



Date: December 30, 2019

To: Thomas B. Modica, Acting City Manager *T. Modica*

From: John Keisler, Director of Economic Development *J. Keisler*

For: Mayor and Members of the City Council

Subject: **Feasibility of a Vacant Commercial Property Fee or Tax Program**

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At its May 7, 2019 meeting, the City Council directed the City Manager to work with appropriate departments and the Economic Development Commission (Commission) to review the feasibility of the City of Long Beach (City) implementing a vacant commercial property fee to address long-time vacant commercial properties and report back within 120 days on findings and recommendations.

On September 12<sup>th</sup>, the City Manager provided a written update to the City Council in memo form. Since that time, extensive investigation and outreach has been conducted to evaluate the potential costs, benefits, and challenges associated with such a fee. Although substantial progress has been made to focus the recommended fee on the specific property owner who is unwilling to take the necessary steps to activate their property, staff have concluded that substantial survey work is needed to assess the scope, application, and cost to properly implement a program that will achieve the City Council goal of addressing long-time vacant commercial properties. The purpose of this memo is to provide an update to the City Council regarding activities taken to date, initial findings, and recommended next steps.

## **Background**

Reducing the commercial property vacancy rate in the City of Long Beach is a key objective of the City's 10-Year Blueprint for Economic Development. As described in the May 7<sup>th</sup> memo to the City Council, the Long Beach economy has been growing and citywide commercial real estate vacancy rates remain historically low. Currently, the vacancy rate for commercial retail properties citywide is approximately 5.1 percent with an average vacancy term of approximately nine months. Although this is far better than the national neighborhood and shopping center retail vacancy rate of 10.2 percent reported by Moody's Analytics, there are some commercial corridors in the city where the vacancy rates are significantly higher and retail properties have remained vacant for years, resulting in blighted conditions and depressed neighborhood economic activity.

While there are many factors that impact the ability of a retail property owner to find a tenant, the City Council has asked the Commission to explore the feasibility of implementing a financial disincentive for property owners who allow their retail properties to sit vacant for long periods of time. Specifically exempt from this proposed policy are properties whose owners are actively undergoing renovations or engaged in the permitting process with the City.

To assess the feasibility of such a policy, staff from the Economic Development Department (ED) reviewed: (a) current City ordinances addressing vacant properties, (b) vacant property fee policies in other cities, (c) original survey data, and (d) public comment at regular meetings of the Commission.

### City Ordinances

Currently, there are two ordinances that seek to address chronically vacant properties that are administered by the City's Code Enforcement Bureau in the Development Services Department (DV):

- Ordinance 16-0026 requires vacant buildings to be secured against unlawful entry and requires regular maintenance/monitoring of buildings. Through the "Vacant Building Monitoring Program" owners must register their vacant buildings with the Code Enforcement Bureau and pay a monthly monitoring fee of \$55.00, which is billed annually.
- Ordinance 17-0025 was adopted to prevent vacant lots in the City from becoming blighted due to lack of adequate maintenance and security. The ordinance establishes minimum standards of accountability for property ownership. Property owners must register the vacant lots within 30 days of the properties becoming vacant or demolished. All vacant lots in Long Beach must be registered with the Vacant Lot Registry. More information about the [Vacant Lot Registry Program](#) is available online.

These two programs go hand-in-hand with the "Foreclosure Registry Program" to protect neighborhoods from increases in crime and decreased property values associated with abandoned properties. The "Vacant Lot Registry," along with enhanced maintenance, upkeep standards, and proactive inspections, can help mitigate the negative impacts associated with vacant lots while creating opportunities for residents and potential developers to activate such lots for community-serving uses and development opportunities.

Although these programs attempt to address the most fundamental issues of safety, security, and blight management, they do not address the buildings identified by the City Council action that are well-maintained and secured, but vacant and inactive for extended periods of time. After meeting with staff responsible for implementing these programs, staff have concluded that existing ordinances do not specifically address concerns identified by the City Council.

### Other City Policies

In addition to the review of current City programs, City Council directed staff to review commercial property programs that have been implemented or are being considered by the cities of Washington D.C., San Francisco, New York, Oakland, and Boston (Benchmark Cities). Staff had an opportunity to communicate with counterparts in the Benchmark Cities and conduct a survey of current practices they are using to address vacant commercial property. In its review, staff found that two out of the five cities—Washington D.C. and Oakland—have formally adopted programs, while the remaining cities are still exploring the feasibility of such programs.

The survey found that all five Benchmark Cities offer incentives to promote the activation of commercial properties. The incentives range from \$50,000 reimbursement grants for façade improvements to matching grants up to \$7,500. Attached is a complete summary of findings regarding the fee programs and incentives offered by the Benchmark Cities (Attachment A).

### DLBA Survey

During the study period, the Downtown Long Beach Alliance (DLBA), which represents residents, merchants, and property owners in the downtown area, conducted its own survey of members to identify: (a) the most common factors contributing to long-term vacancies, (b) incentives that would be an effective component of a vacant property fee policy, and (c) open-ended suggestions about concessions the City could make to property owners in exchange for compliance with a vacant property fee policy. Results from the survey, were presented to the Commission during public comment at its regular meeting on August 27<sup>th</sup>. Overall, survey respondents indicated parking requirements, restrictive zoning, and the permitting process as the most common factors contributing to long-term vacancies. Please see the attached report for a full summary of survey results (Attachment B).

### Public Comment

There was considerable public interest in the vacant commercial property fee. As such, the Commission offered three publicly advertised opportunities for comment regarding the feasibility of a vacant commercial property fee on July 30<sup>th</sup>, August 27<sup>th</sup>, and September 24<sup>th</sup> to ensure that all City Council questions were considered and that members of the public had sufficient time to weigh-in on the feasibility of such a program.

On July 30<sup>th</sup>, the Commission considered the item for the first time. The meeting was very well attended, and the business community was well-represented, voicing concerns specifically about the impacts of new fees and taxes on business investment. The Commission received public comment and engaged in extensive discussion about whether a new fee would promote or inhibit the goals expressed by the City Council to activate long-time vacant commercial properties. The Commission requested a report from staff regarding existing City programs, and that the item be continued to the next regular meeting, to receive additional public input.

On August 27<sup>th</sup>, the Commission considered the item for the second time. At this meeting, staff provided a presentation regarding current City programs to assist businesses. A summary of current incentives offered in Long Beach for commercial businesses is attached (Attachment C), although the City has not maintained a formal commercial rehabilitation program since 2016. The Commission requested to continue the item for another month, to receive a final report from staff summarizing all findings, provide the public an additional opportunity to provide input, and refine recommendations to the City Manager.

On September 24<sup>th</sup>, the Commission considered the item for the third and final time. At this meeting, staff provided a summary of the discussion, findings, and outreach to date and the Commission focused the discussion of recommendations to the City Council on four situations described below that are most commonly associated with long-term vacant properties and that may require different responses from the City.

### Factors Contributing to Long-Term Vacancies

After extensive investigation, the Commission identified four common factors they believe contribute to long-term vacancies. These four categories describe: (a) the reason a property owner may currently keep the property vacant, (b) whether the property owner is capable of activating the property, and (c) what the City may do to either assist or to motivate the property owner to activate the property.

1. **Unaware:** there are property owners who are unaware of the vacancy. Examples include properties that are managed by 3<sup>rd</sup> party landlords who live outside the area, and properties that are part of a larger real estate portfolio or trust. Unaware property owners may be motivated to make necessary investment to activate the property if they are made aware of the opportunity and provided other assistance.
2. **Unable:** there are property owners who are aware, motivated, and capable but are unable to activate the property due to financial capacity, operational capacity, or other constraints. Examples include financial hardship, personal hardship, or another constraint unrelated to the property. These property owners may be able to activate the property if the City or its partners can provide technical assistance, access to capital, or other support. The Commission did not recommend a fee or penalty for this group of property owners.
3. **Cannot:** there are property owners that are willing and able to activate their properties, but they are prohibited from doing so by an outside element. Examples include properties that are tied-up in legal disputes, arbitration, lawsuits, zoning limitations, environmental restrictions, or site control issues that prevent activation. These property owners who cannot activate their properties due to legal or other restrictions may welcome help from the City to modify zoning or to connect them with outside technical assistance to overcome these challenges. The Commission did not recommend a fee or penalty for this group of property owners.
4. **Unwilling:** there are property owners who are able but unwilling to fill vacant properties. Unwilling property owners include those that have the financial and operational capacity to activate their property but are waiting for something else to occur. Examples include changes to zoning requirements, better market conditions, or they lack motivation to do the work required to activate the property. The Commission recommended the exploration of a fee or penalty for this group of property owners.

Given the range of reasons for long-term vacancies described above, the Commission recommended the City Council consider a mix of strategies—including technical assistance, access to capital, incentives, and other support—for the first three categories of property owners. Additionally, the Commission recommended exploration of a vacant commercial property fee or other penalty for the fourth category of property owner only who is both capable but unwilling to take necessary steps to activate their vacant property. A more specific list of Commission recommendations to promote City Council goals of activating long-term vacancies are discussed in the following section.

## Recommendations

Commission recommendations to address City Council goals include a mix of incentives and penalties depending on length of the vacancy, market factors, the regulatory environment, and the established behavior of the property owner. The Commission recommend the following strategies to the City Council for consideration:

- Conduct in-depth citywide study to establish the number, location, and cause of long-term vacant commercial properties;
- Utilize supportive programs and services for property owners who are unaware, unable, or cannot activate their properties;
- Utilize fees or penalties for property owners who are able but unwilling to take the necessary steps to activate their properties (further study is required to identify the appropriate fees or penalties);
- Require fees collected from program (if applicable) to be used for program costs and support services that contribute to the re-activation of long-term vacant properties;
- Focus on vacant properties with no active development applications or permits pending;
- Focus on vacant properties not currently being marketed for sale or lease;
- Focus on properties vacant for more than three years;
- Require signage and activation strategies for long-term vacant properties;
- Review zoning updates to enable new businesses or uses in areas experiencing long-term vacancies; and,
- Enhance current Code Enforcement programs to address blight, safety, and sanitary issues for non-compliant properties.

## Next Steps

On September 24<sup>th</sup>, the Commission approved the above recommendations and requested the Director of Economic Development to forward the findings and recommendations to the City Manager for presentation to the City Council; and, that final decisions by the City Council be returned to the Commission for public input regarding implementation. Although there is currently no funding to implement Commission recommendations, staff estimate the following next steps to cost approximately \$100,000, if the City Council chooses to pursue the further development of the vacant commercial property fee program. Recommended next steps include:

- Identify and appropriate funding for a part-time staff, intern, or management assistant in the Economic Development Department to coordinate implementation of the Commission recommendations and next steps;
- Conduct a survey and create inventory of long-term vacant properties citywide;
- Assess the costs and potential benefits (e.g., ongoing property and sales taxes) for activation of vacant commercial properties;
- Require minimum standards for the display of signage on vacant properties;

- Explore zoning and permitting modifications to promote storefront activation;
- Explore partnerships with local nonprofit organizations to activate vacant commercial properties and provide mini-grants for creative-place making and pop-up activities; and,
- Identify funding to establish a targeted marketing program for investment opportunities in commercial corridors experiencing chronic vacancies.

## Conclusion

Providing City Council with the tools to promote investment throughout our commercial corridors is an important ongoing goal of the Blueprint for Economic Development. Staff is happy to provide additional information about this or other economic development programs as requested. Please contact me at (562) 570-5282 or by email [John.Keisler@longbeach.gov](mailto:John.Keisler@longbeach.gov) with any questions.

## ATTACHMENTS

CC: CHARLES PARKIN, CITY ATTORNEY  
LAURA L. DOUD, CITY AUDITOR  
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MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #19-0446)



# What Have Other Cities Done?

## Washington D.C.

- Commercial property tax rate:
  - VACANT:** \$5 per \$100 of assessed value
  - BLIGHTED:** \$10 per \$100 of assessed
- In 2016, Washington, D.C., collected **\$9.4 million in vacancy taxes** but effectiveness of the tax remains unclear
- Registration Fee:** \$250 for both the initial registration and the annual renewal

Source: governing.com

## Oakland, CA

- In **November 2018**, approved a tax to properties not "in use" more than 50 days in a calendar year
- Annual tax** would be \$6,000 per parcel for most properties regardless of size or value
- Ground-floor commercial spaces** would be taxed \$3,000 per year
- The City Council **could restrict** the tax to certain zones within the city
- The measure exempts owners "who can demonstrate that exception-specific circumstances prevent the use or development of the property"

Source: <https://www.sfchronicle.com/business/network/article/Oakland-s-vacant-property-tax-takes-effect-13563273.php>

### Programs In-Place

## San Francisco, CA

- November 2019** ballot: tax on vacant housing and storefronts
- April 2019:** Vacant and Abandoned Commercial Storefronts amendment (Ordinance 52-19)
  - Registration** (annual fee \$711) of vacant storefront is required within 30-days of the commercial storefront becoming vacant, *even if it is actively being offered for rent or lease*
  - Failure to register** a vacant storefront within 30 days penalty of four times (4x) the annual registration fee (\$2,844)
  - An **annual safety inspection** report is required

Source: <http://www.ktvu.com/news/san-francisco-wants-to-propose-a-vacant-property-tax>

## New York, NY

- Currently** exploring vacancy fee or a vacancy tax
- Automatic one-year extension** on expiring leases and mandate negotiations between landlord and tenant
- Requiring registration** on property owners with vacant commercial space to register it in an official database

Source: <https://ny.curbed.com/2018/4/2/17188918/de-blasio-retail-blight-new-york-vacancy-fee>

### Still Exploring

## Boston, MA

- April 2019** Boston City Council meeting to address vacant properties throughout the city
- Addresses empty storefronts in high-demand business districts
- A **fee on long-term, vacant commercial storefronts and residential** units in luxury multifamily developments exceeding **50K SF**
- Include **data collection** on vacancies throughout Boston

Source: <https://www.bisnow.com/boston/news/retail/boston-city-councilor-eyes-vacancy-fee-to-tackle-empty-storefronts-and-homes-86904>

## Common Elements

- ✓ Tax on vacant properties
- ✓ Registration of vacant properties
- ✓ Annual registration fee

NOTE: Los Angeles is currently looking into vacancy taxes that apply to residential properties only



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# Attachment A

# Incentives to Potentially Address Vacant Storefronts

Washington D.C.	Oakland, CA	San Francisco, CA	New York, NY	Boston, MA
<p><b>Storefront Facade Improvement</b> Provides funding to CBOs to develop storefront <b>façade improvement projects in low/moderate income retail/commercial targeted areas</b> in the District of Columbia. Building owners receive matching grants for general repairs/maintenance and for the installation of doors, windows, signs, storefront systems, awnings, and lighting;</p>	<p><b>Facade and Tenant Improvement Program</b> The Façade and Tenant Improvement Programs helps the appearance of commercial buildings to reduce blight and encourage economic development. Grants are used for approved exterior and interior renovations to commercial and mixed-use properties. <b>All the improvements must be visible from the public right of way.</b></p>	<p><b>SF Shines</b> Grants amounts are based on funding availability and eligible improvements that meet the SF Shines program criteria including neighborhood, façade and tenant improvement project selection criteria. <b>Grants for storefront and interior improvements, design services, project management</b></p>	<p><b>Storefront Improvement</b> Provides <b>guidance</b> to community groups pursuing storefront improvements in their commercial districts. The program reimburses up to 75% of the cost of eligible improvements with a maximum grant of \$50,000 per property.</p>	<p><b>ReStore Boston</b> Improving historic facades and storefronts. Restore Boston provides <b>matching grants (up to \$7,500 per storefront)</b> to help neighborhood business and property owners complete storefront renovation projects. All loans and grants must meet eligibility criteria.</p>
<p><b>Each applicant can be reimbursed up to 75% of the total cost up to \$50,000.</b></p>	<p><b>Each applicant can be reimbursed 50% of the total cost up to \$30,000.</b></p>	<p><b>Each applicant can be reimbursed 75% of the total cost up to \$30,000.</b></p>	<p><b>Each applicant can be reimbursed 75% of the total cost up to \$50,000.</b></p>	<p><b>Each applicant's grant will be matched by the City dollar-for-dollar up to \$7,500.</b></p>
<p><b>Great Streets</b> Commercial revitalization initiative designed to support existing small businesses, attract new businesses and transform emerging corridors. <b>Competitive grants up to \$50,000 for qualified small business owners who wish to improve their place of business.</b></p> <p><b>DC Revenue Bond Program</b> DC's industrial revenue bond program (IRB) provides access to tax-exempt financing to help businesses and non-profit organizations renovate and build new construction, make tenant improvements.</p>	<p><b>Small Business Advice and Education</b> Website hosted by the City which has a database of organizations here to help small businesses.</p> <p><b>CDBG Funding</b> For Program Year 2017/2018 – City of Oakland allocated \$ 344,951 of CDBG funding towards Neighborhood and Business Corridor Revitalization which included storefront improvements</p>	<p><b>Shop &amp; Dine in the 49</b> Marketing outreach campaign to encourage consumers to buy locally launched in November 2015. It is a public-private partnership developed by the Mayor's office with the Office of Economic and Workforce Development in partnership with local business.</p> <p><b>San Francisco Business Portal</b> One-Stop Web Tool Helps Small Businesses Start, Stay &amp; Grow in San Francisco</p>	<p><b>Economic Development Fund</b> Assists nonprofits and commercial and industrial businesses with construction; expansion and rehabilitation of facilities.</p> <p><b>New York Empowerment Zone Program</b> Revitalizes distressed communities by using public funds and tax incentives as catalysts for private investment.</p> <p><b>Small Business Administration Loan Program</b> Provides businesses with long-term, fixed-rate loans for fixed assets such as equipment, land, and buildings.</p>	<p><b>Economic Development Center</b> Provides workshops to increase access and opportunities to existing and potential business owners</p>

## Common Elements

- ✓ Façade/Storefront Improvement programs (either via the City or through a partnerships with a non-profit agency(s) via grants
- ✓ Small business loans that allow for storefront improvements



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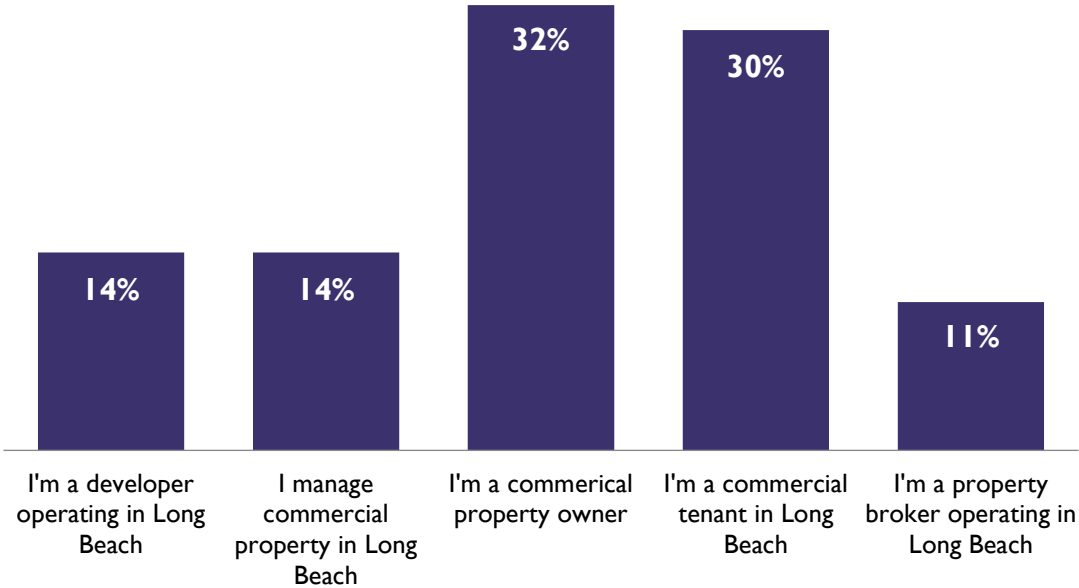




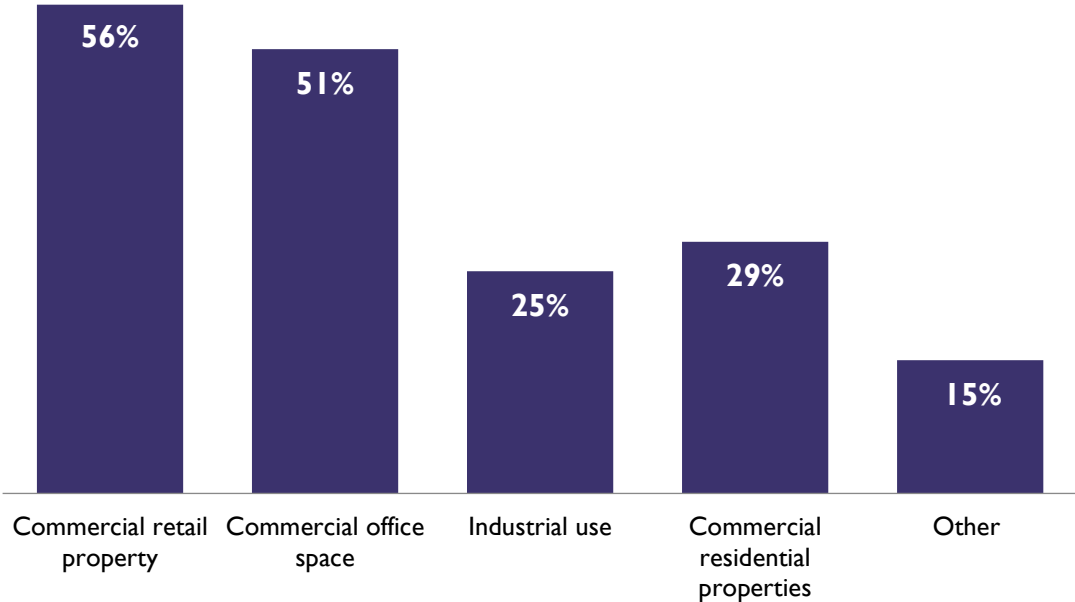
**Downtown Long Beach Alliance**  
Vacant Commercial Property Fee Survey

August 27<sup>th</sup>, 2019  
(n=65)

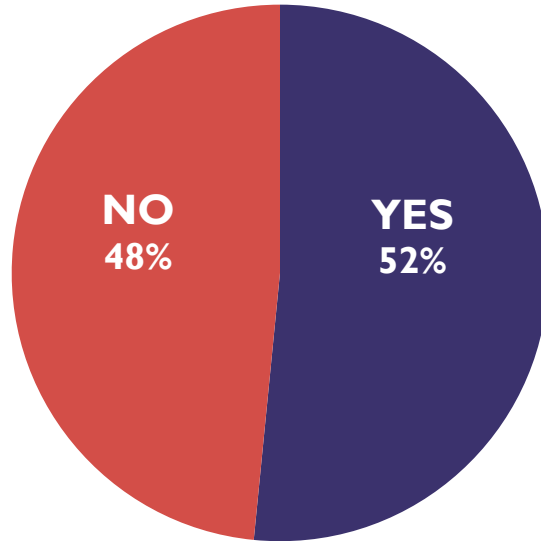
Q1. What is your relationship to Downtown Long Beach?



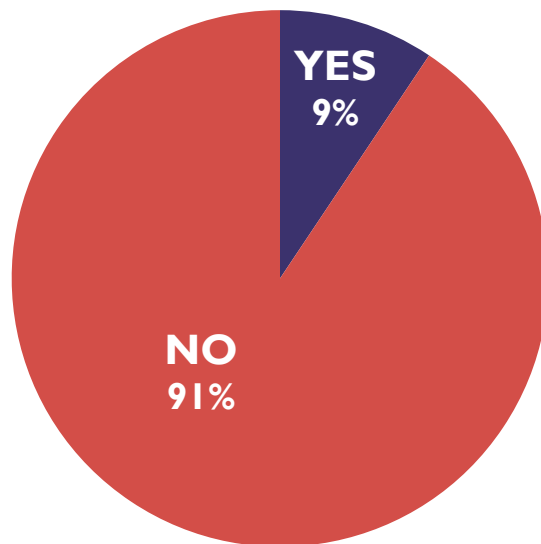
Q2. What types of commercial properties are you involved in within Long Beach?



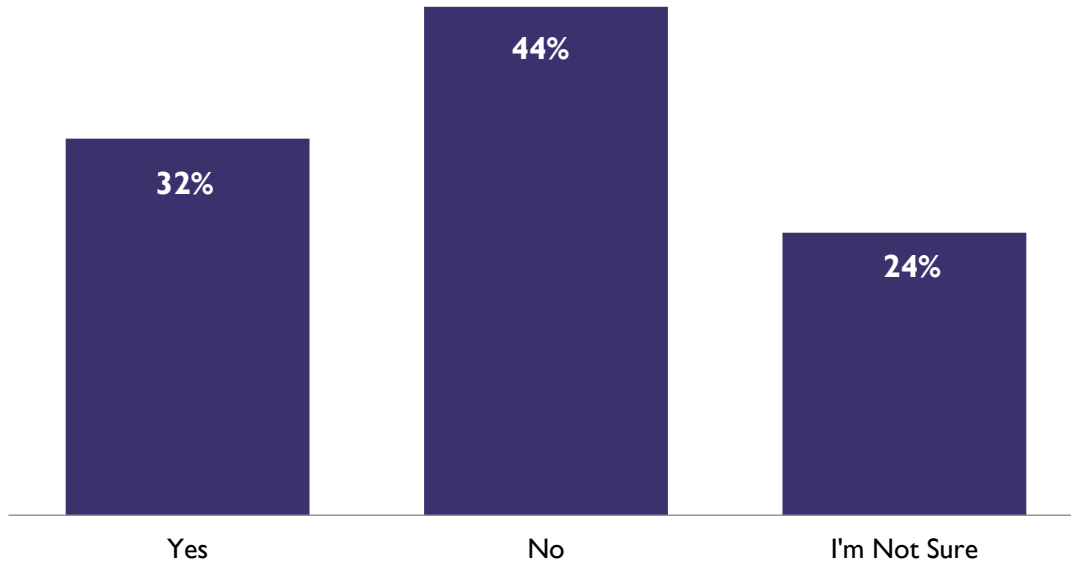
**Q3.** Are you involved in commercial projects outside the City of Long Beach?



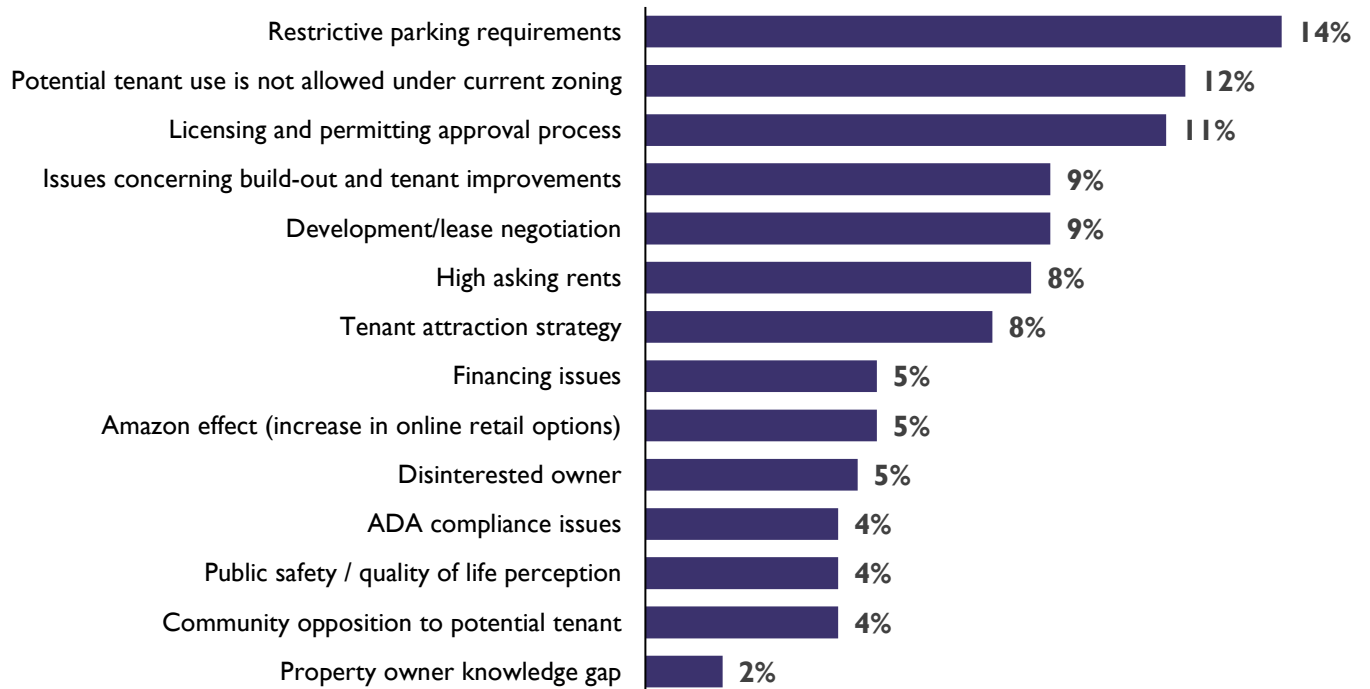
**Q4.** Are you involved in commercial projects in cities with vacant property fees in place?



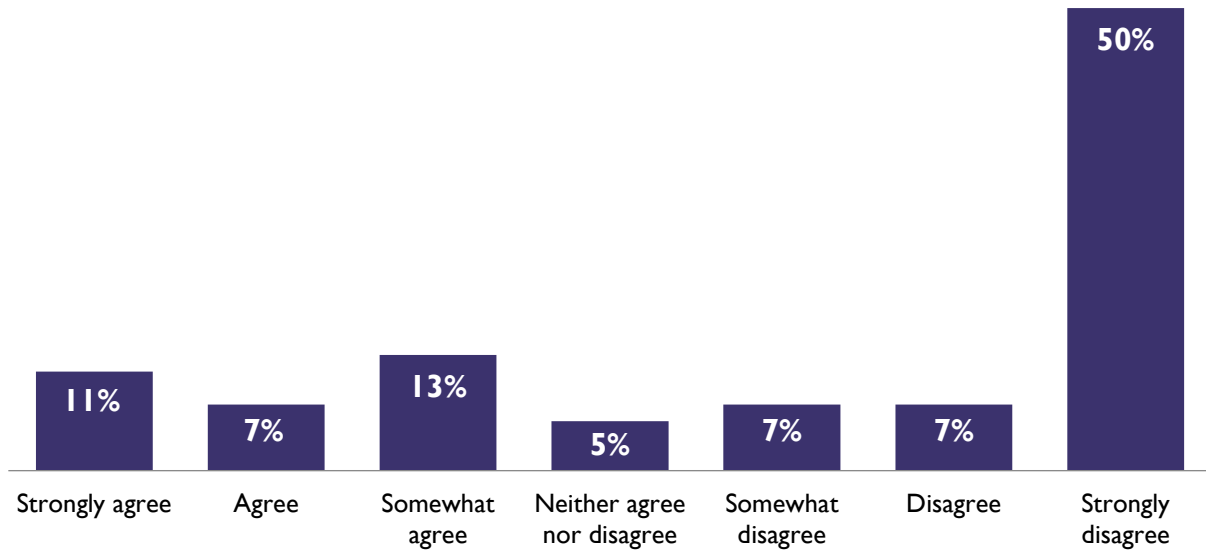
**Q5.** Are you aware of Long Beach's current Vacant Property Ordinance?



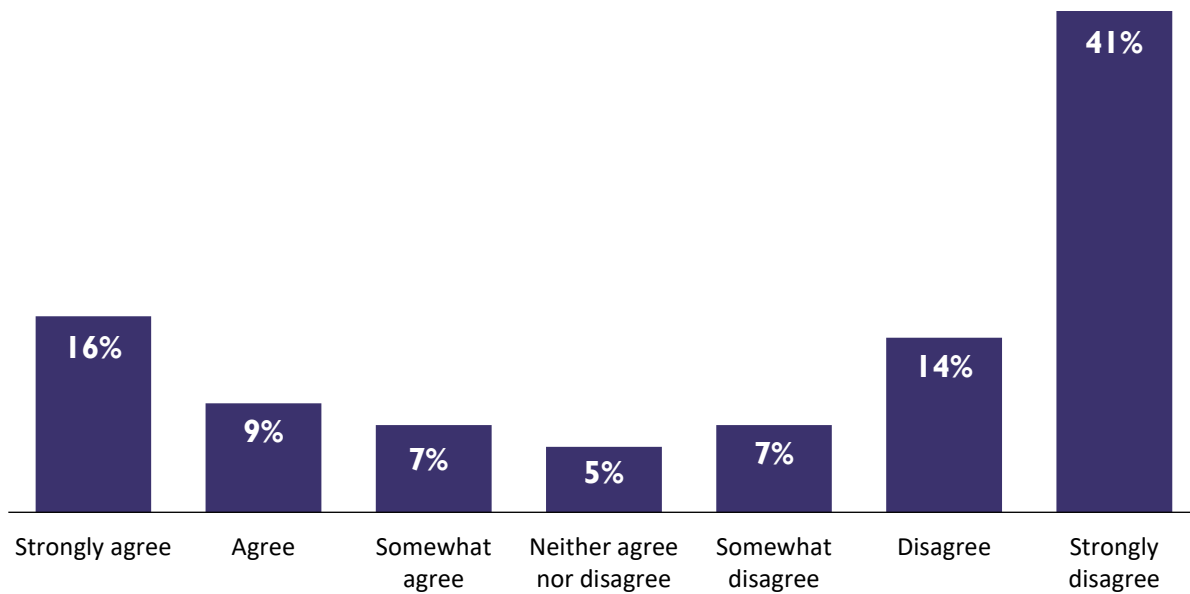
**Q6.** In your opinion, what are some of the most common factors for long-term vacant properties?



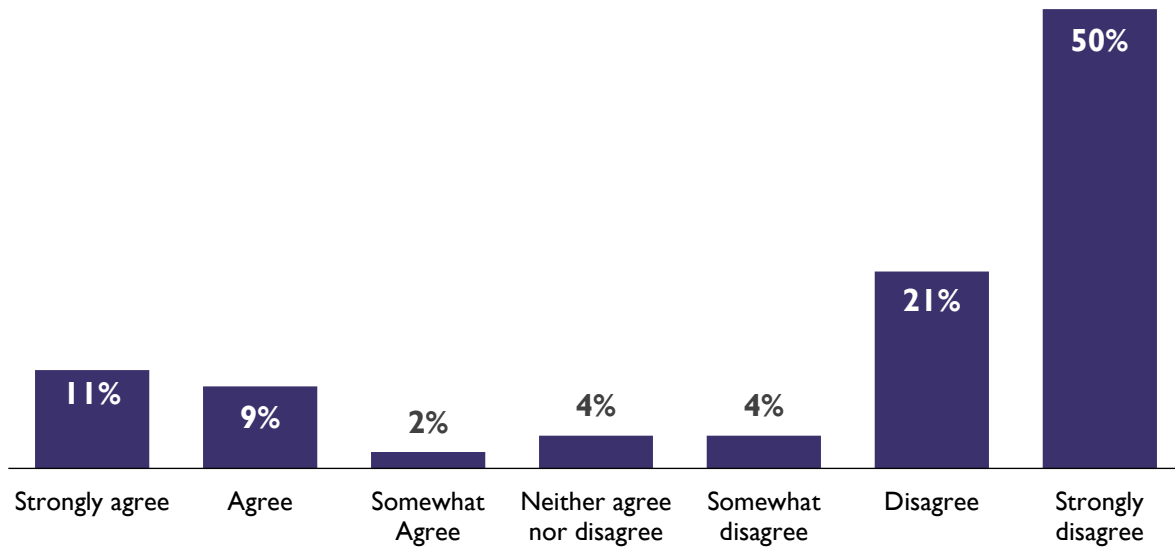
**Q7. To what extent do you agree with a tax or fee on vacant property?**



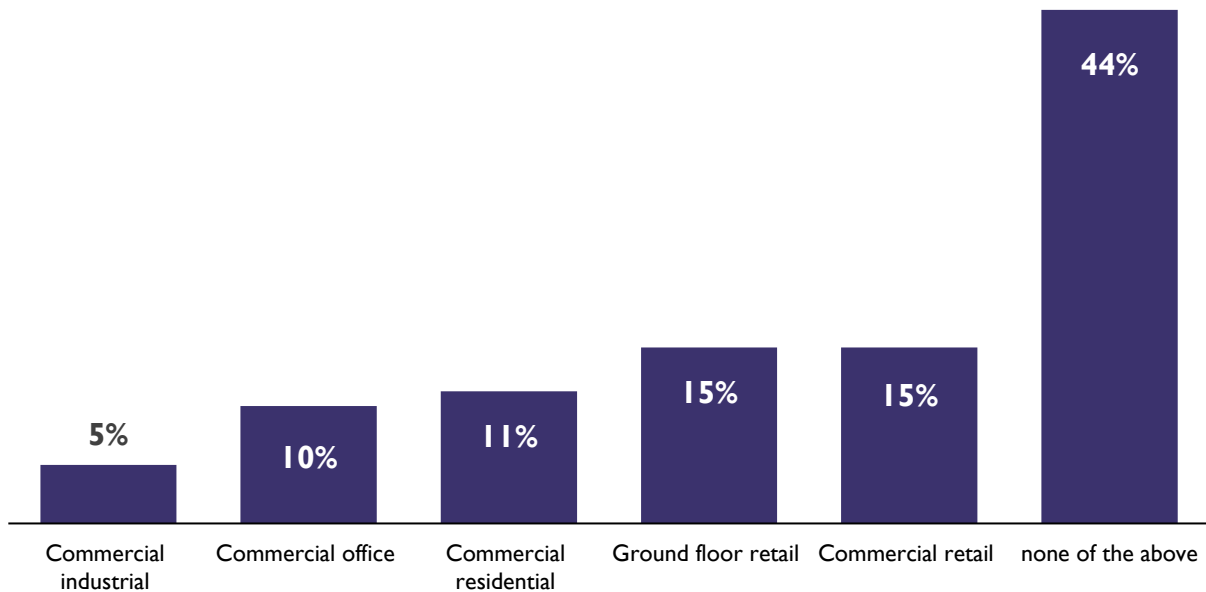
**Q8. To what extent do you agree with required registration of vacant properties?**



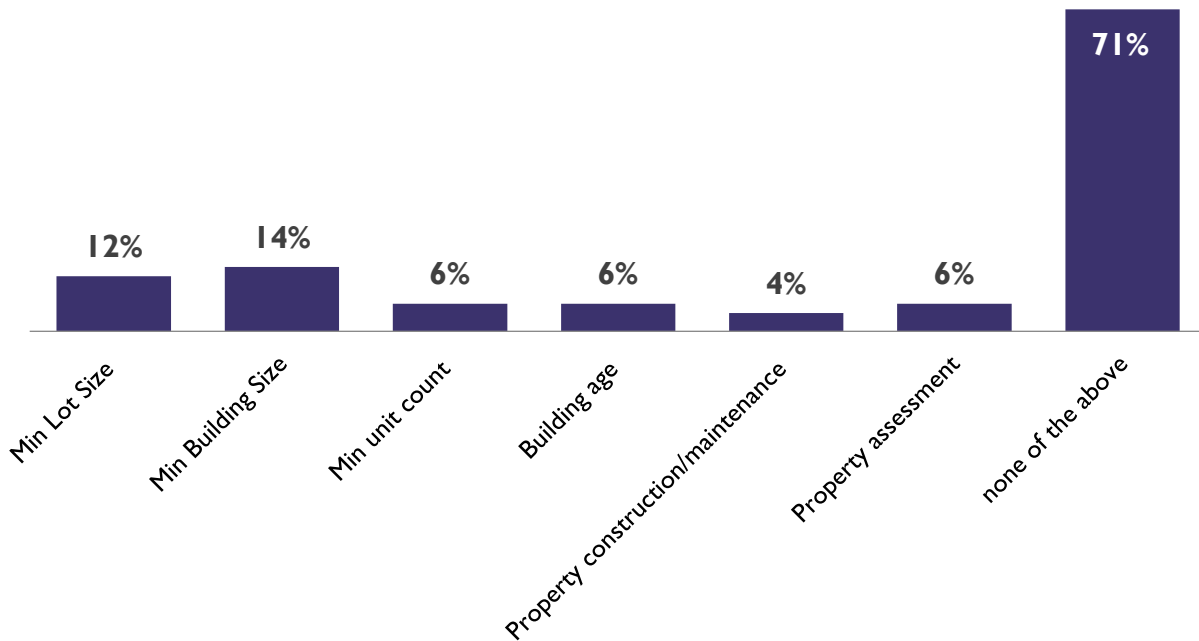
**Q9.** To what extent do you agree with the **creation of an annual registration fee?**



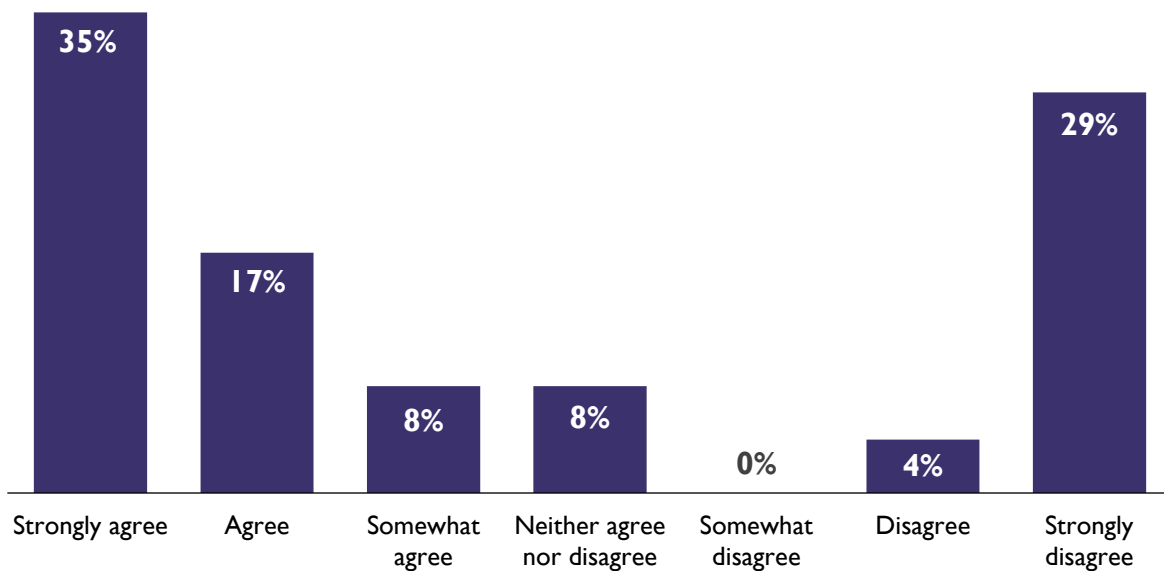
**Q10.** Which commercial property types should a vacancy fee apply to?



**Q11.** What **threshold type** do you think should be implemented, if any, limiting the reach of a vacant property fee?

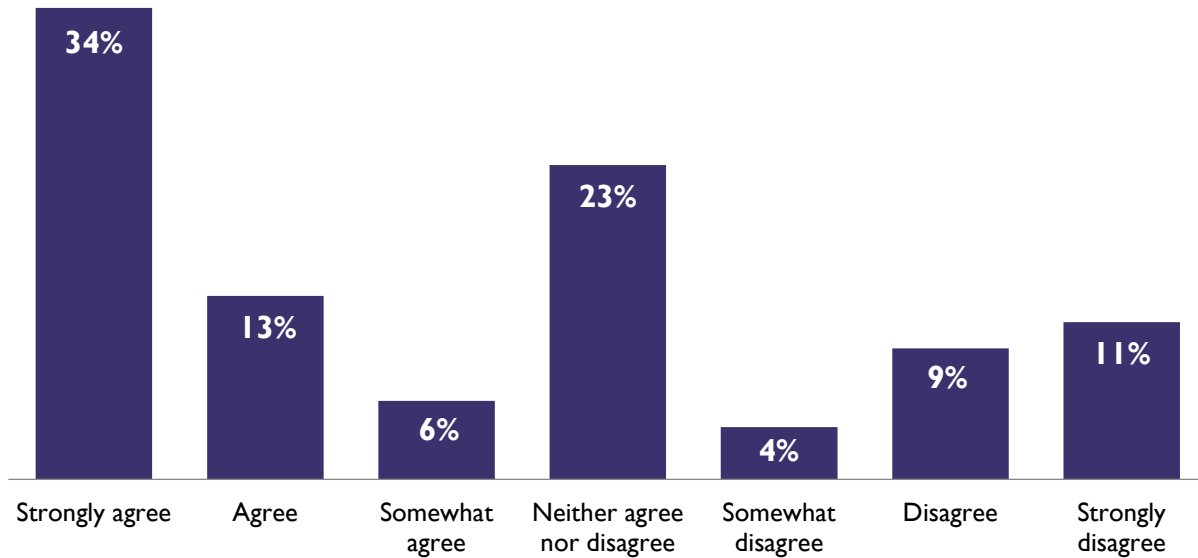


**Q12.** To what extent do you agree with the inclusion of a **Review or Revisit provision in the vacant property fee policy?**

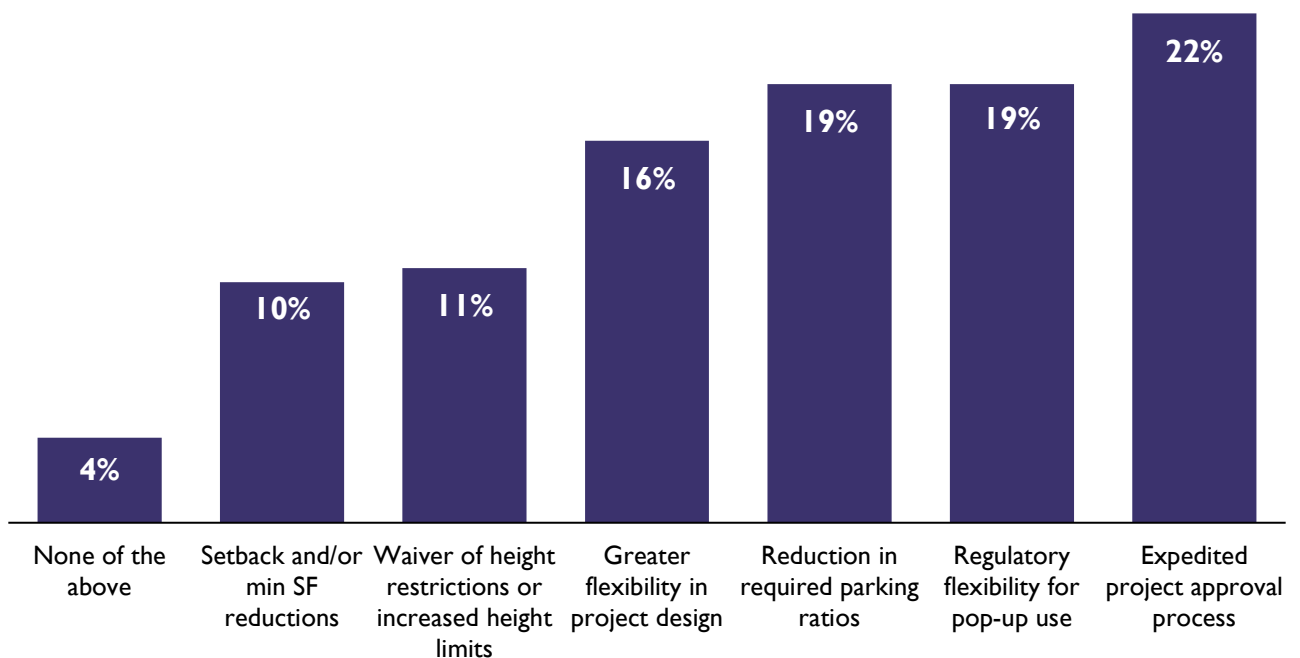




**Q13.** To what extent do you agree with the **inclusion of a sunset provision** in the vacant property fee policy?



**Q14.** Which incentives would be an effective component of a vacant property fee policy?



**Q15.** What concessions should the City make to property owners in exchange for compliance with a vacant property fee policy?

- None!
- Yes to use space for pop up Art Shows
- waiver of fee under extenuating circumstances.
- I could not more strongly disagree with a vacancy property fee. Even in a good real estate climate, in good economic times like we have right now, which is nothing compared to how bad it was during the last down-turn from 2008 - 2011 in West Long Beach, it always takes months to re-lease a building / property after a change of tenancy occurs. That said, there should not be any vacancy fee if a property / building is being advertised for re-lease or re-renting. That would be terribly unfair. Think about that for a moment; if we loose a tenant we are already losing monthly rental income and now your going to pile on that with a vacancy fee. That would increase losses and hurt many that have trouble coming up with the very high costs of refurbishing properties in order to get them ready for the next tenant. Obviously, all of us want to re-lease our buildings and property's to qualified tenants, and very often its also extremely difficult to find what the City of Long Beach consider to be acceptable tenants. We all definitely want to re-lease as quickly as possible after a change of tenancy.
- Housing Providers and Apartment owners are interested in the City's activities on this item. Although we cannot speak to commercial property operations, Los Angeles is reviewing a vacant unit tax on residential property which is inappropriate. Taxes or fees on non income producing properties is very concerning.
- No fee should be charged to property owners that are actively engaged in maintaining and marketing their property for lease. Rather the City should better apply its existing code enforcement ordinance for blighted properties, including imposing liens payable through property taxes. Rarely is this done as code enforcement needs more officers.
- Stop Charging a fee for everything they can think of .
- No fee should be charged to a property owner that is actively maintaining and marketing his property for lease. Rather, existing code enforcement should be amped up including the lien process if necessary.



- The fee is just a very bad idea, we are already paying property taxes on these empty properties and maintaining them. Any additional regulations is an additional distraction to Leasing and a waste of time, not to mention just another city money grab.
- NONE
- I'd allow more than a 30 day period to comply. Seems at least 60 or 90 days allows an owner to find a suitable tenant
- Improve road conditions in front of subject building & deal with the homeless.
- Why is this necessary? You already can site owners who let their property "look bad", weeds, trash, etc., Also, when leasing due to move-in date, planning, remodeling, etc. even if a space is leased immediately after vacant it could be 6 months or more before a new tenant moves-in. It is not unusual for most retail to sit for 3 to 12 months or more, until you can find a tenant who will take the property. Commercial offices are also in the same time frame. Finally, all the owners I work with and know want their property leased ASAP (its how they make money) so, this will not help in any way to bring new tenants to Long Beach to rent space. But it will cause buyers and developers to consider other cities.
- Speed up the City approval process.
- Nothing will be effective. Only significant incentives will produce tenants, but they will be low quality tenants.
- real estate tax abatement
- NONE
- No concessions should be needed if incentives are provided.
- This is a flawed survey. The first ? did not include "lack of users in the market place" willing to pay a price that makes their tenancy reasonable.
- Make it an attractive place to do business - stop adding barriers such as bike lanes blocking businesses. No one ever biked to see me in my office! Quit closing entire retail areas off for a day of walking and biking.
- Community Events



- reduce parking requirements in pedestrian retail zones such as Belmont Shore.
- Some effort to have the location occupied within a certain time period.
- I think the City should not impose this fee/tax and should let the market handle any vacancies in the market.
- The city should start with concessions rather than charging a fee. Property owners are already charged a vacant property fee - property taxes and insurance have to be paid (and insurance is more) when a property is vacant. Owners are already highly incentivized to find a user that is willing to pay rent. The city charging a fee is the wrong way to address the vacant property issue.
- "None. If you have a vacant property, then you are hurting the city of Long Beach and you need to be penalized for it severely. This will motivate certain owners to either lease their properties up or sell to developers who can maximize the value of it.
- The tax should be extremely high if the property is vacant longer than one year"
- Any fee imposed to a vacant property is government over reach.
- None. Just fix restrictive regulations. Many properties are nonconforming to parking, which creates a burden when changing uses or attracting tenants.

**Q16.** Please provide any additional comments or feedback you'd like to share.

- Small to midsize business owners of commercial property are already well incentivised to lease their units. Large corps and foreign entities park large amounts of money in real estate and they don't care if it's vacant. Furthermore, vacancies are an effect of regulation and general economics. So charging a fee for vacancies hurts the folks you'd least want to hurt. Instead the city should make it as easy and cheap as possible to do business and also provide the most up-to-date infrastructure as possible (roads, highways, electricity, internet etc).
- Health Safety or Blight should be the only concerns of government! No additional fee or taxes should be imposed for a vacant property!
- West Long Beach provides and has provided a wide band- width of assistance to the Port of Long Beach and many other parts of Long Beach for decades. We are already buried in compliance issues to the point where its hard to find time to run our businesses. We need significantly more help with graffiti, illegal dumping, homeless, prostitution, gang and drug problems, constant property damage, inventory theft and motor-homes parking taking up much of our visitor / employee / customer parking etc. If you've got derelict property owners or managers than that is a very different issue than penalizing those of us that have been here so long (my company's since 1956) running our businesses according to what is already a never ending increase of permits, code and compliance requirements. Steve Berns, President, The Berns Company.
- This proposed fee is another bureaucratic boondogle. It is strictly meant to generate more funds for the city foremost. If economic conditions get worse, there will be many more vacant buildings.
- Housing Providers and Apartment owners are interested in the City's activities on this item. Although we cannot speak to commercial property operations, Los Angeles is reviewing a vacant unit tax on residential property which is inappropriate. Taxes or fees on non income producing properties is very concerning.
- "The ""stick"" approach of a vacancy property fee is just not a good idea. It won't solve the problem or the ""elephants"" in the room--A) lack of business recruitment and B) solving the problems caused by parking, power, and zoning (PPZ) issues. A ""carrot"" approach of a) forming business recruitment committees in each council district with BID participation ( There are no business recruitment committees now); b) supplant BID funding to include urban development planners, architects and brokers to help determine the creative office and retail uses that are working in other communities (no BID distributes a list of desired uses to property owners now); c) Increase BID funding so that a list of vacant properties can be maintained and reviewed by Council office and public as well. (presently BIDS do not have such a list to show prospective tenants) C) straighten out zoning with ""tuneups"" such as now being considered in the North Long Beach Upland plan. (This plan should have been extended to 33rd Street in Bixby Knolls as noted by Econ Development Commissioner in last meeting) Ironically, in that document, we can see what's needed by the relaxed parking standards



proposed for all uses and allowances for buildings over 40 years old. This plan recognizes the real problem - we are trying to fit a round peg (tenants uses) in a square hole (existing municipal code). The Adaptive Reuse Ordinance (ARO) was passed with the same intent but is really needed throughout the City; c) Use Measure A infrastructure funding to help property owners repave alleys when needed to accommodate increased power for desired uses. When a building owner tries to split a large building he cannot do so without adding power for these uses. Building owners should have to pay for the conduit & SCE fees. The infrastructure costs of excavating, excavating and tying into to SCE vaults should be considered to be paid with Measure A funds. Does it really make sense to spend \$300,000 on roundabouts for bicycles such as that on Bixby Road east of Atlantic and no \$'s allowed in Measure A for infrastructure for businesses on Atlantic Avenue? D) Rather than spending \$'s and time on parking studies for commercial corridors, why not maximize existing opportunities now? For example, many Banks and other large users have large parking lots on commercial corridors that are not used after banking hours. Banks and many businesses advertise and many are community oriented. Why not approach them by extending liability indemnification and parking lot cleaning services when needed by BID vendors that are already doing throughout their districts?

- In short, a vacancy tax brings more money in the general fund but is not a problem solver. Cleaning house with suggestions as noted above offers a ""carrot"" approach and does something to solve the problems of vacancy. Certainly its understood that takes more time and effort by the Council Office and BIDS. But that will be much more effective than imposing a penalty on many property owners that are diligent and have done nothing wrong. "
- "I think if they took care of the Homeless problem around most of the Commercial & Industrial Properties . The Property owners would be able to rent them out sooner. West Side Multiple Properties Owner."
- The idea of a vacancy fee does not take into account changing market conditions nor the fact that 99.99% of property owners want to have their properties fully leased. The concept of property owners holding their property vacant and creating blight on purpose is incredibly minor yet you want to affect the the majority of property owners that are working hard to lease their properties. If the City of Long Beach succeeds and implementing this outrageous fee the commercial property owners will be incentivized to use any legal means available to them to prevent the fee from being implemented.
- brokers to be able to access the database only if the broker office is in long beach
- The City of LB keeps penalizing property owner's---how about working with Property Owners for once.
- Just a comment regarding a property at 3838 Atlantic Ave, Long Beach, CA 90807... It has been vacant for nearly 10 years. I actually tried to see the space recently and the owner kept talking about how he's "going to" divide up the space. The property is listed as "divided" but it was not.





He kept telling me how he can rent out each section for 10K each, but yet would not give me a definite quote for leasing the area I was interested in.... The owner is known for sabotaging anyone from leasing the property. Obviously, he's getting some sort of tax break &/or advertising outrageous rent. This is why vacant properties need to be addressed. Hopefully, it will also reduce the rents in the city as an incentive to get the spaces leased.

- Any campus type office buildings owned by institutions should not be subject to this fee if it ever takes effect or voted thru.
- Enforce existing codes on the very few (less than 2%) of the commercial and not penalize the 98% and chase away potential buyers and development, unless that is your intent!
- Proposed policy appears to punish the wrong people. City and DLBA should be helping economic development through positive steps, not punishment.
- Charging a fee is counter-intuitive. The City will end up relying on these fees and won't want to give them up. If fees are charged, it should only apply to vacancies > 1 yr, and fees should ONLY go toward efforts to bring businesses to LB. Waiving Bus Lic fee for 1st yr would be a good incentive. Dilapidated structures should be addressed by Code Enforcement on a case by case basis - no matter a vacant fee policy or not.
- The City should have properties; 1. Be maintained (or suffer fine), and 2. have a temporary, approved art installation (eg images on windows) if the property is vacant for more than 6 months.
- I think setting a mandatory tax or fee would hurt potential investment in the city. Maintaining a property is a requirement and there are probably already ordinances that require that. Spend the money enforcing them & collect fees in the way of fines for derelict owners. Do not penalize those that manage their properties responsibly.
- Properties remain vacant because there is no user demand for them.
- This type of fee structure will cause multifamily developers who specialize in mixed-use projects to invest in other areas. Mixing retail and multifamily is tricky and it's essential to get the right retailer in the space. They need to be an amenity for the people living at the site and not the first person to come looking. The implementation of a fee will not change that and likely won't force sophisticated well capitalized retailers into a lease that doesn't add value. It will however be an extra cost that needs to be underwritten and could very well lead to deals not coming to fruition.
- Great idea. Hopefully this will encourage owners of long-vacant retail properties to accept a reasonable lease offer!



- What should be done is to enforce reasonable requirements to keep the property clean, landscape maintained and property in repair. Not a fee just because vacant.
- The City has done so much downtown contrary to the wishes of the business community. How dare they tax property owners who cannot find a tenant.
- As long as the property owner is making good faith efforts to lease the property they should not have to register or pay anything as its already hard enough to find a tenant and make a deal work in many cases.
- Vacant property is taking up space that others can be used and potentially raises rent prices by narrowing the market.
- I am strongly opposed to this vacant commercial property fee/tax.
- Wrong way to go about it. I have a property that has been vacant since we bought it in October of 2014, and we have tried to get it rented the entire time. I need to add fire sprinklers (\$91,000) a handicap access lift that no one will ever use (\$35,000), and upgrade the electrical service (\$30,000) to get it rented to a viable user. Many of these costs are imposed by the City, and if the requirements were eased, I would have a much easier time leasing the property. The amount of rent we need to charge to justify completing the project makes the potential user pool much smaller - which is why it's still vacant.
- This needs to be implemented ASAP as an important measure to continue to help Long Beach grow.
- I would only support a Vacant Property fees that would only be imposed to landlords that have a history of code enforcement complaints and non compliance or property owner that is not attempting to lease or develop said property. An individual questionnaire or interview should be done for each property so each property can be evaluated independently.
- Fix regulatory issues before adopting a fee. Very few vacancies are the result of disinterested owners—most want a tenant so they can make money. Identify barriers to attracting tenants and work on those before adopting punitive measures.

# Incentives the City of Long Beach Provides

Program	Amount
<p><b>Commercial Improvement Rebate Program (DV Services)</b>                      A program that provides a reimbursement to commercial property owners and business owners to improve the exterior and/or to correct the code violations to their business properties.</p> <p>Commercial property owners and business owners must be located in the federally designated community development block grant (CDBG) areas.</p>	<ul style="list-style-type: none"> <li>• Up to \$2,000 reimbursement per business to commercial property owners and business owners</li> <li>• An additional \$2,000 is reimbursed for window replacement/repair</li> </ul>
<p><b>One-time projects</b></p>	
<ol style="list-style-type: none"> <li>1. 4 major projects regarding façade improvements (2016) (DV Services)</li> <li>2. City Council funded Business Corridor façade improvements (2018)                             <ul style="list-style-type: none"> <li>• Norse Way</li> <li>• Anaheim St.</li> <li>• Pacific Ave.</li> </ul> </li> <li>3. Funding for improvements from Prologis (2019)                             <ul style="list-style-type: none"> <li>• Santa Fe Corridor</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• \$100,000 per project (CDBG funding)</li> <li>• \$250,000 total funding from City Council</li> <li>• \$250,000 total funding from Prologis</li> </ul>



Façade Improvement; corner of Anaheim Street and Long Beach Boulevard



302-320 E Anaheim St

