



Legislation Text

File #: 22-1252, **Version:** 1

Recommendation to request City Manager to work with the all appropriate departments to review the recommendations provided in the feasibility study for a Vacant Commercial Property Fee or Tax Program and return to the City Council with a plan to implement a consequent policy in 90 days.

In 2019, Councilman Austin and several co-authors brought forward an item requesting a feasibility study on implementing a vacant commercial property fee to address long-time vacant commercial properties throughout the City. The study, which spanned over five months and included input from the Economic Development Department, Economic Development Commission, and Downtown Long Beach Alliance (DLBA), was released on December 30, 2019. Months later, the COVID-19 pandemic derailed the momentum of this initiative, as priorities shifted toward emergency response and recovery. At the time of the report, Long Beach's economy had grown steadily and citywide commercial real estate vacancy was historically low. However, following the pandemic, commercial vacancies remain a significant issue and previously vacant properties remain unused. As the City continues recovering from the effects of COVID-19, activation of long vacant locations could revitalize corridors in low-income communities and lead to a more equitable distribution of quality businesses throughout Long Beach.

Mechanisms to track and penalize vacant property already exist within the City of Long Beach. The Code Enforcement Bureau (CE) currently administers a Vacant Building Monitoring Program, which was established in 2016 to address chronically vacant properties. Per CE staff, properties that are part of the program pay a monthly monitoring fee of \$210, charged annually, and must maintain upkeep and code compliance to avoid further charges. While the number of vacant properties has increased since 2019, a total of four properties are currently tracked by Vacant Building Monitoring Program, none of which are commercial. Clearly, increased coordination between the City's Council, Departments, and constituents is needed to adequately address the commercial vacancies throughout the community.

As mentioned in the feasibility report, other governments have implemented or are considering implementing similar initiatives to combat commercial vacancies. San Francisco voters approved a Commercial Vacancy Tax in March 2020 and it became effective on January 1, 2022. The tax charges \$250 for every foot of the building's frontage that faces the public right of way, with increases to \$500 and \$1000 per foot for every year the building remains vacant. Washington D.C. created a property tax rate for both vacant and blighted property, which are taxed at \$5 or \$10 per \$100 of assessed value, respectively. Additionally, the State of New York considered a bill in their last legislative cycle which would have implemented a tax on vacant or abandoned commercial storefront property at a rate of 1% of

the property's assessed value. The bill was held in committee and did not proceed.

There are a variety of ways to approach establishing this fee, and a problem of this magnitude warrants investigation into each method. Given that reducing the non-residential vacancy rate is a stated objective of the City's Blueprint for Economic Development and existing programs have not adequately addressed the issue, it is appropriate that the City Manager work with all departments necessary to develop proposals for implementing a vacant commercial property fee program.

STATEMENT OF URGENCY:

Due to this issue's prevalence throughout Long Beach, this item is urgent in nature.

Due to the urgent nature of this item, no fiscal analysis was conducted.

Approve recommendation.

AL AUSTIN COUNCILMAN,
EIGHTH DISTRICT