Kansas City Regional Association of REALTORS®
Written Testimony Before the Neighborhood Planning and Development Committee
Regarding Committee Substitute for Ordinance No. 260401

Chair and Members of the Neighborhood Planning and Development Committee:

The Kansas City Regional Association of REALTORS® (KCRAR) appreciates the opportunity to review and provide feedback regarding the draft Committee Substitute for Ordinance No. 260401.

KCRAR understands that the Committee Substitute has not yet been formally considered by the Neighborhood Planning and Development Committee and that further revisions may occur prior to or during Committee deliberations. We appreciate the willingness of City staff, elected officials, and stakeholders to engage in ongoing discussions regarding the ordinance and to consider modifications as the proposal continues to evolve.

We also want to acknowledge that the draft Committee Substitute reflects meaningful improvements and refinements from earlier versions. The creation of distinct categories for chronically vacant nuisance properties, vacant commercial properties, and vacant unimproved properties; the inclusion of hardship considerations; the establishment of reconsideration and appeal procedures; and the effort to provide greater clarity regarding administration and enforcement all represent positive developments that improve both the fairness and workability of the proposal.

At the outset, KCRAR supports the City's efforts to address chronic vacancy, neighborhood blight, unsafe properties, and the public costs that can result from neglected and abandoned real estate. We recognize that certain vacant properties can diminish neighborhood confidence, discourage investment, reduce surrounding property values, create public safety concerns, and impose significant enforcement and maintenance costs on local government. We also support reasonable registration requirements that improve accountability, maintain current ownership information, and assist the City in identifying properties that may require intervention. Our concerns are not with the goals of the ordinance. Rather, our concerns are with how the ordinance seeks to achieve those goals.

The success of this ordinance should not be measured by the number of registrations filed or fees collected. It should be measured by the number of properties returned to productive use. Policies that fail to distinguish between neglect and progress risk imposing burdens on the very individuals, families, businesses, and developers whose investments are necessary to achieve the City's objectives of rehabilitation, occupancy, redevelopment, and neighborhood revitalization.

We recognize that portions of the ordinance are influenced by limitations established under Missouri law, particularly regarding chronically vacant nuisance residential properties. We understand that certain elements of the proposed framework are dictated by state statute and not solely by local policy choices. Our comments are therefore not directed toward the City's efforts to address genuine nuisance properties. Rather, our concerns focus on compliant vacant commercial properties and vacant unimproved land and whether the proposed fee structure sufficiently distinguishes between properties that create demonstrable burdens on neighborhoods and properties that are vacant because they are actively progressing toward productive use.

As currently drafted, a vacant commercial property that is secure, maintained, insured, tax-paying, and fully compliant with applicable codes may ultimately become subject to recurring fees of up to $1,000 every six months. At the same time, a residential property that has been investigated and determined to constitute a chronically vacant nuisance property is subject to a $200 semiannual fee. We recognize that this disparity largely reflects the constraints of state law. Nevertheless, from a policy perspective, the result is difficult to reconcile. The ordinance places its most substantial recurring financial burdens not necessarily on the properties creating the greatest neighborhood impacts, but often on properties that may be responsibly maintained and actively moving toward occupancy, redevelopment, sale, or lease.

The fundamental question before the Committee is not whether vacancy should be addressed. The question is whether all forms of vacancy should be treated the same.

A property that is abandoned, unsecured, repeatedly cited, attracting illegal dumping, generating police calls, and requiring ongoing enforcement activity presents a fundamentally different challenge than a property that is secure, properly maintained, actively marketed, and subject to ongoing investment. Likewise, a property owner who is pursuing redevelopment, seeking tenants, marketing a property for sale, or preparing a site for future construction should be distinguished from an owner who has effectively abandoned a property without meaningful efforts toward productive reuse.

The current proposal does not sufficiently recognize those distinctions.

Commercial real estate rarely transitions from vacancy to occupancy overnight. Businesses require time to evaluate locations, negotiate leases, secure financing, complete due diligence, obtain permits, and construct tenant improvements. Developers require time to assemble capital, complete environmental reviews, obtain approvals, coordinate infrastructure, and navigate market conditions. Even under favorable circumstances, the period between vacancy and productive use can extend well beyond a year.

In many cases, vacancy is not evidence of neglect. It is evidence of transition.

A vacant building undergoing rehabilitation, environmental remediation, tenant recruitment, redevelopment planning, or active marketing is not failing the community. It is participating in the very process through which jobs are created, businesses expand, housing is produced, and neighborhoods are revitalized. As drafted, the ordinance may unintentionally impose escalating financial burdens on property owners who are actively doing exactly what the City hopes they will do—marketing property for sale, seeking tenants, obtaining development approvals, rehabilitating buildings, constructing housing, and investing private capital in long-term redevelopment efforts.

Moreover, vacancy is not always the result of inaction. Financing conditions, interest rates, permitting timelines, utility extensions, infrastructure requirements, environmental constraints, labor shortages, construction schedules, and broader economic conditions can significantly affect when a property can realistically be occupied or developed. A regulatory framework that does not acknowledge these realities risks treating delay as neglect when the two are fundamentally different.

KCRAR also has concerns regarding vacant unimproved property. Registration requirements are reasonable because they provide ownership information and accountability. However, the rationale for recurring escalating fees is considerably less compelling where no structure exists and where the property is otherwise being responsibly maintained. Vacant land is often held for future development, assemblage, infrastructure planning, environmental review, financing considerations, or changing market conditions. In many circumstances, such property represents future economic opportunity rather than present nuisance.

This concern is particularly significant for approved subdivision and development projects. Residential subdivisions are commonly developed in phases over multiple years based on financing, infrastructure availability, construction schedules, market absorption, and consumer demand. A developer may have obtained zoning approvals, recorded plats, completed infrastructure improvements, secured financing, and invested substantial capital into a project while individual lots remain vacant until future construction phases begin. The fact that a lot is not yet under construction does not mean it is idle, abandoned, or lacking a productive purpose. To the contrary, such lots frequently represent future housing inventory that will help meet the City's housing needs.

The Committee should be particularly cautious about assessing recurring fees on lots within approved residential subdivisions and phased development projects. Every additional cost imposed on future housing inventory ultimately affects the economics of housing production and may increase costs that are eventually borne by homebuyers and renters. At a time when communities throughout the region continue to face housing supply challenges, policies should encourage—not inadvertently discourage—the creation of new housing opportunities.

KCRAR is likewise concerned about the treatment of inherited property. While the ordinance provides certain protections for properties that are actively subject to probate proceedings, many inherited properties remain vacant after probate while families work through title issues, estate administration, disagreements among heirs, financing considerations, repairs, or preparations for sale and occupancy. During these periods, vacancy is often the result of legal and practical realities rather than owner neglect. Escalating fees imposed during this transition period may create unnecessary burdens on families who are already navigating complex and often difficult circumstances.

For these reasons, KCRAR respectfully believes the ordinance would benefit from a more calibrated approach that distinguishes among temporary market vacancy, responsible long-term ownership, inherited property, active redevelopment efforts, approved development projects, and properties that generate documented nuisance conditions, repeated violations, public safety concerns, or disproportionate demands on City resources.

As a constructive alternative, KCRAR recommends that no semiannual fee be assessed against a vacant commercial property or vacant unimproved property unless the property has remained continuously vacant for at least twelve months following registration. Such a grace period would recognize the realities of real estate markets and redevelopment timelines while preserving the City's ability to address prolonged inactivity.

Following twelve months of continuous vacancy, KCRAR recommends a graduated fee structure for vacant commercial properties consisting of a \$150 semiannual fee during the second year of vacancy, a \$300 semiannual fee during the third year, a \$500 semiannual fee during the fourth year, and a \$750 semiannual fee during the fifth year and thereafter. For vacant unimproved properties, KCRAR recommends a \$50 semiannual fee during the second year of vacancy, a \$100 semiannual fee during the third year, a \$150 semiannual fee during the fourth year, and a \$200 semiannual fee during the fifth year and thereafter.

We further recommend that the ordinance include meaningful incentives for responsible ownership. Property owners who timely register their properties, maintain required contact information, comply with inspection requirements, keep their properties in compliance with applicable codes, and avoid nuisance complaints or enforcement actions should not be treated the same as owners who fail to meet those obligations. Accordingly, KCRAR recommends authorizing a 50 percent reduction in applicable fees for owners who demonstrate sustained compliance and responsible property stewardship.

Most importantly, KCRAR respectfully urges the Committee to create a broader "active progress toward productive use" exemption, reduction, or fee-suspension mechanism. The most effective vacant-property policies are those that distinguish between stagnation and progress.

Such relief should be available for properties actively listed for sale or lease through a licensed REALTOR® or licensed real estate broker, properties subject to bona fide purchase agreements, properties undergoing rehabilitation or redevelopment, properties participating in approved economic development or redevelopment programs, inherited properties undergoing estate administration or title resolution, properties with active permits or approved development plans, and properties located within approved subdivisions or phased development projects.

Consider a vacant commercial building undergoing environmental remediation prior to redevelopment, a family attempting to sell an inherited property after resolving title issues, or a residential subdivision where infrastructure has been installed and future phases are planned but not yet under construction. These properties differ fundamentally from abandoned nuisance properties, yet each could become subject to recurring fees despite active efforts to bring them to productive use.

Productive use should not be defined solely as current occupancy. A property may be making substantial progress toward productive use through active marketing, redevelopment planning, rehabilitation, environmental remediation, permitting, financing efforts, infrastructure investment, subdivision development, or other documented activities demonstrating a good-faith commitment to future occupancy and investment. The ordinance should explicitly recognize these circumstances.

KCRAR also respectfully requests clarification regarding the inspection requirements contained within the Committee Substitute. We understand that periodic inspections play an important role in ensuring vacant properties remain secure, maintained, and compliant, and we appreciate the Committee's focus on accountability. We further understand that certain inspection requirements may be driven, in whole or in part, by the statutory framework governing vacant-property regulation. However, it is not entirely clear from the Committee Substitute whether the specific requirement that a designated responsible party personally inspect the interior and exterior of a property on a monthly basis is mandated by state law or reflects a local policy determination. To the extent the City retains discretion regarding the frequency or application of inspections, KCRAR encourages the Committee to consider whether a uniform monthly inspection requirement is appropriate for every category of vacant property. A vacant commercial building undergoing rehabilitation, a vacant unimproved lot within an approved subdivision, an inherited property being prepared for sale, and a chronically vacant nuisance property may present substantially different circumstances and levels of risk. Properties actively progressing toward productive use may warrant a different approach than properties that remain vacant without meaningful activity.

KCRAR further requests clarification regarding who may satisfy the inspection requirement on behalf of a property owner. The Committee Substitute requires a notarized affidavit from a natural person with management control and responsibility for the property who will personally conduct the required inspections. While this language appears intended to allow someone other than the property owner to serve in that capacity, the ordinance does not expressly identify whether a licensed REALTOR®, property manager, asset manager, contractor, or other authorized representative may satisfy that requirement on the owner's behalf. Clarifying that inspections may be performed by a designated and responsible third-party representative would provide greater administrative certainty, particularly for inherited properties, properties owned by out-of-state individuals or entities, and properties that are actively being marketed, rehabilitated, or redeveloped, while maintaining the accountability objectives of the Committee Substitute.

Finally, KCRAR recommends that the City evaluate the effectiveness of the ordinance following an initial implementation period and report on registration compliance, vacancy reduction, redevelopment outcomes, enforcement activity, and fee collections. If recurring fees are intended to encourage productive use, policymakers should have the opportunity to evaluate whether those fees are producing the intended results and whether additional refinements may be warranted.

KCRAR respectfully submits that vacancy alone should not be treated as synonymous with neglect. A property that is abandoned and creating community harm should be treated differently than a property being marketed for sale, prepared for redevelopment, held as part of an approved development project, or transitioned through inheritance and estate administration. The ordinance will be strongest when it directs its greatest financial consequences toward properties creating the greatest neighborhood impacts while recognizing and encouraging those owners who are actively working toward occupancy, reinvestment, housing production, redevelopment, and productive use.

The most effective vacant-property policy is not one that penalizes vacancy wherever it exists. It is one that distinguishes between stagnation and progress—and creates incentives for more of the latter.

Respectfully Submitted,

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