REVIEW AND DISCUSS FINDINGS AND CONSIDER APPROVING A VACANT COMMERCIAL PROPERTY TAX AND DIRECTING STAFF TO PROCEED WITH PREPARING A 2026 BALLOT MEASURE AND PROGRAM DEVELOPMENT

October 14, 2025

Item 16.3

Purpose

- Review and discuss findings and consider approving a Vacant Commercial Property Tax (VPT)
- Direct staff to proceed with preparing a 2026 ballot measure and program development

What is a Vacancy Tax?

- A new taxing mechanism aimed at reducing vacant buildings
- Vacant property owners will be subject to an additional special tax
- Requires a Prop 218 vote:
 - A **Proposition 218 vote** is a formal process required in California to approve certain types of **local government fees, assessments, and taxes**, particularly those imposed on **property owners** or **utility ratepayers**. Prop 218 was passed by California voters in 1996 and is part of the California Constitution (Articles XIII C and XIII D).
 - It ensures taxpayer and property owner approval before local governments can impose or increase:
 - Property-related fees (e.g., water, sewer, refuse)
 - Assessments (e.g., lighting districts, landscaping)
 - Special taxes

Background

- Vacant and unmaintained commercial buildings contribute to blight, fire, and safety risks.
- July 29, 2025 Council adopted Vacant Commercial Registration Ordinance (SMC 15.34).
- Next step: Explore Vacant Property Tax (VPT) as a companion policy.

Impacts of Vacant Properties in Stockton

- Fire Department: Dozens of fires annually in vacant structures.
- Police Department: Frequent calls for trespassing and loitering.
- Economic Impacts: Depressed property values and reduced private investment.

Potential Results of VPT

- Encourage productive use or redevelopment of vacant buildings.
- Reduce blight and safety risks.
- Generate revenue for blight abatement, homeless programs, and revitalization.

Examples from Other Cities

- Oakland Measure W (2018):
 - \$3,000 per vacant home
 - \$6,000 tax per parcel
 - Estimated \$5M -\$7M annual revenue, but no decrease in vacant properties
- Sacramento: Initial support but did not proceed after 2024 polling.
- San Francisco Proposition M: Residential Tax struck down at District Court; City appealed decision; ongoing appeal.

Potential Benefits for Stockton

- Blight reduction
- Incentive for redevelopment and maintenance
- Equity for compliant property owners
- Revenue would be reinvested into expansion of blight abatement and economic development programs

Potential Concerns

- Legal: Must comply with Props 13 & 218; requires 2/3 voter approval.
- Administrative: Define 'vacant', create tracking systems, set exemptions.
- Economic: Potential hardship for small property owners.
- Timing: November 2026 General Election.

Two Phases

- Phase 1- Prop 218 vote
 - Ordinance development
 - Public outreach
 - Preparation of the Ballot Measure
 - Requires a consultant
- Phase 2- Implementation
 - Technical Subject Matter Expert (SME)
 - Administrative
 - Logistical: Parcel analyzation and exemption claims

Consultants Needed

Ballot Measure

- City needs to be neutral in effort
- Expert needed for Ballot Measure creation
- Ordinance creation expertise

Implementation

- •Helps City remain within statutory cost caps (Admin. overhead up to 15% of revenues).
- •Lightens the burden on in-house staff, improves program efficiency, and ensures reliable technical implementation.
- •Covers core toolkit needs: Vacancy detection, exemptions, portal management, enforcement, and reporting.

Proposed Ballot Measure Timeline

• Jan–Feb 2026: Stakeholder Outreach

Selection of Consultant for Measure

May 2026: Council Approval of Ballot Measure

June 2026: Call Election

Aug 2026: County Review

Nov 3, 2026: General Election

Implementation Timeline (If Approved)

March 2026: RFQ for Implementation Consultant

Nov 2026: Election

Jan 2027: Consultant Selection

June 2027: Program Launch

Phase 1 - Financial Summary

COSTS

Start-Up Election & Ballot Measure: \$1 million

Consultant: \$70K-\$100K/year

Internal Staffing: \$800K/year

Total Annual Cost: \$1 million + start-up

REVENUE

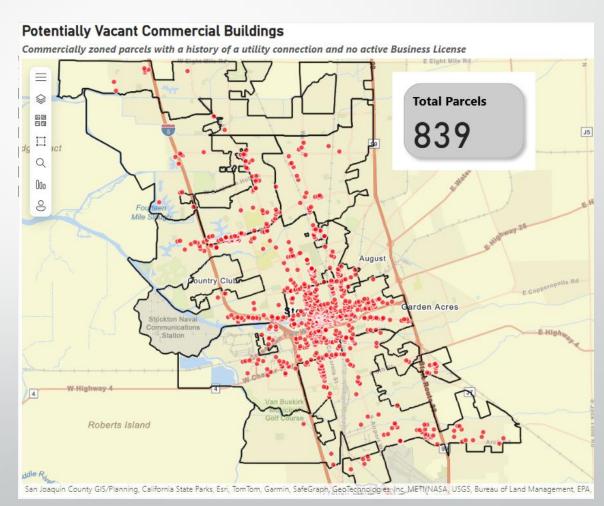
Potential Annual Revenue: \$2.5-\$4.5 million

Policy Direction Requested

- Proceed with VPT ballot measure development.
- Authorize staff to procure consultants.
- Continue stakeholder outreach and fiscal modeling.

Potential Revenue





Recommended Action

Recommended Action:

- Review and discuss findings and consider approving a Vacant Commercial Property Tax (VPT).
- Direct staff to proceed with preparing a 2026 ballot measure and program development.
- Authorize or appropriate any budgetary actions related to the preparation of a 2026 ballot measure for a Vacant Commercial Property Tax.