

Vacancy Ordinance:

The high number of vacant buildings can cause a major blight to our downtown area, cause real estate prices to drop and further suppress the economy of downtown. Furthermore, vacant buildings that are boarded up, or not maintained turn people away from enjoying downtown, or investing in it. The buildings encourage vandalism, breaking and entering, and misuse. Due to the longevity of vacancies, and the fact that many are owned by the same parties, a vacancy ordinance is long overdue to correct the growing problem in downtown.

Definition:

A vacant building is one where at least 35% or more of the building is unoccupied/not open for business or open to the public.

Vacant buildings will be required to register with the City of Gilroy within 10 days of becoming vacant. Once the building is registered, the City will review the condition of the building and assess if the building needs to be brought up to code. There will be a fine of \$150 per week that will be assessed for buildings that are not registered after the 10th day of vacancy.

The registration will include an annual monitoring fee of \$1,500. Contact information for the business owner, including name, address, and phone number, **and the day the building became vacant will be collected**, and this information will be posted in the window along with any codes that need to be brought up to date. The posted information will be known as the buildings' *Report Card*.

Vacant buildings that remain vacant for longer than 60 days will incur a *Vacancy Tax* in addition to the annual *Monitoring Fee*. The tax and the fee will be an assessment on the building's property tax, and will be the responsibility of the owner, whether or not the owner is responsible for the building not being open to the public. The *Vacancy Tax* will be an additional \$6,000 per year, the year starting on the 10th day of vacancy, or the date the building is registered, whichever is earliest.

Exemptions for the *Vacancy Tax* would need to be elaborated on, examples:

- A building that is up to code, and actively for lease or sale has an exemption up to 180 days from the date of registration, or 10 days after vacancy, whichever comes first.
- There is an active construction permit on the building with consistent and active construction on the premises. This allows a 180-day exemption from the

date of registration, or 10 days after vacancy, whichever comes first. If the construction is not complete within 180 days, the building owner may apply for one 90-day extension.

- If the owner is active-duty military and deployed, died, or inherited the building, they qualify for a 180-day exemption, and can apply for an extension if needed.

In-Use Definition would need to be further developed, examples:

- Any ground floor commercial space will not be considered in use unless either leased out to a bona fide tenant intending to use the space for a legal activity, or actually occupied, by an owner or some other party, for some substantially similar purpose

Examples of cities that have enforced a vacancy ordinance, and were used as reference in this write-up:

- City of Sacramento - Ordinance 2007-060
- City of Oakland - Exemptions **Chapter 4.56 - VACANT PROPERTY TAX 4.56.090 - Exemptions, 4.56.080 - "In use" determinations,**
- City of Palm Springs
- City of San Francisco