



CITY COUNCIL AGENDA REPORT

ADELANTO GOVERNMENTAL CENTER | 11600 AIR EXPRESSWAY
| ADELANTO, CALIFORNIA 92301

DATE: July 22, 2020

TO: Honorable Mayor and City Council Members

FROM: Jessie Flores, City Manager

BY: Ward Komers, Finance Director

SUBJECT: CONSIDERATION OF A RESOLUTION PROPOSING AND SUBMITTING TO THE VOTERS AT THE GENERAL CONSOLIDATED ELECTION ON NOVEMBER 3, 2020, A PROPOSAL TO ADOPT AN INITIATIVE ORDINANCE ESTABLISHING A SPECIAL TAX ON VACANT PROPERTIES TO FUND SOLUTIONS FOR PARKS AND RECREATION, ILLEGAL DUMPING REMEDIATION, PUBLIC SAFETY, CAPITAL IMPROVEMENT PROJECTS, AND SPECIFIED PROGRAMS, REQUESTING THAT THE BALLOT QUESTION AND MEASURE BE INCLUDED AMONG THE ELECTION CONTESTS REFERENCED IN CITY COUNCIL RESOLUTION NO. 20-46, SETTING DEADLINES FOR THE FILING OF WRITTEN ARGUMENTS AND REBUTTALS REGARDING THE MEASURE, AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS.

STAFF RECOMMENDATION:

It is recommended that the City Council conduct a public hearing, receive public input, consider and adopt:

- (1) Resolution No. 20-40 which:
 - a. Submits to the City's voters at the November 3, 2020 General Consolidated Election an ordinance establishing a special tax on vacant properties to fund solutions for parks and recreation, illegal dumping remediation, public safety, capital improvement projects, and specified programs;
 - b. Requests that the ballot question and measure be included among the election contests referenced in City Council Resolution No. 20-46;
 - c. Sets the deadlines for the filing of written arguments and rebuttals regarding the Measure; and
 - d. Directs the City Attorney to prepare an impartial analysis.

- (2) If Resolution No. 20-40 is adopted, then staff recommends that the City Attorney read aloud the title of the Adelanto Vacant Property Tax Ordinance at the City Council meeting, and the City Council make a motion to waive further reading of the Ordinance. The title is:

AN ORDINANCE OF THE PEOPLE OF THE CITY OF ADELANTO AS APPROVED BY THE CITY’S QUALIFIED ELECTORS AT THE GENERAL MUNICIPAL ELECTION HELD ON NOVEMBER 3, 2020, TO ESTABLISH A SPECIAL PARCEL TAX ON VACANT PROPERTIES

BACKGROUND:

The City of Adelanto has regularly experienced structural budget deficits for at least the last two decades, mostly due to the City’s slow assessed valuation growth and an exceedingly low property tax rate of approximately 1.75 percent. To its credit, the City has continued operations over the years through the use of one-time monies; however, those funds have been depleted and are no longer available to support general fund obligations, such as police and fire.

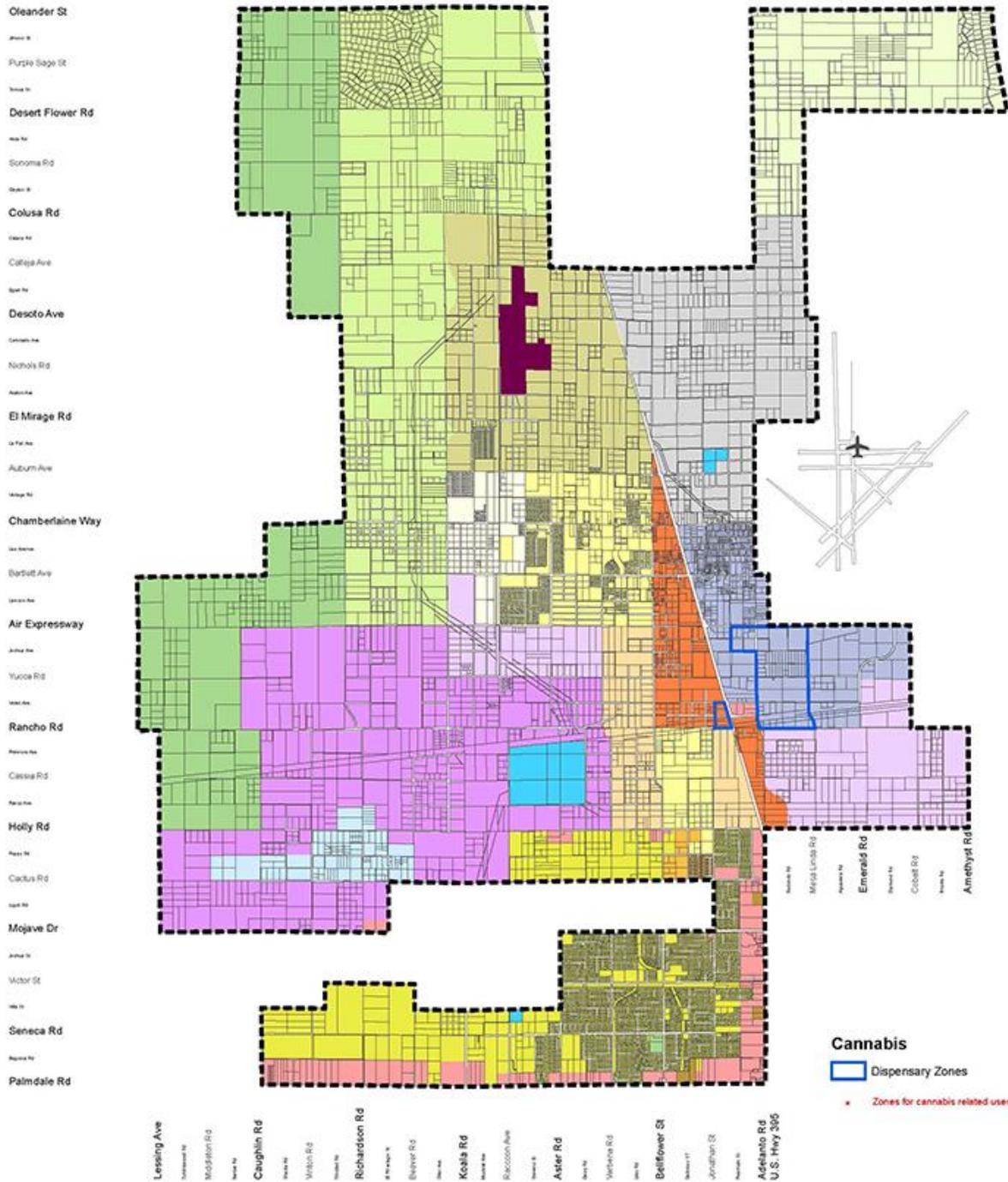
To address this ongoing problem, additional revenue sources must be identified. One approach is to levy a special tax on every vacant parcel of land (real property) within the City. Out of the 13,310 total parcels within the City, an estimated 3,976 parcels, or more than 25,000 acres, are vacant land. This vacant land negatively impacts the community, attracting crime, blight, and illegal dumping. In addition, these vacant properties take up space that could be used for housing or commercial development. Moreover, vacant properties typically depress property values across an entire neighborhood and generate little or no tax revenues.

Staff are recommending that the City Council consider the following tax assessment based on the zoning of the parcel:

Zoning District	Zoning Description	Annual Tax Rate
ADD	Airport Development District	\$200 per acre per parcel
AP	Airport Park	\$200 per acre per parcel
BP	Business Park	\$600 per acre per parcel
C	Commercial	\$600 per acre per parcel
DL-2.5	Desert Living 2.5	\$50 per acre per parcel
DL-5	Desert Living 5	\$50 per acre per parcel
DL-9	Desert Living 9	\$50 per acre per parcel
LM	Light Manufacturing	\$600 per acre per parcel
MI	Manufacturing/Industrial	\$600 per acre per parcel
MU	Mixed Use	\$600 per acre per parcel
OS	Open Space	\$50 per acre per parcel
PU	Public Utilities	\$0 per acre per parcel
R1	Single Family Residential	\$300 per acre per parcel
R3-30	High Density Residential	\$300 per acre per parcel
R3-8	Medium Density Residential	\$400 per acre per parcel
R-M12	Medium Density Residential	\$400 per acre per parcel
R-S1	Single Family Residential	\$300 per acre per parcel
R-S5	Single Family Residential	\$300 per acre per parcel
U	Uncategorized or unassigned	\$200 per acre per parcel

Based upon the above tax rate, Staff estimate that the tax will generate revenue for each Zoning District as depicted below:

Zoning District	Zoning Description	Total Acres	Tax/Acre	Tax Revenue
ADD	Airport Development District	2,190.54	\$200	\$438,108.00
AP	Airport Park	321.99	\$200	\$64,398.00
BP	Business Park	705.59	\$600	\$423,354.00
C	Commercial	551.99	\$600	\$331,194.00
DL-2.5	Desert Living 2.5	2,313.85	\$50	\$115,692.50
DL-5	Desert Living 5	4,621.02	\$50	\$231,051.00
DL-9	Desert Living 9	1,481.85	\$50	\$74,092.50
LM	Light Manufacturing	1,777.15	\$600	\$1,066,290.00
MI	Manufacturing/Industrial	3,607.13	\$600	\$2,164,278.00
MU	Mixed Use	518.82	\$600	\$311,292.00
OS	Open Space	3,460.90	\$50	\$173,045.00
PU	Public Utilities	319.41	\$-	\$-
R1	Single Family Residential	1,694.46	\$300	\$508,338.00
R3-30	High Density Residential	20.07	\$300	\$6,021.00
R3-8	Medium Density Residential	53.46	\$400	\$21,384.00
R-M12	Medium Density Residential	678.89	\$400	\$271,556.00
R-S1	Single Family Residential	413.81	\$300	\$124,143.00
R-S5	Single Family Residential	965.73	\$300	\$289,719.00
U	Uncategorized or unassigned	518.56	\$200	\$103,712.00
Grand Total		26,215.22		\$6,279,560.00



LAND USE AND ZONING DISTRICTS

* [Purple Box] Light Manufacturing Cannabis Only (LMCO)	[Light Green Box] Desert Living (DL-2.5) (1 du/2.5 ac)	[Brown Box] High Density Residential (R3-30)
* [Grey Box] Airport Development District (ADD)	* [Light Purple Box] Light Manufacturing (LM)	[Yellow Box] Single Family Residential (R-S1)
[Light Blue Box] Airport Park (AP)	* [Pink Box] Manufacturing/Industrial (MI)	[Yellow-Green Box] Single Family Residential (R-S5)
[Blue Box] Business Park (BP)	[Orange Box] Mixed Use (MU) (12 - 18 du/ac)	[Yellow Box] Single Family Residential (R-1)
[Red Box] Commercial (C)	[Green Box] Open Space (OS)	[Orange Box] Medium Density Residential (R3-8)
[Light Green Box] Desert Living (DL-5) (1 du/5 ac)	[Blue Box] Public Utilities (PU)	
[Light Yellow Box] Desert Living (DL-9) (1 du/9 ac)	[Orange Box] Medium Density Residential (R-M12)	

Staff estimates that the proposed tax could generate approximately \$6.2 million per year in revenue. At its July 8, 2020 meeting, the City Council directed Staff to revise the proposed ordinance to codify the first year tax revenue allocation and to set an allocation range for each purpose as defined by the ordinance. The proposed special tax shall be dedicated to specific purposes in the following manner:

Purpose	FY21/22 Allocation	FY21/22 Amount (est.)	Allocation Range
Parks and Recreation	30%	\$1,860,000	20 – 30%
Illegal Dumping	10%	620,000	10 – 15%
Public Safety	30%	1,860,000	25 – 50%
Capital Projects	30%	1,860,000	20 – 30%
Total	100%	\$6,200,000	

In addition to creating a dedicated funding source, by taxing vacant properties, this Measure will help encourage people to put those properties into use, thus, potentially increasing the housing supply and commercial/industrial development. Properties that are left vacant for extended periods of time can attract crime and cause blight, harming the surrounding neighborhood. Taxing vacant properties, therefore, is helpful on both ends of this problem. The tax itself will incentivize productive use of vacant properties, and the tax revenue will be used to address underfunded services and eliminate blight and illegal dumping.

The proposed special tax on vacant properties would apply to most vacant properties throughout the City, including undeveloped private property, vacant commercial and industrial buildings, and vacant residential units. A property would be classified as vacant if it is in use less than 50 days during a calendar year. The property need not have a building or structure on it to be "in active use." For example, this proposed tax would not apply to properties that are used as gardens, or to host farmers' markets. The Measure would create an administrative process through which the owner of vacant property could apply for a hardship waiver to be exempted from the tax. For purposes of the exemptions, an owner is defined as a natural person, and does not include business entities, trusts, or any other private organizations which may be considered a "person" by operation of law. Such exemptions include:

- An Owner who qualifies as very low-income, as the term "very low income" is defined by the United States Department of Housing and Urban Development.
- An Owner who can demonstrate that exceptional specific circumstances prevent the use or development of the property.
- An Owner of a property that is under active construction.
- An Owner of property for which an active building permit application is being processed by the City.
- An Owner of a parcel included in a substantially complete application for planning approvals that has not yet received approval.
- An Owner of a parcel for which a project with development entitlements have been approved but needing time for completion may apply for and receive an administrative two-year exemption.
- An Owner of property for which at least 60 percent of the accessible dry land is actively used for a community garden(s), or Agriculture as defined in Section 17.200.020 and developed in accordance with the applicable standards set forth in Title 17 of this Code.

- An Owner (1) who is 65 years of age or older and (2) who qualifies as “low income,” as the term “low income” is defined by the United States Department of Housing and Urban Development.
- An Owner who, regardless of age, (i) receives Supplemental Security Income for a disability or (ii) Social Security Disability Insurance benefits, regardless of age and whose yearly income does not exceed 250 percent of the 2012 federal poverty guidelines issued by the United States Department of Health and Human Services.
- An Owner that is a non-profit organization or entity owned or controlled by a non-profit organization.

To provide citizen oversight for the allocation and use of the revenue generated by the tax, Staff recommends that a Vacant Property Tax Advisory Commission (“Commission”) be established. The Commission would consist of five members, each serving a three-year term, with Councilmembers making recommendations for members to the Mayor. Members of the Commission would then be appointed by the Mayor and confirmed by the City Council. The Commission would be tasked with:

- Reviewing relevant financial and operational reports related to the expenditure of the Vacant Property Tax Fund.
- Publishing an annual report regarding how and to what extent the City has implemented the Measure.
- Recommending to the City Council on how to allocate the tax funds in accordance with the requirements of the Measure
- Reporting to the City Council information, if available, concerning the impact of the Measure on illegal dumping and related issues in the City.

At its June 24, 2020 meeting, the City Council considered Staff’s recommended tax rates and directed Staff to increase the rates and return the item for consideration at the July 8, 2020 meeting.

FISCAL IMPACT:

Should the special tax be approved by the voters, the revenue is estimated to be \$6.2 million per year.

ATTACHMENTS:

1. Resolution No. 20-40