



Staff Report

City Council

Item No. {{section.number}}.B

Meeting Date: July 24, 2024

From: Andrew Firestine, AICP, Director of Community and Economic Development

Title: Vacant and Abandoned Building Ordinance

RECOMMENDATION:

This item is presented to the City Council for discussion and comments. The City Council may direct staff to bring back the draft ordinance for further discussion at a future study session or to revise the draft ordinance for consideration at a future public hearing.

BACKGROUND:

At the April 10, 2024, City Council meeting, City Council requested to schedule for discussion a vacant and abandoned building registry to address a multitude of issues with these properties. In response, staff has reviewed the current Cathedral City Municipal Code provisions in Chapter 13.135 and conducted research to identify programs in other cities that could be introduced in Cathedral City. Staff has also prepared a draft ordinance to promote discussion on potential amendments to the Cathedral City Municipal Code.

DISCUSSION:

Chapter 13.135 of the Cathedral City Municipal Code contains regulations supporting an abandoned property registration program, adopted in 2008 during the Great Recession. This existing program is intended for residential properties in a foreclosure process and requires registration through the program within 10 days of a foreclosure or a deed in-lieu-of foreclosure or sale. The City collects \$70 for each of these registrations. The program has seen a significant decline in the number of registered properties in recent years as shown in the table below.

Year	Registrations		Year	Registrations
FY 16/17	128		FY 20/21	14
FY 17/18	38		FY 21/22	9
FY 18/19	39		FY 22/23	7
FY 19/20	17		FY 23/24	1

The existing program does not currently produce significant data for the Code Compliance Division and the fee is insufficient to support any monitoring program. Moreover, the existing program does not respond to the current problems experienced within the City related to vacant and abandoned buildings, which are primarily commercial properties that have become attractive nuisances due to an absence of maintenance and monitoring. While the City's existing nuisance regulations allow the City to react to a property when its property maintenance reaches a point that it violates the Cathedral City Municipal Code, there is no provision requiring a property owner to proactively monitor and maintain their property to prevent nuisance conditions from developing and to establish penalties for failing to do so. For these reasons, staff recommends repealing the existing abandoned property registration program and replacing it with a more robust solution responsive to the City's current needs.

The City of Palm Springs has a more comprehensive vacant building ordinance. Adopted in 2020, its scope includes both residential and commercial properties and requires an owner of a vacant building to register their building within 10 days of the building becoming vacant or being deemed vacant.

The City of Palm Springs' ordinance defines a vacant building to mean a building where at least 35 percent of the total floor area within the building is not lawfully occupied. Residential properties of four units or less are required to register, providing contact information for owners and any property manager and a maintenance plan. Commercial properties are required to do the same and they are also required to secure and monitor their building and provide a monthly report. The City of Palm Springs also requires local property management, and it imposes a fee to support a monitoring program for commercial properties. The City of Palm Springs ordinance contains enforcement provisions, including criminal and administrative penalties. The administrative penalties for commercial properties are set at \$2,500 for the first penalty, \$5,000 for a second penalty, and \$25,000 for a third penalty.

In review of the City of Cathedral City's current regulations and the City of Palm Springs ordinance, staff recommends repealing and replacing Chapter 13.135 of the Cathedral City Municipal Code with similar elements to the City of Palm Springs' ordinance pertaining to commercial properties to set a clear expectation for a commercial property owner's responsibility to maintain and monitor their property to prevent the development of nuisance conditions. The City's existing nuisance regulations provide sufficient support for residential properties.

For discussion purposes, staff has prepared a draft ordinance based on the City of Palm Springs program. This would have the effect of requiring property owners of abandoned commercial buildings or structures and vacant commercial buildings, defined as those where at least 50 percent of the total floor area within the building is not lawfully occupied to:

- Register with the City and provide contact information for the owner and property management company together with a maintenance plan. A monitoring fee is required with the registration except where there is a demonstration of active construction, active marketing, and/or active maintenance.
 - Secure the building and provide continuous monitoring.
 - Maintain the property and building in conformance to the Cathedral City Municipal
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Code.

- Maintain fire and liability insurance coverage.
- Retain a local property management company when a property owner is located more than 40 miles away from the building and require the property management company's contact information to be clearly posted on the site. The local property management company is required to perform weekly inspections.
- Produce a monthly report indicating dates inspections were performed and statements affirming that the building interior, exterior, and the entire site was inspected, the landscaping is maintained in good condition, and that all buildings are secure.

Whereas the City of Palm Springs program includes both residential and commercial properties, the draft ordinance only applies to commercial properties, which is defined to include multi-family residential properties of five units or more. The threshold to deem a building vacant, and therefore subject to the ordinance, is set at 50 percent instead of the 35 percent in the Palm Springs ordinance. In staff's opinion, the 35 percent threshold is too low and would unnecessarily include commercial properties that are otherwise professionally managed and are actively marketing vacant tenant spaces.

The draft ordinance also creates the structure of a monitoring program to be led by the Code Compliance Division directed to the identification of properties subject to the ordinance and ordering compliance with its provisions. It also places responsibility on the Code Compliance Division to regularly monitor these properties and to initiate action when a property owner fails to address nuisance conditions or blight. The monitoring program would require an amendment to the fee resolution to establish a new fee. Staff anticipates this fee would be set at a level to support bi-monthly Code Compliance inspections of properties registered under the program.

A violation of the draft ordinance constitutes a misdemeanor and administrative penalties are set at \$2,500 for the first penalty, \$5,000 for a second penalty, and \$25,000 for a third penalty. These are greater than infraction penalties for other non-misdemeanor offenses in the Cathedral City Municipal Code, set at \$100 for a first violation, \$200 for a second, and \$500 for a third. In staff's opinion, an infraction penalty is insufficient to compel a property owner of a vacant or abandoned commercial building to register and otherwise commit to the requirements of the draft ordinance.

The draft ordinance requires further legal review, including appeals, insurance requirements and risk management, and fines, but it serves as a substantial starting point for a discussion on how the City can place more responsibility on commercial property owners to monitor and maintain their properties when they become vacant to prevent nuisance conditions or blight from developing.

FISCAL IMPACT:

Vacant and abandoned buildings already require a greater allocation of staff time and resources to respond to complaints and requests for service related to nuisance conditions and blight. The draft ordinance proposes a monitoring program and fee that would offset some of these costs the City is already incurring.

The elimination of the current abandoned property registration program, for which the City collects \$70 per registration, would lead to a minor reduction in revenue. Using the average revenue collected over the last five years under the existing program, this revenue reduction is approximated at \$670 annually.

FIVE-YEAR STRATEGIC PLAN:

F-12, Implement a code compliance program that proactively identifies and responds to code compliance complaints

F-13, Develop and implement initiatives to proactively monitor the City's commercial corridors to address visual blight and nuisance issues associated with vacant and underutilized properties and non-compliant commercial strips and centers

ATTACHMENTS:

1. Draft Ordinance