

# THE VIRGINIA HOUSING COMMISSION'S DERELICT STRUCTURES WORK GROUP

## REMARKS on S.B. 162

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Good morning Madam Chair and members of this Workgroup.

I am Sherri Neil, Senior Legislative and Management Analyst for the City of Portsmouth.

Before beginning the presentations this morning on Senate Bills 162 and 163, which were both a part of the City's 2008 Legislative Package, I would like to extend our deepest gratitude to Delegate Suit, Chair of this Commission, for her willingness to address in this Body the issues of problem long-term vacant, abandoned and derelict structures in Virginia.

I would also like to thank the Vice Chair of this Commission and the Chair of this Workgroup, Senator Locke, for consenting to Patron SJ 56 which requested this study on derelict structures and for her willingness to chair this most important Workgroup.

On behalf of the Patron of Senate Bills 162 and 163, Senator Lucas, the Cities of Portsmouth and Norfolk and members of the Portsmouth Task Force, Vacant to Vibrant, also known as the V2V Committee, will attempt to provide you with an informative overview of the genesis and rationale for these bills.

Hopefully presenting the information to you in this manner will provide you with a greater understanding of the impetus for these two pieces of legislation.

SB162 – Vacant Building Registration; enhances penalties for failure to register;

Problems with long-term vacant, abandoned and derelict structures are not solely unique to densely populated urban areas. Suburban and rural areas that have high numbers and concentrations of these structures are also experiencing similar difficulties.

Any abundance of these structures in a locality will generate some socioeconomic impacts. The severity of these impacts however, is relative to the municipality in which these buildings are located;

For instance:

- 1) The City of Portsmouth is ranked by the Virginia Commission on Local Government as the 5<sup>th</sup> most fiscally stressed locality in the commonwealth of Virginia
- 2) The City has an estimated population of 100,000 and encompasses approximately 33 square miles
- 3) Due to the large presence of federal, state and non-profit entities, over 50% of the City's landmass is listed as non-taxable property
- 4) The estimated 16.2 square miles of the available taxable landmass is approximately 95% built-out and the effect of recent changes made to the Eminent Domain laws in Virginia has left in-fills as the City's main option for new residential development
- 5) Long-term vacant, abandoned and derelict structures inhibit new residential in-fill development, and require additional and often repeat public services which tend to add an additional strain on the City's coffers.
  - For instance in a sector of our City there are three communities that are in close proximity to each other. In 2007, these three communities combined had 145 vacant properties, which is the highest number and concentration of vacant properties located within the City.

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- These three communities combined encompass .86 square miles which represent .05% of the approximate 16.2 square miles of available taxable property in the City.
  - Our Fire Department reports that between August 1, 2005 and August 15, 2008 citywide there were 50 incident responses representing an estimate of \$4,449,023 in property losses. Out of this total amount, these three communities alone accounted for 30% (15) of the incident responses and \$1,397,300 of the estimated property losses.
  - Between 2002 and 2007, our Police Department reports there were 10,152 police interactions within this same sector of the City, which equates to:
    - 2,030.4 responses per year
    - 169.2 responses per week
    - 1.007 responses per hour
- 6) The City's coffers are already strained from: a) having 50% of its land taken off of the tax roles, b) providing basic core public services to its citizens and its business owners, c) addressing the multitude of problems it has with its aging infrastructure and, 4) attempting to provide adequate benefits and market rate salaries to its employees, as well as numerous other obligations
- 7) Long-term vacant, abandoned and derelict structures devalue adjacent properties by approximately \$7,500; they depress the City's housing stock and impact the quality and livability of the neighborhoods and communities they are located near or within. Furthermore, the recent downturn in the housing market is adding a growing number of foreclosed properties to the mix further exacerbating the problems faced by the City and its taxpayers.

Senate Bill 162 deals with the Virginia Code section on vacant building registration and the penalties incurred for failure to register.

The reason the City of Portsmouth requested the enhanced penalties are because the cost to implement this program far outweighs the response rate by the negligent property owners and the time, effort and expense of pursuing minimal civil penalties for failure to register.

VA Code Section 15.2-1127 currently provides that the Town of Pulaski, in a conservation and rehabilitation district of the town, and any city, by ordinance, may require the owner or owners of buildings that have been vacant for a continuous period of 12 months or more to register these buildings on an annual basis. These jurisdictions may also impose an annual registration fee not to exceed \$25 to defray the cost of processing these registrations; and failure to register results in a \$50 civil penalty unless the property is located in a conservation and rehabilitation district in which case the civil penalty cannot exceed \$250.

This Task Force attempted to address the problems that arise from long-term vacant, abandoned and derelict structures and their impact on:

- The residents in these neighborhoods
- Responsible property owners
- The City's public safety services and affiliated public services that become involved in identifying, addressing, citing, prosecuting and oftentimes conducting public auctions of these problem properties, and
- Ultimately the impact to the taxpayers of the City of Portsmouth

During 2007 in Portsmouth, at the behest of the citizen advocate members of a revived Neighborhood Quality Task Force, the City attempted to revive its Vacant Registration Program. To implement the first phase of the resurrected Vacant Property Registration Program, through this Task Force the City committed four (4) Inspectors, 110 work days and 880 man hours. It took five (5) months to complete this first phase and cost the City in manpower and related expenses a total of \$69,911.10. The City's return on this investment was:

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- The identification of 203 residential vacant properties, and notices were mailed out to all
- Within this same five (5) month time period, less than 10% became reoccupied
- Only 49 owners responded to the notices and registered their properties yielding \$1,225.00 to cover the costs of the registration process

Based on this response, the group asked that an item be included in the City's legislative agenda requesting legislation to strengthen this program through the use of increased fees and penalties, and make lack of compliance a misdemeanor criminal offense instead of a civil one. By doing this, it was thought that it would aid in motivating negligent and unresponsive property owners to comply with this law.

Although this approach may not have been feasible, and this section of the Code may not have been the appropriate vehicle to address our concerns, we believe the concept is still a good one.

A viable vacant property registration program implemented properly could provide a positive gain for all parties concerned. It would:

- 1) Provide a source of security for an absent property owner because public safety would have foreknowledge of these properties and when the police are patrolling the vicinity extra attention could be given to these buildings
- 2) When the fire marshals or firemen are responding to incidents at these addresses, they will have a better sense of the type of properties they may be encountering....since long term vacant properties are more subject to vandalism which weakens wall and floor structures making it dangerous for anyone entering the premises and in the case of a fire, it allows fire to spread quicker creating a greater danger to the fire fighters
- 3) Enhanced fees would help better offset the increased public safety costs to the City for responding to incidents in the areas that these structures are located in

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- 4) Enhanced penalties would generate greater compliance and offset the costs of implementing the program and ultimately prosecuting noncompliant property owners
- 5) The increased revenue from the fees and penalties add to the City's coffers and could ultimately lessen the burden on the City's taxpayers.

This concludes my remarks. If there are any questions I have with me this morning representatives from our Housing and Redevelopment Authority, our Permits and Inspections Department and our City Attorney's Office.

Being that there are no questions for us at this time, Mr. Ronald Williams, Jr., Director of Intergovernmental Affairs will now come forward to provide his remarks on SB163 and HB 1119, and he will be followed by our V2V Committee.

Thank you