable housing policy.

I look forward to our continued efforts and partnership to meet the challenges facing Oakland.

Sincerely,

A handwritten signature in black ink, reading "Ronald V. Dellums". The signature is written in a cursive, flowing style.

Ronald V. Dellums
Mayor