

Memorandum



CITY OF DALLAS

DATE June 13, 2008

TO Members of the Economic Development Committee: Ron Natinsky (Chair),
Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane,
Mitchell Rasansky, Linda Koop, Steve Salazar

SUBJECT Central Business District Vacant Buildings Pilot and Registration
Programs

The Office of Economic Development is providing a briefing to the Committee on June 16, 2008 on the proposed Central Business District Vacant Buildings Pilot and Registration Programs. The attached briefing outlines the details of the program.

Should you have any questions, please contact me at (214) 670-3314.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.C. Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
David O. Brown, Interim Assistant City Manager
Dave K. Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
Vernaé Martin, Assistant Director, Office of Economic Development
Helena Stevens, Assistant to the City Manager

CBD Vacant Buildings Pilot and Registration Programs

Economic Development Committee Briefing

June 16, 2008



The Issue

□ Vacant Buildings

- Create visual impediments for redevelopment
- Frustrate redevelopment efforts
- Depreciate property values
- Result in lost tax revenues
- Increase City's maintenance and clean-up costs
- Increase cost to Code Compliance
- Attract crime

Strategies

- ❑ Form an inter-departmental Action Team
- ❑ Complete inventory of vacant buildings in CBD
- ❑ Develop and initiate CBD pilot registration program
- ❑ Conduct exterior and interior inspections
- ❑ Amend City ordinances
- ❑ Identify incentives
- ❑ Explore other innovative ideas and strategies implemented in other cities

Actions

- Completed CBD vacant building inventory
 - Information compiled from visual survey, OED, DFRD, DPD, DCAD tax records, and DID records
 - A total of 35 buildings identified as partially (at least 75%) or completely vacant

Actions

- CBD Vacant Building Pilot Program Underway
 - Coordinated approach that includes DFRD, DPD, Building Inspection, Code Compliance, EHS, CAO and OED
 - Identified 17 buildings for pilot
 - Team completed exterior inspections and found a range of existing violations for 10 of the 17 buildings identified
 - Written requests to property owners to conduct interior inspections delivered by certified mail
 - Property owners did not agree to inspections
 - Administrative search warrants prepared by inspectors for 10 properties in the CBD and granted by municipal judge

Actions

- ❑ Pilot Program Underway: Interior Inspections
 - Interior inspections conducted on ten vacant buildings - June 5-13, 2008
 - These structures represent a total of 1,562,122 sq.ft. of vacant property in the CBD
 - Combined 2008 DCAD Value: \$6,807,390
 - Examples of violations found include:
 - ❑ Litter, combustible materials storage, standing water, open elevator shafts
 - ❑ Holes, cracks, breaks, loose surface materials in or on floors, walls, ceilings
 - ❑ Fire alarm panels out of service
 - ❑ Property not securely closed
 - ❑ Exposed electrical wiring

Violations Found in Vacant Buildings



Water leaking into the entire section of the hotel damaging the ceiling and walls.



Exposed wiring hanging from ceiling.

Violations Found in Vacant Buildings



Exposed electrical. Copper stolen out of this unit.



Pigeon infestation due to missing windows.

Violations Found in Vacant Buildings



Missing Windows. Property not secured.

Actions

- Next Steps: Enforce Correction of Violations
 - Code Compliance issue Notice of Violation to property owners with deadline dates to correct each violation
 - Code Compliance will re-inspect properties
 - Corrected violations – case will be closed
 - Uncorrected violations – Municipal Court citations (civil and/or criminal) issued, unless a 'plan of action' to correct violations has been accepted by Code Compliance
 - If citation process has been exhausted and property has not been brought into compliance, case can be referred to CAO to file lawsuits in district court
 - Court can issue injunctions requiring compliance and order owner to pay civil penalties

Actions

The timeframe for correcting the violations cited during the pilot program inspections are governed by City Code. While certain life, health and safety violations are required to be corrected within 24-72 hours of being cited, usually a property owner has 30 days to correct violations.

The City will thereafter re-inspect the property. Should the violations still exist, the City may take legal action.

In some cases where demolition may be required, the legal process could extend beyond a year or more.

Actions

- Develop Vacant Building Registration Program
 - No current City ordinance for vacant buildings to be registered with the City
 - Proposed ordinance would apply to structures located within the CBD that are 75% or more vacant
 - Proposed ordinance would amend Dallas City Code to require owners to:
 - provide emergency contact information,
 - post exterior signs with contact information visible,
 - provide Vacant Building Plan for future use,
 - obtain and show proof of general liability insurance coverage

Actions

- **Develop Vacant Building Registration Program**
 - Proposed ordinance will also outline Registration and Inspection Fees applicable to the vacant building being registered and to be paid by property owner
 - Vacant Building Registration Program to be administered by Code Compliance and will include inspectors from Code, Building Inspection and the DFRD.
 - Fee Study conducted to determine registration and inspection fees using the following basis:

Fixed expenses

- Program administration
- Inspector travel and report time

Variable expense

- Inspection time

Actions

- Vacant building registration and inspection fees have been determined as follows:

\$75 Admin/Registration cost +
\$185.64 Travel/Report time +
\$0.009282 x total square feet

$$\text{Fee Per Building} = \$260.64 + (\$0.009282 \times \text{SF})$$

Example for 10,000 sq.ft. building:

$$\$260.64 + (0.009282 \times 10,000 \text{ sf}) = \$260.64 + \$92.82$$

Total Fee: \$353.46

Actions

- ❑ Develop Vacant Building Registration Program
 - Data required of property owners per ordinance would:
 - ❑ assist the DFRD and DPD in case of emergency
 - ❑ assist the City in tracking the vacant building inventory and in the identification of violations that may jeopardize the health and safety of the public
 - ❑ assist redevelopment efforts

Actions

□ Amend City ordinances

- Current Fire Code requires the fire alarm, sprinkler and standpipe systems in vacant or temporarily unoccupied buildings to be maintained in an operable condition (Section 311.2.2). However, there is an exception, if certain conditions are met.
 - *"Where buildings will not be heated and fire protection systems will be exposed to freezing temperatures, fire alarm and sprinkler systems are permitted to be placed out of service and standpipes are permitted to be maintained as dry systems (without automatic water supply) provided the building has no contents or storage and windows, doors and other openings are secured to prohibit entry by unauthorized person."*
- In order to require vacant structures which are required to have fire systems to be operable, the Fire Code will need to be amended to remove the exception.

Actions

- Next Steps: Ordinance Amendments
 - Ordinance has been drafted by CAO that amends Dallas City Code to include requirements for property owners to register vacant buildings located in the CBD.
 - Proposed ordinance will specify registration and inspection fees applicable to vacant buildings
 - CAO to draft ordinance to amend Fire Code with input from DFRD
 - Proposed ordinances to be presented to Council – June 25, 2008

Actions

□ Identify incentives

- The normal economic incentives for redevelopment include Tax Increment Financing, Downtown Improvement District, Tax Abatements, Historic Tax Abatement, and DOWNTOWNDallas Matching Façade Grant
- Funding availability and eligibility requirements vary among these incentives

Actions

Other Ideas:

- Downtown Community Prosecutor
- Downtown Community Court
- Create a Vacant Structure Classification and apportion costs of providing additional services (security, lighting, environmental improvements) through the Public Improvement District (PID)
- Encourage DCAD to revisit their valuation processes for determining property values for vacant buildings

Summary of Next Steps

- Code Compliance to issue Notices of Violation based on findings of interior inspections
- Enforcement of uncorrected violations to follow as necessary
- Amend Dallas City Code to include Vacant Building Registration requirements
- Amend Fire Code to remove exception
- Request Council approval for code amendments – June 25, 2008
- Implement Vacant Building Registration Program