

MEMORANDUM

Date: November 19, 2018

To: Seattle City Councilmembers

From: Ben Noble, City Budget Director
Nathan Torgelson, SDCI Director

Re: Concerns with Council's Proposed "Vacant Building Monitoring (VBM) Program Enhancements" Changes to Fee Ordinance (GS 33-8-E-1-2019) and Title 22 Ordinance (GS 33-11-A-1-2019)

Summary

The Council budget balancing package includes significant changes to the Vacant Building Monitoring program, which currently monitors a subset of SDCI's active enforcement cases. The proposal adds all properties with vacant buildings undergoing permit applications¹, even those with well-maintained vacant buildings that have no history of violations. While we have been working in recent days with Councilmember Herbold on some potential amendments and appreciate the collaboration, we have ultimately determined that important financial, policy and implementation concerns remain and the bill needs further time for analysis. Regarding the budget specifically, we are concerned that the resources provided by Council through the associated fee ordinance will not be adequate to operate the program in the way Council contemplates, and we will be unable to implement the legislation as intended.

We have made progress this year on vacant building issues. Legislation passed by the Council last year streamlined unfit building determinations for those buildings that have a record of being open to entry and have necessitated police or fire department involvement. This has increased our capacity for reviewing severely deteriorated vacant buildings. In 2017, we completed 6 unfit building determinations; all these buildings have now been demolished. So far In 2018, since adopting the legislation, we have completed 14 unfit building determinations. Two of these have been demolished and others are subject to further enforcement or are in the permit process. We expect to complete at least 5 more unfit building determinations (of the 13 in the pipeline) by year's end. Enhanced collaboration with SPD and SFD allows enforcement staff to work more effectively and proactively with property owners.

¹ SDCI is currently reviewing more than 2,200 building permit applications for new construction. Several hundred additional properties are under review for more complex land use approvals. An unknown portion of these properties may have existing buildings that are not currently occupied.

We appreciate that several council members have acknowledged the challenges inherent to SDCI's code enforcement and vacant building monitoring work, as well as the complexity of the proposed changes to the program. We share the Council's enthusiasm for reducing the public safety impacts of vacant buildings, and urge the Council to allow time for these program changes to be more thoroughly vetted and to explore alternative strategies that would achieve the same goals. The report that SDCI prepared for Council in April 2018 contained a variety of potential strategies for effectively responding to vacant buildings, and additional strategies have come to light since then.

We urge you not to adopt this proposal and to instead direct SDCI staff to work with the PLUZ committee members, especially Councilmembers Johnson and Herbold. We commit to developing a proposal by January 15, and an implementation date that is earlier than that contemplated in the green sheet (June 1), potentially as early as April 1. While still abbreviated, this timeline will provide an opportunity to address many of the concerns we have identified in recent weeks:

Size of Program

As proposed, the enhanced program would likely be over 25 times the size of the current program² given the number of new properties and monitoring increasing from quarterly to monthly. SDCI's initial estimate provided to Council for the number of properties undergoing development that would be enrolled was limited to properties that had been issued a Notice of Violation after receiving a complaint.

Financial Impact

- The Council's proposal assumes that the program will be fully funded by monitoring fees. We are concerned that this assumption will not hold up to analysis, given that roughly one-thirds of SDCI's invoices for vacant building monitoring currently go unpaid and in some years the number is higher. The proposed changes to the fee ordinance would reduce the base monitoring fee by 34% (from around \$260 to \$171). We think the cost per visit for a property with no violations is at least \$230.
- The green sheet does not include the IT costs necessary to implement the enhanced program. Currently, the program is small enough that the tracking and billing is done manually. The scope of the changes proposed would require technology improvements to allow SDCI to identify, enroll, track, inspect, and bill the VBM properties using a software program. Seattle IT has provided an initial estimate of \$300,000 for this work to enhance Accela. In addition, other critical path SDCI IT Workplan items would need to be reprioritized and would be delayed.
- The proposed changes would require purchasing more vehicles than currently reflected in the green sheet. The addition of more inspectors that require vehicles conflicts with the Mayor's Executive Order 2018-05.

Policy Issues

- The proposal requires monitoring fees for at least three months for vacant buildings on properties that are in the permitting process and have no code violations.
- Charging monitoring fees does not, on its own, resolve problems at buildings, and it is not clear that increased monitoring will be successful in preventing problems.

² In 2017, SDCI completed 179 scheduled vacant building monitoring checks as part of the VBM program. The proposed changes in amended CB 119407 could easily result in upwards of 5,000 scheduled monitoring checks each year, if even just 20% of the properties currently undergoing permit review have a vacant building on them.

- Commercial properties already receive regular inspections from SFD and have different securement requirements for vacancy (for example, electricity must remain on for commercial property alarm systems, but turned off for residential properties).

Staff Resources

- The Council green sheet adds 3.0 FTEs of additional staff, which was based on a previous SDCI estimate of 235 properties enrolled in the program (this did not include vacant buildings on sites currently in the permit process if there were no code violations). We estimate that the program as currently proposed by Council would include 470 properties and may require at least 6.0 FTE inspectors plus a supervisor.
- The green sheet does not acknowledge the amount of additional follow-up enforcement work likely to be generated by monthly monitoring checks of hundreds of buildings in the VBM program. This will create additional workload that will fall to other General Funded housing-zoning inspectors that do the enforcement work.

In summary, we are committed to working with Council to make appropriate modifications to the City's vacant building regulations and to assuring that there are appropriate resources available to enforce the resulting policies. We have worked with Councilmember Herbold to this end, but the budget process is simply not the best venue for working through such complex policy issues. At this point, the legislation before you is premature and incomplete. The associated green sheet actually acknowledges this shortcoming, identifying the need for future position authority and budget changes. There is no need to pass this unfinished legislation now. As outlined above, we are committed to working with you on an alternative legislative approach that will bring the desired outcomes on a shorter timeline.

Thank you.

CC: Kirstan Arestad, Central Staff Executive Director
Ketil Freeman, Central Staff Supervising Analyst
David Moseley, Deputy Mayor