



<b>AGENCY:</b>	City Council
<b>MEETING DATE:</b>	November 13, 2017
<b>DEPARTMENT:</b>	CDD
<b>PRESENTED BY:</b>	S. McCormick

## **AGENDA ITEM SUMMARY**

### **TITLE:**

**RECEIVE REPORT AND CONSIDER COMMUNITY DEVELOPMENT COMMITTEE RECOMMENDATION REGARDING POLICY APPROACHES TO ADDRESS VACANT RESIDENTIAL AND COMMERCIAL PROPERTIES IN FORT BRAGG AND PROVIDE DIRECTION TO STAFF**

### **ISSUE:**

At the July 24, 2017 City Council meeting, Vice Mayor Lee requested that an inventory of vacant residential and commercial properties in Fort Bragg be developed and options be identified to address vacant property issues. The purpose of this effort is to increase the inventory of rentable housing units in Fort Bragg and thereby support the economy. The City Council directed staff to obtain input from the Community Development Committee as part of the process.

Staff researched several data sources to determine the number of properties that are currently vacant. Staff also explored the policy and program options of other jurisdictions for addressing residential and commercial vacancies.

On September 26, the Community Development Committee discussed the issue, considered policy and program options and recommended that staff proceed with a Vacant Property Owner Survey and that preliminary work be undertaken to evaluate the pros and cons of establishing a Vacant Property Registration Ordinance. The purpose of the survey would be to determine the reasons that properties remain vacant. Based on already completed research into the issue, some possible reasons why property owners choose not to rent or sell vacant properties include:

- 1) Buildings may be in need of costly repairs in order to be rentable;
- 2) Some property owners invest in properties for future appreciation and/or retirement and have no intention of renting them;
- 3) Some landlords have had negative experiences with tenants and purposely keep a property vacant; and
- 4) Some properties may be in a long-term transition between owners (i.e., inheritance or family trusts).

By contacting property owners directly, a better understanding of what motivates or constrains property owners can be developed to help inform City Council's policy and program choices. The Community Development Committee also recommended that further consideration be given to establishing a no fee Vacant Property Registration list.

### **ANALYSIS:**

City staff estimates that approximately 70-100 properties in Fort Bragg have been vacant for an extended period of time.

The following data sources were referenced to determine how many vacant properties are in Fort Bragg:

- US Census American Community Survey, an ongoing household survey by the US Census Bureau;
- The USPS Postal Vacancy List, providing addresses where mail has not been collected for over 90 days.
- City of Fort Bragg Utility Billing Report, a list utilized to identify inactive water meters.
- Fort Bragg Inland General Plan Housing Element 2014, a study that reflects the existing and future housing needs of the City. It is required by California Department of Housing and Community Development (HDC) and updated every 4 years.
- Central Business District Surveys completed by Community Development Department in 2014 and 2017.

The table below introduces policy and programmatic approaches utilized by other communities. The table also includes analysis of the relative level of effort by the City and the effectiveness of each policy or program. As noted previously, the Community Development Committee indicated that they would like a better understanding of the reasons for vacancy in Fort Bragg prior to proceeding with a course of action to address the issue.

<b>Potential Policy Approaches to Reduce Vacancy in Fort Bragg</b>			
Program/Policy	Description	City Effort	Impact/Result
Vacant Property Owner Survey	A survey of vacant property owners to determine the reasons why properties are vacant and not rented or sold. This survey might help the City to better develop a set of strategies to deal with the reasons that properties are being held vacant.	Medium	Low
Vacant Property Registration Ordinance	A vacant property registration ordinance would require property owners to register their vacant units with the City and pay a small registration fee. The information is used by the City to contact owners and explain their responsibilities in meeting relevant code requirements, such as not allowing windows to be boarded up, keeping lawns mowed, etc., and allow for more proactive code enforcement. It would also provide updated contact information should owners need to be contacted in case of	Low	High

Potential Policy Approaches to Reduce Vacancy in Fort Bragg			
Program/Policy	Description	City Effort	Impact/Result
	emergency.		
Annual Vacancy Fee	Some cities charge an annual fee, often with a graduated fee schedule, (increasing each year the property remains vacant) to motivate property owners to restore, rent or sell a property.	Low/Medium	Medium
Strategic Code Enforcement	Strategic Code enforcement includes coordinated code enforcement with cost recovery to abate violations of statutes or ordinances relating to property maintenance and vacancy. Successful code enforcement offers incentives for responsible ownership along with penalties for irresponsible behavior.	Medium/High	Medium
Vacant Property Receivership	Receivership is often a remedy of last resort, as it is a costly investment on the part of the City. It is an important tool for unresponsive or irresponsible property owners unwilling to bring buildings into compliance. Receivership involves court hearings and the temporary transfer of the property to a receiver to rehabilitate the vacant property. Typically the receiver is a third party who addresses code deficiencies and provides the owner with an opportunity to purchase back the building. If the former owner is unable or unwilling to purchase back the building for the cost of repairs, the building is sold with the proceeds covering the cost of repair.	High	High
Good Landlord Incentives	An interactive strategy that involves incentives such as training programs, a single point of contact in City Hall, direct and indirect financial incentives such as free/subsidized safety inspections	Low/Medium	Low/Medium

Potential Policy Approaches to Reduce Vacancy in Fort Bragg			
Program/Policy	Description	City Effort	Impact/Result
	or rebates of licensing fees.		
Vacancy Prevention	Identify property owners with delinquent property taxes and link property owners with non-profit and government agencies for assistance in an effort to prevent property degradation.	Medium	Low/Medium

Vacancy rates in Fort Bragg are just one of the issues that contribute the housing shortage in the City. In addition to policy approaches directly related to addressing vacant properties, Council may also want to consider discussing policies related to rental housing as part of the wider discussion about housing in Fort Bragg. The table below identifies possible policies that specifically address rental housing.

Potential Policy Approaches to Oversee Rental Housing in Fort Bragg			
Program/Policy	Description	City Effort	Impact/Result
Rental Registration	Rental registration gives the City an opportunity to communicate property owner obligations under city ordinances. It could also be an opportunity to provide support and advice.	Low	Medium
Business Licensing	Currently the City requires a Business License to rent properties. However, very few rentals are actually licensed and policy is not enforced.	Low	Medium
Rental Licensing*	Rental licensing combines a registration process with an inspection. This would allow the City to establish compliance with health and safety issues in order to upgrade substandard units.	Medium	Medium

**RECOMMENDED ACTION:**

Staff recommends that the City Council receive the report, consider the Community Development Committee's recommendations regarding policy approaches to address vacant residential and commercial properties in Fort Bragg and provide direction to staff.

**ALTERNATIVE ACTION(S):**

1. Recommend one or more policy approaches for staff to develop before bringing back to Community Development for further consideration;
2. Take no action at this time.

**FISCAL IMPACT:**

Preparation of a Vacant Property Owner contact list, survey, follow-up meeting will require efforts by City staff and postage costs. Staff anticipates that completing this survey would take about 80 hours of work.

**IMPLEMENTATION/TIMEFRAMES:**

Vacant Property Owner Survey: Research contact information of potential vacant addresses from inactive water meter list, code enforcement files, and delinquent property taxes. Mail a letter containing a paper survey form with a link to an electronic survey, and to request phone call or in-person meeting as a follow-up to gain more clarity.

Vacant Property Registration Ordinance: Research similar policy approaches from other jurisdictions including potential costs that would be incurred by implementing such a strategy. Develop draft ordinance to take to Community Development Committee for further discussion.

**ATTACHMENTS:**

None.

**NOTIFICATION:**

1. Notify Me List: Fort Bragg Downtown Businesses, Economic Development Planning, Affordable Housing, Vacation Rentals