REPORT TO COUNCIL 24
City of Sacramento

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STAFF REPORT
June 8, 2006

Honorable Mayor and
Members of the City Council

Subject: Rental Housing Inspection Pilot Program

Location/Council District: City-wide

Recommendation:

This report requests that the City Council approve the criteria for determination of the focus areas and the outcome measures for the Rental Housing Inspection Pilot Program.

Contact: Max Fernandez, Director of Code Enforcement, (916) 808-7940; Randy Stratton, Chief of Housing and Dangerous Buildings, (916) 808-6497

Presenters: Max Fernandez, Randy Stratton

Department: Code Enforcement

Division: Housing and Dangerous Buildings

Organization No: 4653

Summary:

On March 28, 2006, a proposed residential rental housing inspection program was presented to the City Council. At the Council's request, staff is presenting additional program detail and requests approval of the criteria for identifying focus areas for the pilot and the program measures. Staff recommends that the pilot program focus initially on inspection efforts in areas of the city which reflect a combination of factors including, but not limited to, areas that show higher concentrations of housing and dangerous buildings cases, neighborhood code enforcement cases, and police and fire calls for service.

Committee/Commission Action:

The Law and Legislation Committee was presented with the initial staff report on a Residential Rental Housing Inspection Program on July 21, 2005. The Committee recommended that additional outreach be facilitated through the Sacramento Mediation Center in order to receive greater input from interested parties and to provide another vehicle for the City to deliver more information on the proposed program. Since that

time, five meetings have been facilitated by the Mediation Center in addition to three City-facilitated meetings and mail/e-mail outreach efforts. Attendees included representatives from the Human Rights and Fair Housing Commission, Legal Services of Northern California, Oak Park United Against Slumlords (OPUS), Sacramento Housing Alliance & Mutual Housing Association, Rental Housing Association, Sacramento Association of Realtors, the City Attorney's Office, and the Code Enforcement Department.

On November 15, 2005, the Law and Legislation Committee was presented with a proposed Residential Rental Housing Permit Program Ordinance. This draft ordinance was based on input from stakeholders and included compromises from the parties involved. The Law and Legislation Committee then directed staff to return with an annotated ordinance with alternative language reflecting the program proposed by the Rental Housing Association (RHA).

On December 6, 2005, staff returned to the Law and Legislation Committee with the draft ordinance that was first presented at the November 15th meeting and an annotated ordinance that included language based on the RHA proposal. After discussion and testimony at the December 6th meeting, the Law and Legislation Committee directed staff to return with the original draft ordinance, an alternative ordinance prepared by RHA, and a concept for a pilot program to proactively inspect problem rental property on a priority basis.

On January 17, 2006, the Law and Legislation Committee reviewed the proposed options and directed staff to present the pilot program to the full City Council for consideration. The pilot program was presented to the City Council on March 28, 2006.

Background Information:

A pilot program for residential rental inspections includes the proactive inspections of rental properties in focused problem areas. For the pilot program, two building inspectors and one support staff are required for implementation. The request for staffing and resources are included as part of the FY2006/2007 budget process.

Key features of the pilot program:

- No fee will be charged to property owners for the initial inspection.
- Revenue generated will offset the cost of the program.
- The pilot program can be implemented relatively quickly.
- The pilot program can be implemented under existing authority and does not require an ordinance.
- The pilot program will allow staff to evaluate the program, track the progress of a proactive residential rental inspection program, and report back with findings and further recommendations.

Inspection Areas -- Initial inspection areas will be identified by mapping the following categories and focusing on areas up to several blocks in size, that have a high concentration of all of the categories combined.

- Housing and dangerous buildings cases
- Neighborhood code enforcement cases
- Rental properties
- Police calls for service
- Fire calls for service

Identified areas will then be focused into manageable inspection areas. Staff will establish a systematic approach to inspecting all rental properties in the focused area.

Inspection Activity -- The pilot program would build upon current code enforcement processes. Building inspectors will be assigned to focus enforcement efforts in identified problem rental areas. The property owner will be notified of the date and time of the inspection and shall be responsible to make units available for inspection by the City. Reasonable attempts will be made to accommodate owner and tenant schedules. All properties subject to inspection under the pilot program will receive a preliminary inspection. Building Inspectors will look for a number of conditions that may constitute code violations. Based on the preliminary inspection and the determination by the building inspector, an initial, (complete) inspection will be performed. A flow chart for the process is provided (Attachment A). Under the pilot program, no fees would be applied to property owners related to the initial inspections. However, if the initial inspection results in a code violation, the property will be entered into the system and processed as a housing and dangerous buildings case under existing procedures.

Outreach and Notification -- Staff will conduct necessary outreach and inform the community about the program prior to implementation. The information and outreach efforts will include, but not be limited to, working with rental housing industry stakeholders, neighborhood and homeowner associations, and providing presentations, printed materials, and website information. Property owners will receive a packet of information that will include notification about the pilot program and a list of what the City inspections will cover.

Program Measures and Evaluation -- Implementation of a proactive rental inspection program will impact the existing complaint-based process we currently have. It is anticipated that the workload for case management, case processing, accounting, and hearings will be impacted. All cases under the pilot program will be easily identifiable which will allow for the ability to gather data. Staff recommends that the following measures be tracked for the pilot program:

- Number of properties inspected
- Number of cases generated
- Number of properties brought into compliance

These measures will provide information to evaluate the volume of work and the impact on the organization. Staff will report back to the City Council one year after

implementation of the pilot program to report on the measures and provide recommendations for program adjustments.

Financial Considerations:

The cost to implement the pilot program is estimated at $265,000 annually. This includes 3.0 FTE (two building inspectors and one support staff) and services and supplies. Funding for the staff and operational costs is being requested as part of the FY2006/2007 budget process. The on-going cost of the program would be offset by revenue generated from the inspection activity. After implementation, the pilot program would be evaluated relative to workload impact, revenue generated, and other factors. Staff would return to the City Council with further recommendations for additional staffing or resources, if necessary.

Environmental Considerations:

This report is not considered a project and therefore has no potential for an effect on the environment as stated by the provisions of the California Environmental Quality Act (Section 15061 (b) (3)).

Policy Considerations:

Implementation of a proactive rental housing inspection program is a project under the City Council strategic planning vision for safe and affordable housing. A proactive residential rental inspection program would have significant impact in the preservation of current and future residential rental housing properties in the City of Sacramento. Such a program, encouraging compliance with building and safety codes in Sacramento's residential rental housing stock, will help to realize the City's vision to be the most livable city in America.

Emerging Small Business Development (ESBD):

Not applicable. No goods or services are being purchased.

Respectfully Submitted by: _____
MAX B. FERNANDEZ
Director of Code Enforcement

Approved by: _____
CASSANDRA JENNINGS
Assistant City Manager

Recommendation Approved:

for RAY KERRIDGE
City Manager

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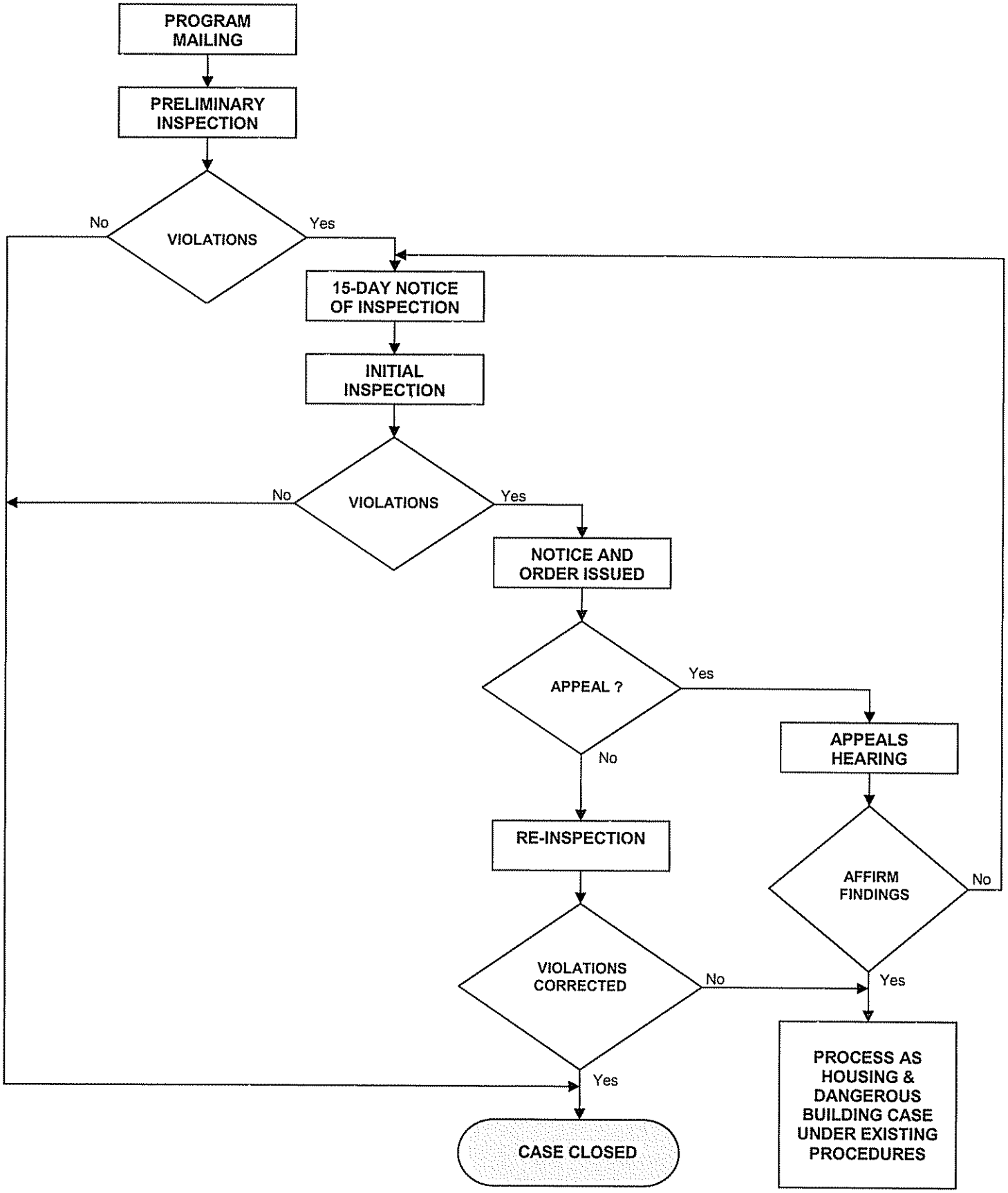
RESIDENTIAL RENTAL HOUSING INSPECTION PROCESS