


MEMORANDUM

October 28, 2016

TO: County Council

FROM: Amanda Mihill, Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 39-16, Housing and Building Maintenance Standards – Registration of Vacant Property

Bill 39-16, Housing and Building Maintenance Standards – Registration of Vacant Property, sponsored by Lead Sponsor Councilmember Hucker and Co-Sponsors Councilmembers Leventhal and Navarro, Vice President Berliner, Councilmembers Elrich, Riemer, and Rice, and Council President Floreen, was introduced on September 20, 2016. A Planning, Housing and Economic Development Committee worksession is tentatively scheduled for November 21 at 2:00 p.m.

Bill 39-16 would:

- require owners of certain unmaintained vacant buildings to register those vacant buildings with the Director of the Department of Housing and Community Affairs;
- require owners of certain unmaintained vacant buildings to pay certain fees;
- require inspections for certain unmaintained vacant buildings; and
- generally amend County law on housing and building maintenance standards.

Additional background materials from Lead Sponsor Hucker is attached on ©8.

This packet contains:	<u>Circle #</u>
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Bill No. 39-16
Concerning: Housing and Building
Maintenance Standards -
Registration of Vacant Property
Revised: 7/14/2016 Draft No. 9
Introduced: September 20, 2016
Expires: March 20, 2018
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Hucker
Co-Sponsors: Councilmembers Leventhal and Navarro, Vice President Berliner, Councilmembers
Elrich, Riemer, and Rice, and Council President Floreen

AN ACT to:

- (1) require owners of certain unmaintained vacant buildings to register those vacant buildings with the Director of the Department of Housing and Community Affairs;
- (2) require owners of certain unmaintained vacant buildings to pay certain fees;
- (3) require inspections for certain unmaintained vacant buildings; and
- (4) generally amend County law on housing and building maintenance standards.

By adding

Montgomery County Code
Chapter 26, Housing and Building Maintenance Standards
Article I, General

Article II, Registration of Vacant Property
Sections 26-19, 26-20, 26-21, 26-22, 26-23, and 26-24

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Chapter 26 is amended by adding Articles I and II (Sections 26-19,**
 2 **26-20, 26-21, 26-22, 26-23, and 26-24) as follows:**

3 **Article I. General.**

4 * * *

5 **Article II. Registration of Vacant Property.**

6 **26-19. Definitions.**

7 In this Article, the following terms have the meanings indicated:

8 Department means the Department of Housing and Community Affairs.

9 Director means the Director of the Department or the Director’s designee.

10 Dwelling unit has the same meaning as in Section 26-2.

11 Fit for occupancy means ready for immediate occupancy by a tenant without
 12 more than minor cosmetic changes.

13 Occupied means the use of one’s residence in improved real property on a
 14 regular basis.

15 Public nuisance has the same meaning as in Section 26-2.

16 Vacant building means residential real property improved by a building which
 17 is not occupied. A building is only a vacant building if the Director determines
 18 that there is no resident for which an intent to return and occupy the building
 19 can be shown. To determine whether there is a resident, the Director must
 20 consider:

- 21 (1) past due utility notices and/or disconnected utilities;
- 22 (2) accumulated mail;
- 23 (3) no window covering;
- 24 (4) no furniture observable;
- 25 (5) open accessibility;
- 26 (6) deferred maintenance; and
- 27 (7) the dwelling is boarded up.

28 Unmaintained vacant building means a vacant building not maintained as
 29 required by Chapter 26, Article 1.

30 Visual blight has the same meaning as in Section 26-2.

31 **26-20. Applicability.**

32 This Article does not apply to any real property that is

33 (a) owned by:

34 (1) the government of the United States or its instrumentalities;

35 (2) the State of Maryland or its instrumentalities; or

36 (3) a foreign government or its instrumentalities;

37 (b) under active construction or undergoing active rehabilitation,
 38 renovation, or repair, and there is a building permit to make the building
 39 fit for occupancy that was issued, renewed, or extended within 12
 40 months of the registration date;

41 (c) for a period not to exceed 24 months, the subject of a probate
 42 proceeding or the title is the subject of litigation, including a foreclosure
 43 proceeding; or

44 (d) maintained as required by Chapter 26, Article 1.

45 **26-21. Registration of unmaintained vacant buildings; inspection; notification.**

46 (a) *Building maintenance required.* The owner of a vacant building must
 47 maintain the building as required by Chapter 26, Article 1.

48 (b) *Unmaintained vacant buildings registry.* The Department must maintain
 49 a list of unmaintained vacant buildings.

50 (c) *Registration required.*

51 (1) Within 90 days after a building becomes an unmaintained vacant
 52 building, the owner must register the building and pay the
 53 registration fee required in Section 26-23. An owner must renew

54 a registration annually from the date of initial registration unless
 55 there is a change in ownership.

56 (2) The Director must identify nonregistered unmaintained vacant
 57 buildings. The Director must notify the owner that the owner's
 58 building has been designated as an unmaintained vacant building
 59 and of the owner's right to appeal this designation.

60 (d) Inspections required.

61 (1) Inspections required. The Director must inspect every
 62 unmaintained vacant building at least annually to ensure that:

63 (A) the building complies with all applicable laws, including
 64 Chapter 26, Article I; and

65 (B) vacancy of the building is not;

66 (i) detrimental to the public health, safety, and welfare;

67 (ii) a hazard to police officers or firefighters entering the
 68 building in an emergency; or

69 (iii) a public nuisance.

70 (2) Additional inspections authorized. The Director may inspect a
 71 vacant building more often than annually to ensure compliance
 72 with this Article.

73 (e) County notification. The Director of the Department of Finance must
 74 notify all property owners of the requirements of this Article at the same
 75 time as the Director notifies property owners of any real property taxes
 76 due.

77 **26-22. Exemptions.**

78 (a) The Director may grant an exemption from the registration requirement
 79 in Section 26-21 for any real property that is:

80 (1) in compliance with 26-21(a) and the property owner has been
 81 actively seeking in good faith to rent or sell the property if:

82 (A) the time period for sale or rent does not exceed 1 year from
 83 the initial listing, offer, or advertisement of sale or rent of a
 84 residential building; and

85 (B) the building has a valid certificate of occupancy;

86 (2) for a period not to exceed 12 months, the subject of a pending
 87 application for a necessary approval for development before the
 88 Planning Board, Board of Appeals, or Office of Zoning and
 89 Administrative Hearings; or

90 (3) for a period not to exceed 24 months, the subject of an
 91 inheritance.

92 (b) The cumulative time period that a vacant building may be exempted
 93 from this Article must not exceed 3 years.

94 (c) An application for an exemption from the registration requirement must
 95 be made on a form the Director prescribes.

96 (d) A person that believes the Director has incorrectly denied the person's
 97 application for an exemption may appeal that decision according to
 98 Section 26-24.

99 **26-23 Fees.**

100 (a) The County Executive must set one or more fees by regulation under
 101 Method (2). The fee must increase for larger numbers of inspections
 102 performed that the Director determines are necessary to ensure
 103 compliance with this Section.

104 (b) A vacant building owned by the County or its instrumentalities must
 105 comply with the registration requirement of Section 26-21, but is not
 106 subject to any fees required in paragraph (a).

107 **26-24. Right to appeal.**

108 (a) Within 10 days after the designation of an owner's building as a vacant
109 building, the owner may petition the Director for reconsideration by
110 filing the form prescribed by the Director. Within 30 days after
111 receiving the petition, the Director must issue a notice of final
112 determination.

113 (b) Any person aggrieved by an action of the Director under this Article
114 may, within 10 days after receiving written notice of the action, appeal
115 that action to the Circuit Court under the Maryland Rules of Procedure
116 for judicial review of a final administrative agency decision. An appeal
117 does not stay the Director's action.

118 *Approved:*

119

Nancy Floreen, President, County Council

Date

120 *Approved:*

121

Isiah Leggett, County Executive

Date

122 *This is a correct copy of Council action.*

123

Linda M. Lauer, Clerk of the Council

Date

LEGISLATIVE REQUEST REPORT

Bill 39-16

Housing and Building Maintenance Standards – Registration of Vacant Property

DESCRIPTION: Bill 39-16 would require owners of certain unmaintained vacant buildings to register those vacant buildings with the Director of the Department of Housing and Community Affairs; require owners of certain unmaintained vacant buildings to pay certain fees; and require inspections for certain unmaintained vacant buildings.

PROBLEM: The County has inadequate tools to address vacant homes.

GOALS AND OBJECTIVES: To give the County new tools to address the growing number of vacant properties in the County.

COORDINATION:

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Amanda Mihill, Legislative Attorney, 240-777-7815

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: A violation of Chapter 26 is a Class A violation.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

TOM HUCKER
COUNCILMEMBER
DISTRICT 5

MEMORANDUM

TO: Councilmembers
FROM: Tom Hucker
DATE: July 13, 2016
RE: **Establishing a vacant property registry**

The second part of my housing package is a bill to establish a vacant property registry, which is intended to give the County government new tools to address the growing number of vacant properties in Montgomery County. A review of DHCA's code enforcement data shows that there are more than 350 known vacant properties in the county.

There are also hundreds more unidentified vacant properties because this problem is underreported and not all vacant properties have apparent housing code violations listed. Many of these vacant properties are inherited, owned by out-of-state residents, or by developers who simply have no short-term incentive to care for the property or put it back on the market.

Vacant properties can not only be an eyesore, they also pose serious threats to the community. Research shows they attract squatting, arson and other criminal activity. Vacant properties place a burden on our public safety and housing resources because they are twice as likely to generate a call for fire or police service than a non-vacant property^[2], and they have been found to reduce the community's property values by as much as 9%^{[3][4]}.

The County has inadequate tools to address vacant homes, which is why many of ours remain empty for so long. Several in my neighborhood in Silver Spring have been the subject of constituent complaints for nearly ten years. I've discussed them with previous DHCA directors, the Maryland Department of Housing and Community Development and the Attorney General, each of whom have claimed that they need stronger authority to incentivize owners to rent, sell or occupy their homes.

As a result, many of the vacant properties we researched have generated dozens of County inspections, citations and minor DHCA actions through the Clean and Lien program. A Clean and Lien occurs when a negligent property owner fails to maintain their vacant property after being cited numerous times. In response, DHCA will cut the grass, secure the doors or windows, remove any trash or debris, and put a lien on the property for the cost of these services.

Unfortunately, this program does not provide enough of an incentive for a negligent property owner to rent, sell, or occupy the property because the cost of these services is so low.

My proposed bill addresses these issues by requiring DHCA to establish and maintain a registry of unmaintained vacant properties. Once the property is registered, DHCA must perform an initial inspection for housing code violations. Any subsequent inspections performed by DHCA will be charged to the homeowner using a graduated fee schedule similar to the False Alarm Response Fee Schedule.^[5]

The creation of the registry will allow the County to collect data on the number of vacant houses for the first time. The more robust inspection regimen will make the County agencies aware of more violations and will encourage owners to address violations before they become worse, and the increasing fees will give absentee owners more financial incentive to rent, sell, or occupy long-vacant properties.

This is a best-practice approach that is based on successful laws in Chicago, Los Angeles, Wilmington, and other large municipalities. The District of Columbia also has a very successful approach to vacant properties; the City assesses a special tax of \$5.00 per \$100 of assessed value for vacant properties and \$10.00 per \$100 of assessed value for blighted vacant properties. Unfortunately, this option is unavailable to us under Maryland Constitution, but it illustrates the seriousness with which our immediate neighbors address this problem in the District.

Attached is a copy of the bill, an FAQ sheet, and some slides to explain more about the issue. Thank you in advance for your support of this bill. Please let me know if we can provide any additional information, and please contact my office if you would like to cosponsor.

^[1]<http://www.usatoday.com/story/money/personalfinance/2015/02/14/credit-dotcom-foreclosures/23287085/>

^[2]http://www.communityprogress.net/filebin/Community_Progress_Wilmington_FINAL_REPORT_122214.pdf

^[3]<http://www.pittsburghquarterly.com/index.php/Region/the-cost-of-bligh/All-Pages.html>

^[4]http://www.communityprogress.net/filebin/Community_Progress_Wilmington_FINAL_REPORT_122214.pdf

^[5]<http://www.montgomerycountymd.gov/POL/Chief/bureaus/management/mgmtbudget/falsealarm/fee2.html>

Unmaintained Vacant Property Frequently Asked Questions

1. What is the intent of this legislation?

The intent of this legislation is to keep unmaintained vacant properties from becoming a nuisance to the community by requiring that the property owner maintain the property and move towards occupancy.

2. What is an unmaintained vacant property?

Unmaintained vacant properties are residential real properties that have not been continuously occupied and the owner has shown no intent to return. To determine whether a property is vacant, the Department of Housing and Community Affairs (DHCA) must consider utility usage, physical signs of occupancy, and blight or general neglect.

3. Why create a registry?

Unmaintained vacant properties have been shown to reduce the property values of surrounding properties by 6-9%, and they are nearly twice as likely to generate a call for fire service. Given these statistics, the county has a clear and compelling interest in making sure that unmaintained vacant properties are being maintained and not a risk to other homes in the community.

4. Are there any exemptions?

Yes, properties with permits for active renovation, being sold or rented, going through probate proceedings, or being redeveloped are exempt from registering for up to 3 years.

5. Will residents that leave for the winter have to register?

No, residents that leave for the winter will not have to register because they have a clear intent to return.

6. Are there any fees and fines associated with registering?

Yes, the fee for registering the property and the fine for failing to do so will be set by executive regulation.

7. What happens after a property is registered?

DHCA will inspect the property for any code violations. The property owner will then have 30-60 days to address the code violations. Any subsequent inspections performed by DHCA will be charged to the homeowner using a graduated fee schedule similar to the False Alarm Response Fee Schedule.

8. What is the False Alarm Response Fee and how does it work?

The Montgomery County Police Department is requested to respond to over 45,000 false alarms each year. Responding to false alarm calls reduces the police department's effectiveness and undermines its ability to respond to more critical calls. A false alarm is defined as any alarm signal that elicits a response by police personnel and for which there is no evidence of criminal activity to justify a police response.

Below is the False Alarm Response Fee Schedule.

Occurrence	Residential Fee	Commercial Fee
1st	\$0.00	\$0.00
2nd	\$25.00	\$25.00
3rd	\$50.00	\$50.00
4th	\$75.00	\$75.00
5th	\$100.00	\$100.00
6th	\$150.00	\$150.00
7th	\$200.00	\$200.00
8th	\$250.00	\$250.00
9th	\$300.00	\$300.00
10th	\$400.00	\$400.00
11th	\$500.00	\$500.00
12th	\$600.00	\$600.00

13th	\$700.00	\$700.00
14th	\$800.00	\$800.00
15th	\$1,000.00	\$1,000.00
16th	\$1,500.00	N/A
17th	\$2,000.00	N/A
18th	\$2,500.00	N/A
19th	\$3,000.00	N/A
20th	\$4,000.00	N/A

9. Who owns unmaintained vacant properties and why are they vacant?

Research shows that most of these properties are owned by banks or real estate investors that acquired the property through a foreclosure sale. These properties are often vacant because the owners expect to increase profits once the property has appreciated in value.

10. Is the state doing anything to address this issue?

In 2012, the General Assembly created the Foreclosed Property Registry, which requires a foreclosure purchaser to register with the state and transfer the title in a timely manner. This law was needed because it typically took property owners nine to eighteen months to transfer the title, which made it difficult for counties to identify the owner responsible for property maintenance and tax payments.

11. How will this affect property taxes?

Long-term vacant properties tend to have lower property values than similar non-vacant properties. Therefore, many of these properties are assessed lower property taxes than they would be if the property was being occupied and maintained. This legislation encourages occupancy and maintenance, which would result in the property taxes that are on par with other similar non-vacant properties.

12. Why impose fees instead of fines?

Currently, DHCA can impose fines of up to \$500 for code violations that are not addressed within 60-90 days. However, these fines are often contested in court where judges typically extend the deadline for repairs and reduce or eliminate the fines altogether. Fees address these issues because they are charged directly to the property owner for the services provided without the need for judicial intervention. Fees also speed up the process because they escalate with each additional inspection.

13. Will the county lose money if the property is purchased through a tax sale?

No, unlike other jurisdictions where the property and land values can be lower than the cost of demolishing or repairing the property, Montgomery County has a healthy real estate market where the land value can exceed the value of the property itself.

14. How will this affect custom home builders?

As long as the builder can show good faith efforts to sell the property or renovate, then the property will be exempted from the registry.

15. What impact do vacant property registries have?

The vacant property registry in Wilmington, DE, one of the most successful and most awarded in the country, had a 40% decrease in vacant properties two years after it was instituted.



ROCKVILLE, MARYLAND

MEMORANDUM

October 10, 2016

TO: Nancy Floreen, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Alexandre A. Espinosa, Director, Department of Finance

SUBJECT: FEIS for
Bill 38-16, Housing and Building Maintenance Standards – Foreclosed Property
Registration Penalty; and
Bill 39-16, Housing and Building Maintenance Standards – Registration of
Vacant Property

Please find attached the fiscal and economic impact statements for the above-referenced legislations.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Clarence J. Snuggs, Director, Department of Housing and Community Affairs
David Platt, Department of Finance
Dennis Hetman, Department of Finance
Pofen Salem, Office of Management and Budget
Nacem Mia, Office of Management and Budget

Fiscal Impact Statement
Bill 39-16
Housing and Building Maintenance Standards - Registration of Vacant Property

1. Legislative Summary

Bill 39-16 would require owners of certain unmaintained vacant buildings to register those vacant buildings with the Director of the Department of Housing and Community Affairs (DHCA); require owners of certain unmaintained vacant buildings to pay certain fees; require inspections for certain unmaintained vacant buildings; and generally amend County law on housing and building maintenance standards.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

DHCA estimates the number of vacant properties in the County is to reach approximately 600 to 700 units, and those vacant properties could fall into the definition of an “unmaintained vacant building”. Bill 39-16 requires DHCA to establish and maintain a registry of those unmaintained vacant properties.

Bill 39-16 also requires, at a minimum, an initial inspection of each unmaintained vacant building each year. Currently, each DHCA code enforcement inspector can inspect approximately 700 unique units per year. To implement the proposed legislation, DHCA would require one additional Code Enforcement Inspector III position (Grade 23) to inspect those unmaintained vacant units. First year costs are estimated at \$132,508 for one new merit position and operating expenses (see below).

	FTE	FY17 Estimate
Personnel Cost (Code Enforcement Inspector III, Grade 23)	1.0	\$ 103,315
Operating Expenses --		
<i>One-Time (i.e., Vehicle, IT infrastructure)</i>		\$ 29,193
<i>On-going</i>		\$ 8,150
Total (for Year 1)		\$ 132,508

In addition, Bill 39-16 requires a new inspection fee to be set under Method 2 adoption. The fee would be charged for any subsequent inspection with a recommended graduated fee schedule similar to the False Alarm Fee Schedule. The following fee schedule is used for demonstration purposes only.

Inspection	Fee*
1st	\$ -
2nd	\$100
3rd	\$200
4th	\$300
5th	\$500
6th	\$750
7th	\$1,000
8th	\$1,500
9th	\$2,000
10th	\$2,500

Consistent with the False Alarm Fee Schedule, this schedule carries no fee to be charged on the initial inspection. The first re-inspection (second inspection) carries a fee of \$100. This fee was derived as follows:

- The average hourly total personnel cost (including fringe) for DHCA's Housing Code Inspectors is \$47.18.
- It is assumed that each inspection would take approximately two hours (including travel and inspection time), and the cost is estimated to be \$94.37. With modest overhead for gas, the first re-inspection fee could be set to recoup expenses at \$100.
- Reoccurring inspections would carry a progressively higher charge.

This bill is most applicable to non-multifamily properties. In FY15, DHCA performed 26,166 total inspections, of which 13,890 were multifamily inspections. The balance (12,276 inspections) were non-multifamily inspections. These 12,276 inspections were performed on 7,623 unique units; this equates to 61 percent of all non-multifamily units required re-inspection (see below).

Assuming there are 700 vacant properties requiring inspections and given a 61 percent re-inspection rate and a \$100 fee on initial re-inspections, Bill 39-16 would generate approximately \$42,700 in revenue from initial re-inspections. It is also reasonable to assume that a certain percentage of those units received initial re-inspections would require additional re-inspections. DHCA anticipates a nominal rate of 25 percent to be applied for second re-inspections. This second re-inspection would generate an additional \$21,400 in revenue which result in a total revenue of \$64,100 that is likely to be generated from this bill.

Actual Code Inspections - FY15				
Inspections	Multifamily	Single Family	Total	Inspections per Inspector
Total Inspections	13,890	12,276	26,166	1,308
Total Units Inspected	6,396	7,623	14,019	701
Required Inspections per unit		1.61		
Initial Re-Inspection Rate		0.61		
Revenue Estimate from Re-inspection				
		1st Re-inspection	2nd Re-inspection	Notes
Total Vacant Units Assumed	700			
Vacant Units Required Re-inspection		427	107	Rate assumed for 1st re-inspection=61%; for 2nd re-inspection=25%
Re-inspection Fee		\$100	\$200	
Total		\$42,727	\$21,364	Approximately \$64,100 could be generated from re-inspections

As Bill 39-16 requires annual inspections of all vacant properties, this fiscal impact statement assumes that the fee schedule resets each year, regardless of inspection history, the first re-inspection would be \$100. However, the actual fee schedule will be re-evaluated based on the final number of unmaintained vacant properties identified and registered by DHCA.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

The total six-year revenue or expenditure is estimated as below:

	FY17	FY18	FY19	FY20	FY21	FY22	Total
Revenue	64,100	64,100	64,100	64,100	64,100	64,100	384,600
Expenditure	132,508	111,465	111,465	111,465	111,465	111,465	689,834

Note: Personnel Cost does not include future wage increases.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not Applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not applicable.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

Not applicable; the proposed legislation does not authorize future spending.

7. An estimate of the staff time needed to implement the bill.

Bill 39-16 would require the inspections of an estimated 700 new units annually designated as unmaintained vacant properties. Currently, each code enforcement inspector inspects approximately 700 unique units. DHCA estimates the implementation of the proposed legislation would require one additional code inspector position as outlined in #2.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

The responsibilities as described in Bill 39-16 cannot be absorbed within the current staff complement and would require an additional 1.0 FTE.

9. An estimate of costs when an additional appropriation is needed.

An additional appropriation of \$132,508 for a Code Inspector III position is needed in the first year of implementation.

10. A description of any variable that could affect revenue and cost estimates.

Bill 39-16 requires a new inspection fee to be set under Method 2 adoption. The fee would be charged for any subsequent inspection with a recommended graduated fee schedule similar to the False Alarm Fee Schedule. Rates on this new fee schedule may affect revenues.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

12. If a bill is likely to have no fiscal impact, why that is the case.

Not applicable.

13. Other fiscal impacts or comments.

Not applicable.

14. The following contributed to and concurred with this analysis:


Clarence Snuggs, DHCA

Tim Goetzinger, DHCA

Chris Anderson, DHCA

Dan, McHugh, DHCA

Pofen Salem, Office of Management and Budget



Jennifer A. Hughes, Director
Office of Management and Budget

10/10/16
Date

Economic Impact Statement
Bill 39-16, Housing and Building Maintenance Standards – Registration of Vacant Property

Background:

This legislation would:

- require owners of certain unmaintained vacant buildings to register those vacant buildings with the Director of the Department of Housing and Community Affairs (DHCA);
- require owners of certain unmaintained vacant buildings to pay certain fines; and
- require inspections for certain unmaintained vacant buildings.

1. The sources of information, assumptions, and methodologies used.

The source of information and data includes the DHCA. The Department of Finance did not develop assumptions or methodologies in the preparation of the economic impact statement. According to DHCA in its review of the memorandum dated September 20, 2016, from Councilmember Hucker to members of the County Council, DHCA states that “it is reasonable to estimate that there are 600 – 700 vacant units in the County. It is further reasonable that each vacant property could fall into the definition of an ‘unmaintained vacant property’”. Bill 39-16 would provide DHCA new authority to address the vacant properties.

2. A description of any variable that could affect the economic impact estimates.

The economic impact statement does not analyze the impact on the County’s economy attributed to vacant properties but the impact of providing new authority to DHCA. Therefore, there are no specific economic variables that could affect the County’s economy.


3. The Bill’s positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

Bill 39-16 provides new authority to DHCA to address vacant properties. Without specific data on the condition and market value for such properties, it is uncertain to estimate the impact on the County’s economy.

4. If a Bill is likely to have no economic impact, why is that the case?

Please see paragraph 3.

5. The following contributed to or concurred with this analysis: David Platt, Dennis Hetman, and Robert Hagedoorn, Finance.



Alexandre A. Espinosa, Director
Department of Finance

10/7/2016
Date

(20)