

MEMORANDUM



TO: City Council
Ray Towry, City Manager
Interested Parties

FROM: Blair Larsen, Community and Economic Dev. Director

DATE: October 16, 2020

SUBJECT: Two Options to Address the Problems of Vacant Buildings

The Economic Development Workshop identified the vacant buildings in the downtown area as a high priority for the Council. Vacant commercial space is a thorny problem with multiple causes. Vacancies are often caused by competition in the market, and lack of commercial activity, however it can also be exacerbated by the condition of the building, available amenities, and the general appearance of the area.

As with any action affecting private property, the City must tread carefully and ensure that it is not adding to the problems of already-burdened property owners. We can do this by carefully outlining our purposes and ensuring that our solutions are carefully targeted.

1. PURPOSES

Staff proposes the following purposes to guide City efforts to combat the vacant building problem:

a. Prevent further deterioration of building stock

One of the primary concerns about vacant buildings is the rate at which they deteriorate. Recently, one of our local realtors toured several vacant properties in search of a place for her own office. She found almost all of them to be in such disrepair as to be unsuitable for her needs. A program directed at vacant buildings should include measures to prevent further decay.

b. Ensure that vacant properties are secure

Vacant buildings can be a magnet for trespassers, whether they be someone looking for shelter, or vandals, or worse. A solution to the vacant building problem should include provisions for improved security.

c. Gather information on owner intentions, property availability, and costs

Some buildings are vacant despite their owners every attempt to fill them. Some owners prefer to leave a property vacant until the right renter comes around. However, every owner has a price at which they would be willing to sell or lease the property. As the City attempts to lure new businesses to town, and assist entrepreneurs with starting their businesses, a database of available properties, or properties that could be made available, would be invaluable. Such information would speed the decline of the vacancy rate.

d. Connect property owners with opportunities for buyers, renters, and improvements.

COVID-19 has taught us how valuable information is when it comes to matching local businesses with assistance and resources. It is no different with property owners. In addition to the City's Commercial Exterior Improvement Program, City Staff periodically come across opportunities for improvements, potential tenants or buyers, or other important information. Any effort to decrease the number of vacant properties needs to include provisions for making these matches.

It is important to note that regardless of the action that the City takes, vacant buildings will not be filled by a City program or ordinance. Only private enterprise and property owner action will result in actively used buildings. In addition, even if a strong ordinance is passed, some properties may not improve in any visible manner. Some buildings may comply fully with any ordinance or voluntary program, but still look exactly the same as they did before.

However, it is possible that the City can achieve significant progress towards these purposes through an ordinance or voluntary program.

2. OPTIONS

As a government entity, the City has the option of simply passing an ordinance to target the problem. However, we also have the option of implementing a voluntary program. Both options have their pros and cons.

a. VACANT BUILDING ORDINANCE

Attached to this memo is a draft Vacant Building ordinance. The ordinance is preferable to a voluntary program in the following ways:

- It requires information from owners of vacant property.
- It requires property owners to maintain their buildings in watertight, secure condition.
- It requires owners to inspect their properties on a regular basis.
- It requires property owners to have a local presence or locally contracted property management company.
- It includes penalties for violating the ordinance, including provisions for liens against the property.

While an ordinance will have more teeth and may be more effective than a voluntary program, it has some drawbacks:

- An ordinance will be perceived as infringing upon property rights.
- An ordinance obligates the City to enforce it as written and will be less flexible than a voluntary program.
- An ordinance will likely require more staff time to operate and enforce than a voluntary program.
- Increasing burdens on property owners will not increase the number of potential buyers or renters for those properties.

b. VOLUNTARY VACANT BUILDING REGISTRY

A Voluntary Vacant Building Registry will not be as enforceable, but has the following benefits, compared to an ordinance:

- A voluntary program is gentler, and likely more palatable to the community.
 - Voluntary programs are not perceived as infringing upon any rights.
 - A voluntary program can gather the same information as an ordinance, and participants may be more willing to provide it.
 - Presumably, a voluntary program will have fewer participants, and may require less staff time to maintain.
 - The number of properties involved in a voluntary program may be increased by requiring participation in order to be eligible for certain benefits, such as the Police Department's voluntary trespass program, the Commercial Exterior Improvement Program, or a higher level of Chamber of Commerce membership.
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Despite these benefits, compared to an ordinance, a voluntary program will fall short in the following ways:

- Compliance with the program will be nearly unenforceable.
- A voluntary program may require more staff time and advertising in order for property owners to understand and be convinced of the benefits and participate.
- Property owners who currently do not maintain their buildings may be unlikely to participate unless it is required.

At this time, staff does not have any program materials for a voluntary vacant property program. However, such a program would attempt to achieve everything that an ordinance would, but would not have any enforcement mechanisms except for exclusion from the program and other City grants or special programs.

3. CONCLUSION

While both options will likely help the City achieve its purpose to some degree, it appears that an ordinance would be more effective. However, some property owners may see an ordinance as being overly burdensome, and lead to the perception that the City is punishing people for owning a vacant building.
