



INFORMAL STAFF REPORT

MEMORANDUM

To: Keith Selman, Interim City Manager *K.S.*
From: Arlene Medrano, Office of the Business Liaison *AMM*
Date: July 27, 2018
Subject: CCAR: Downtown Vacant Building Ordinance Update

Issue/Problem

The Downtown Vacant Building Ordinance was on the City Council agenda for a First Reading on Tuesday, July 24th, but was removed to allow time to make recommended changes by Municipal Court Judges and City Prosecutor. Attached is the redline version showing changes since the Tax Increment Reinvestment Zone #3 Board (TIRZ #3) approved on June 26, 2018.

Background & Findings

The Tax Increment Reinvestment Zone #3 most recently approved the Downtown Vacant Building Ordinance on June 26, 2018. Upon Board approval of the ordinance and a unanimous vote recommending City Council approval, Staff began making arrangements and preparing for the implementation of the ordinance and program.

Staff provided the Ordinance to Finance, Municipal Court Judges and to the City's Prosecutor for final comments. During these discussions, the attached recommendations for improvement were made.

- Per Local Government Code, a maximum 90 days is allowed to correct defects. (Pg. 6 Sec. 13-4007 (c); Pg. 9 Sec. 13-4011 (a))
- 3% credit card processing fee for anyone who chooses to pay by credit card instead of by check. Checks require no additional fee. (Pg. 6 Sec. 13-4007 (b))
- Requiring notice to the Administrator for a change of owner's registered agent. (Pg. 5 Sec.13-4004 (c) (3); Pg. 9 Sec. 13-4011 (a)).
- Occupancy will be determined based on receipt of a certificate of occupancy and compliance of state laws. (Pg. 5 Sec.13-4004 (d)).
- If approved, Ordinance will become effective on October 1, 2018.
- Annual Registration fees are due no later than November 15 of each year.

At the July 24th, 2018 TIRZ #3 Meeting, there was a public comment made regarding the Ordinance. The concerns were addressed via face-to-face conversations and emails. The following addresses the remarks made:

- Concern: \$500 Registration Fee Compared to City of San Antonio's \$250 fee.

- Response: San Antonio charges an annual registration fee of \$250 for *single-family residential structures* and \$750 for *all other structures*. Our proposed Downtown Vacant Building Ordinance calls for a \$500 fee for all structures.
- Concern: If the purpose of the Ordinance is to collect contact information, how will we send notice of the Ordinance?
- Response: We will send the registration information to the address that is listed per the Appraisal District. However, through the registration process we will require additional contact information such as phone number and email address for the owner and local manager, if applicable. The additional contact information is so that we have a way to contact building owners in the event of an emergency involving his/her buildings. As you know, Downtown structures exist in a close knit eco-system. What happens to one building may very well affect the neighboring buildings. These buildings sometimes share walls or are very close in proximity to each other. We had a vacant building collapse in our Downtown in 2016 and had no way to contact the property owner other than to mail a letter. The building blocked a street for 6 months.
- Concern: Punishment of Vacant Building Owners whose buildings may be vacant, but who are using his/her building for storage.
- Response: While this Ordinance is not intended to address land use issues, changing a building from its assigned use to Storage use without going through Development Services would constitute a non-permitted use of the building. Storage units are considered a fire load and may require building modifications. The only *permitted* storage unit in the Downtown area is the U-HAUL located on Chaparral and Beldon St.
- Concern: That the City of San Antonio had to create a Legal Defense Fund to deal with Title issues and that the City of Corpus Christi would need to do the same.
- Response: The City of San Antonio created a Title Search Fund to be able to identify the proper owner when the listed owner is deceased. Generally, this only applies to single family residences.

Additionally, City Staff and DMD Staff met with the Realtors Association on Thursday, July 26th and the following concerns were addressed:

- Concern: That the Ordinance included residential properties.
- Response: Staff has edited the Ordinance to apply to commercial properties only at a rate of \$500. The number of single-family residential properties within the TIRZ Boundaries was low (between 10-20%).
- Concern: The Ordinance requires a local manager who resides in Nueces County.
- Response: Staff edited the Ordinance to a 50-mile radius of the Downtown Vacant Building.
- Concern: The Ordinance requires a complete floor plan for use by first responders in the event of a fire or other catastrophic event.
- Response: Floor plans serve an important purpose for First Responders in situational awareness, search procedures, thermal imagers, fire behavior, fire control and tactical ventilation. This item is too important to the life-safety of First Responders to remove from the Ordinance. It may help to clarify that the Ordinance is asking for a floor plan, not a blue print.
- Concern: The existing city-wide vacant building ordinance and the Corpus Christi Property Maintenance Code cover 95% of what is being proposed in the Downtown Vacant Building Ordinance.

Response: The downtown area is a unique and distinct area of the City due to the prevalence of older, multi-story buildings constructed without setbacks from the street rights-of-way, and the downtown area has the potential to serve as a dynamic economic center for the City. The existing ordinance is primarily used for securing properties, which is not sufficient for our Downtown. The Downtown Vacant Building Ordinance (DVBO) is aimed at eliminating the blighted appearance of the Downtown and creating a bright and lively storefront appeal by requiring the removal of boards on the first floor and the addition of exterior lighting. DVBO's around the country that have the same requirements are proving to decrease the occurrences of crime surrounding abandoned buildings. To have a thriving Downtown, residents and visitors must feel safe with their surroundings. Building remediations are significantly associated with overall reductions in crimes, total assaults, gun assaults and nuisance crimes.

The Downtown Vacant Building Ordinance has only been made possible through the unwavering support of the Downtown Reinvestment Zone Board (TIRZ #3). The TIRZ #3 Board approved the funding necessary to support the cost of a Program Administrator and the efforts of Code Enforcement to enforce this ordinance. The TIRZ #3 Board can only approve use of funds within the TIRZ #3 boundaries and could not have approved funding for the enforcement of the existing city-wide vacant building ordinance as those efforts do not fall within the boundaries and would therefore supplant existing efforts, which is a violation of Tax Code regarding the TIRZ.

The Downtown Vacant Building Ordinance also differs in that it provides an opportunity for vacant building owners to apply for a grant to support the cost of complying with the ordinance.

- Concern: That the associated fees are only to generate revenue for the City.
- Response: The fees collected will not cover the cost to run the Downtown Vacant Building Program and therefore will produce \$0 net revenue for the City. The TIRZ #3 is supplementing a majority of the cost.
 - Estimated Program Cost - \$90,000
 - Estimated Ordinance Revenue –
 - Total Registration Fees = \$500 x 45 estimated vacant buildings = \$22,500
 - Total Inspection Fees = \$0.01/sq. ft x Approx. 1,000,000 vacant sq. ft = \$10,000
 - Total Program Revenue = \$32,500
- Concern: The Realtors Association was not contacted for input on this Ordinance.
- Response: Staff reach out to the Realtor's Association as well as other community stakeholders stating a desire to work together on the Downtown Vacant Building Ordinance. The Realtor's Association were invited via phone and email in July 2017, but were not available to engage.

Conclusion

Staff recommends passing of the Ordinance as proposed here today to continue the momentum and effort for Downtown revitalization.