

Analysis of Options and Alternatives for the Fort Collins Rental Housing Program

Background:

After two work sessions with Council, staff was directed to design a rental housing program that included some type of proactive inspections to ensure the health and safety of rental units in Fort Collins.

Staff reviewed all the data and research collected to date as well as using resources from a twelve-week workshop by What Works Cities that walk cities through designing a rental program that best fits both the community needs and the city's resources. Attachment 1 is included to illustrate some of the key components included in the workshop.

The questions considered throughout the workshops include:

- How will we identify rental units?
- Which units should be inspected?
- How often will inspections take place?
- Will we allow self-certification?
- What will be the scope of inspections?
- How will we give notice?
- What will enforcement look like?
- How will the program be funded?
- How will we know it is working?

Considerations:

- How will we identify rental units?
- Which units will be inspected?

Discussion followed on single detached units, attached units i.e. duplexes, townhouses, etc., multi-units, condos, and mobile homes.

The decision was to inspect all single detached units (including condos and mobile homes). Multi-units 2 to 10 units will also be 100% inspected; this covers attached housing. Then, for multi-unit housing which is typically managed in a similar way across all units/buildings, the staff team decided that the City should inspect 10% of units for 11 to 100-unit properties and 5% for all properties with 101 or more units. This was modeled after other cities' programs and what seemed reasonable for scope and both staff and landlord/property owner capacity.

- How often will inspections take place?
- Will we allow self-certification?
- What will be the scope of the inspections?

Several topics were discussed and considered during this section. The health and safety of rental units is the goal of this program; therefore, inspections will focus on

those issues outlined in the International Property Management Code. Inspectors will focus on habitability issues vs. deferred maintenance issues. For example, a windowsill may have peeling paint, but it is dry and does not show water damage. This would be considered deferred maintenance and not a violation. On the other hand, if the sill showed water damage or rot along with peeling paint, this would likely be a violation.

Type	Pros	Cons
Internal Inspectors	More control of consistent inspections, flexibility to make adjustments to programming and processes, access to internal infrastructure and resources	Increases staff count
Third-Party Inspectors	Offers options to landlords	Would need to be vetted thru purchasing, would need contracts, would not have equal access to internal infrastructure and resources, would likely be more expensive and the city would still need to add staff to support. Unsure if they are currently available in this job market. Concern for consistency. Unable to direct workflow.
Self-certification	Greater flexibility for landlords	Doesn't meet the need to be proactive with health and safety.

Cities have a variety of models for the length of time between inspections, and after discussion, staff felt that reinspection every five years was a reasonable starting place. After the full implementation of the program, any new rentals would need to be inspected before leasing.

Properties exempt from inspections include buildings less than 10 years old and properties that already have a HUD inspection. Those with HUD inspections will be asked to submit a copy. The other consideration was around properties that have a mandated insurance/mortgage inspection requirement. After discussion, these inspections will not replace a city inspection. This may be reconsidered once there is more information and experience from completed inspections.

The City will maintain our compliant-based system to cover issues that arise between proactive inspections or in units of multiunit buildings that are not inspected. Tenants

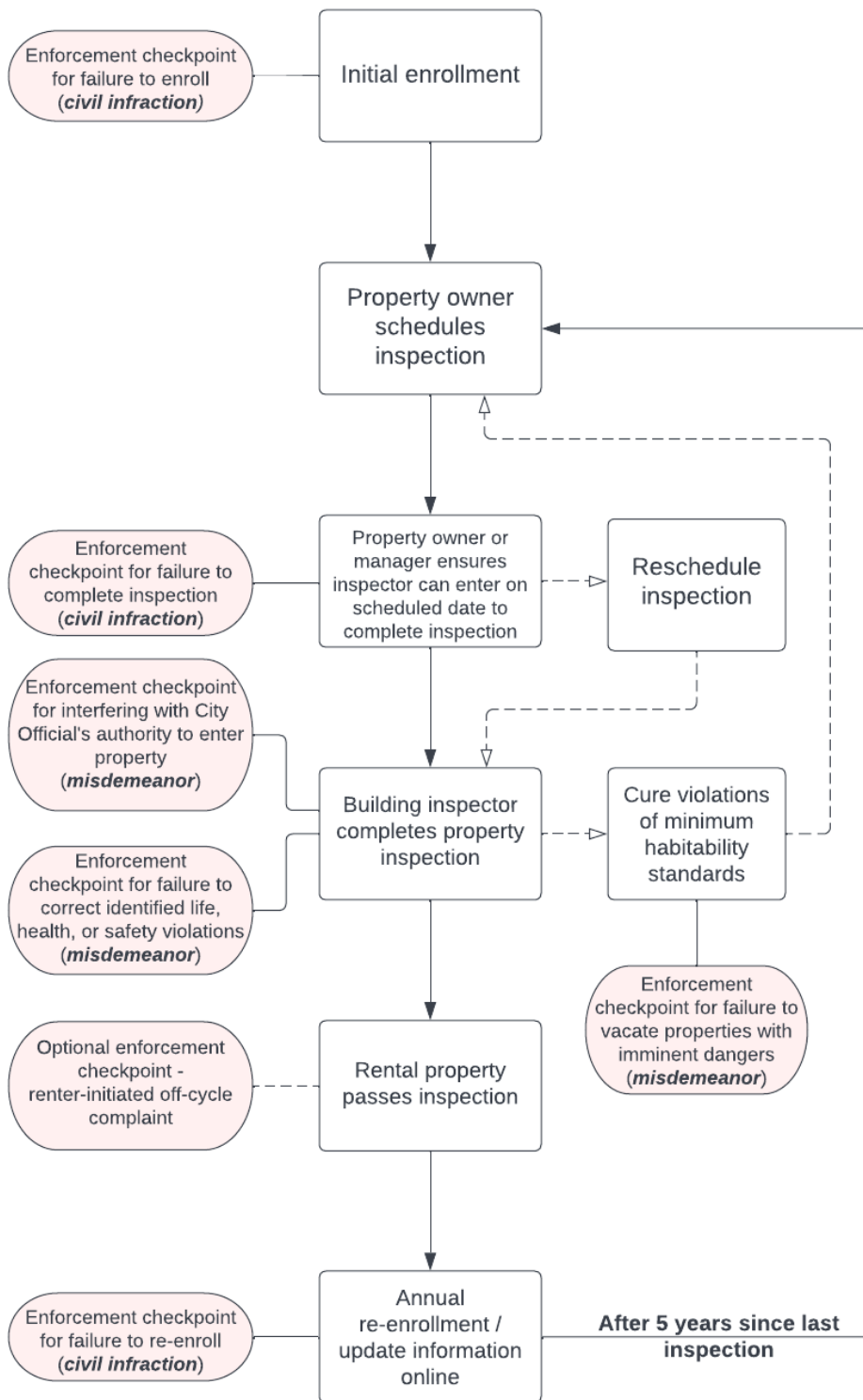
will be asked to demonstrate that the issue/complaint has been submitted to the landlord/property manager before a rental inspection takes place.

- How will notice happen?

Notice will follow current city processes.

- What will enforcement look like?

This also follows other city practices and processes. Voluntary compliance is the goal, and enforcement actions will only be pursued when regular practice does not result in compliance. The following depicts a flowchart of checkpoints:



**Solid arrows indicate required action steps while dashed arrows indicate variable steps that depend upon individual property considerations and conditions as well as property owner actions

- How will the program be funded?

Root Policy Research conducted several fee analyses with the goal being full fee recovery for the program. Their recommendation is a fee schedule that is administered annually that includes a property fee and per unit fee for both registration and inspection.

Alternative fee structures were also considered. A “per-unit” fee is more expensive for owners of larger multi-unit properties, while a “per property” fee is more expensive for owners of single-unit properties. The staff’s intent in proposing a hybrid fee structure is to provide a more equitable distribution of costs among different property types.

- How will we know it is working?

Process metrics will be developed and monitored, i.e., number of inspections, time to complete, etc., as well as customer satisfaction metrics. Outcomes measures will take longer to realize as it will be five years before the program is fully implemented and all units in the City have been inspected.

Other considerations:

- Where will this program live?

Community Development and Neighborhood Services (CDNS) will house this program. Neighborhood Services will manage program administration, education, outreach, and engagement components while building services will manage the rental inspection and subsequent permits, etc. necessary for ensuring healthy, safe rental units.

- What are the staffing and program costs?

The initial start-up is estimated as follows:

	FTE	Per FTE Cost	2023 Estimate	2024 Estimate
Compensation				
Program Manager	1	\$90,000	\$67,500	\$90,000
Engagement Specialist	1	\$65,000	\$48,750	\$65,000
Admin/Tech	1	\$50,000	\$37,500	\$50,000
.25 Deputy CBO	0.25	\$25,000	\$4,688	\$6,250
Lead Bldg Inspector	1	\$80,000	\$60,000	\$80,000
Bldg Inspector	3.25	\$70,000	\$113,750	\$227,500
Bulding and Dev. Review Tech	1	\$60,000	\$30,000	\$60,000
Total Salaries	8.5		\$362,188	\$578,750
Benefits	0.25		\$90,547	\$144,688
One-Time Costs				
Software	1	\$75,000	\$75,000	\$0
Translation	1	\$10,000	\$10,000	\$0
Vehicle	4.25	\$30,000	\$127,500	\$0
Clothing	4.25	\$500	\$2,125	\$0
Boots	4.25	\$160	\$680	\$0
Tools	4.25	\$100	\$425	\$0
iPad	4.25	\$1,300	\$5,525	\$0
Destop Computer	4.25	\$500	\$2,125	\$0
Total One-Time Costs			\$223,380	\$0
Ongoing Annual				
Marketing	1	\$20,000	\$20,000	\$20,000
Postage	1	\$10,000	\$10,000	\$10,000
Phone	4.25	\$50	\$213	\$213
Clothing	4.25	\$250	\$1,063	\$1,063
Vehicle Maintenance and Fuel	4.25	\$10,000	\$42,500	\$42,500
Total Ongoing Annual Costs			\$73,775	\$73,775
Total Compensation/One-Time/Ongoing Costs			\$749,889	\$797,213
Total 2023-2024				\$1,547,102

This will be evaluated annually, and fees will be adjusted to ensure that costs are recovered. Upon full implementation, all program costs will be recovered through the annual fees.

Attachment 1:

What We Will Cover

- ✓ How will we identify rental units?
- ✓ Which units should be inspected?
- ✓ How often will inspections take place?
- ✓ Will we allow self-certification?
- ✓ What will be the scope of inspections?
- ✓ How will we give notice?
- ✓ What will enforcement look like?
- ✓ How will the program be funded?
- ✓ How will we know it is working?



Why a Rental Inspection/Registration Program?

The Problem: Housing Quality



Housing Hazards include:

- Unsafe structures
- Overcrowding
- Poor ventilation and climate control
- Exposure to pesticides and other toxics
- Exposure to lead
- Exposure to radon

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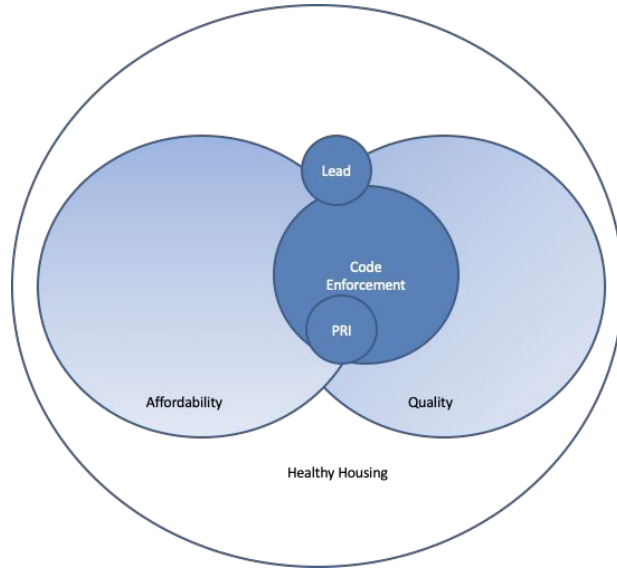
The Problem: Housing Quality & COVID-19

1. Our homes are not designed to be occupied 24 hours a day
2. Running water and other basic utilities are essential to facilitate hand-washing and other illness prevention measures
3. Housing providers may choose to defer needed capital repairs, which can both increase short-run operating costs and also put properties at longer-term risk.



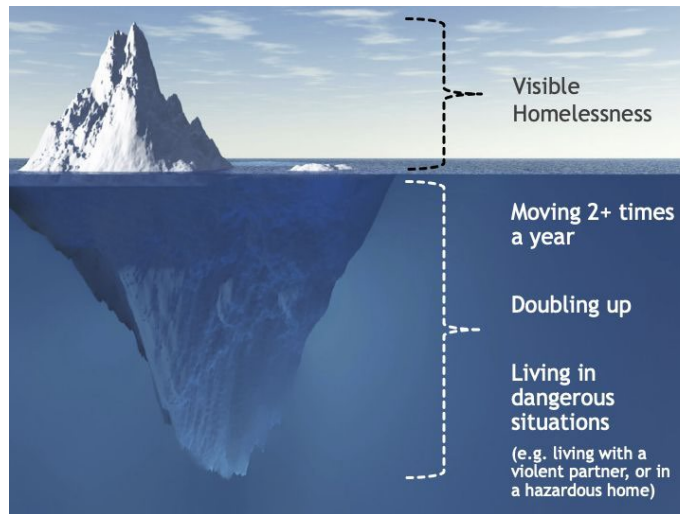
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The Healthy Housing Problem



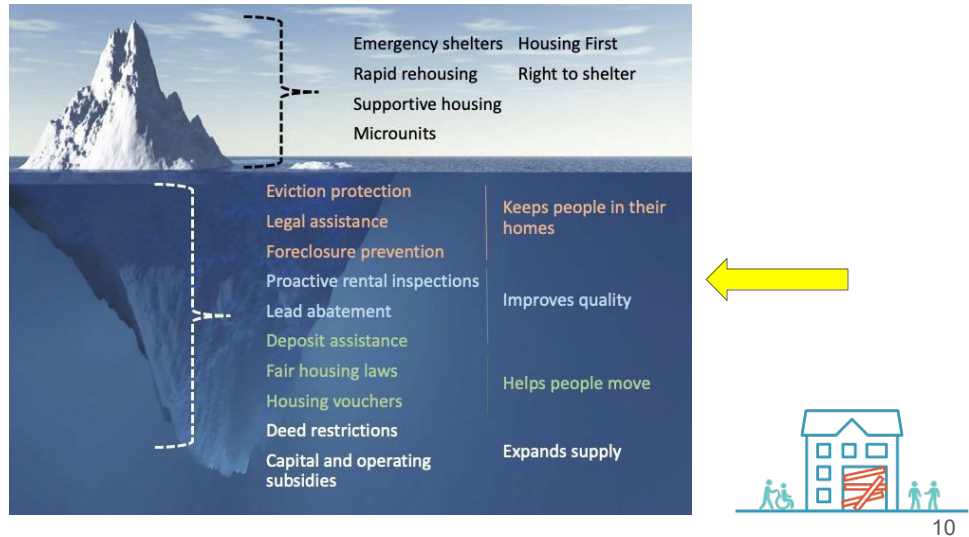
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The Problem: Housing Instability



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The Problem: Housing Instability



Why Code Enforcement?

- Local Housing and Building Code Enforcement is a system of law and policy that serves as a first line of defense to improve substandard housing conditions and protect residents' health



What is PRI?

- Also known as systematic or periodic code enforcement
- Not complaint-based
- Generally include:
 - Registration of rental properties
 - Regular, periodic inspections of rental properties
 - Enforcement designed to incentivize compliance rather than displacement
- Lots of options for how to structure



Why PRI?: Preserve Safe and Healthy Rental Housing & Keep People Healthy

- PRI ensures all covered rental housing in a jurisdiction is subject to periodic inspections
- PRI brings a prevention approach to code enforcement
- PRI ensures regular, ongoing dialogue with landlords, helping shift the dynamic from ignoring code enforcement to cooperation & compliance



Why PRI: Protect Vulnerable Tenants

- In a complaint-based system, substandard housing can fall through the cracks
 - Vulnerable tenant communities are often less likely to report substandard housing conditions
 - Vulnerable tenants are more likely to live in substandard housing



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Why PRI?: Community Stability

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- To preserve safe and healthy rental housing stock
- To preserve neighborhood stability, property values, and the property tax base
- PRI helps localities know what rental properties exist and who owns them



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Why PRI?: Social Justice

- PRI is a social justice tool, that can help ensure that code enforcement resources are spent equitably and that can raise the quality of housing for all residents



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Design Questions:

Why target specific properties?

1. Resource constraints
2. Equity considerations
3. Specific housing inspection needs
4. Political opposition



Citywide or Targeted Neighborhoods?

1. Citywide or just some neighborhoods?
2. What type of housing are your inspection (1-4 unit buildings, larger multifamily)?



Where are you inspecting?

- Data from your housing assessment can help you make decisions about the scope of your PRI Program
- Data informing this decision might include neighborhoods with:
 - older housing stock or housing of a specific age
 - high incidences of code violations/complaints/noncompliant owners/tenants
 - health issues related to unhealthy housing (asthma, lead poisoning, etc.)
 - high percentage of renters
 - high rates of housing turnover
 - lower household incomes
- Don't forget that some neighborhoods may actually want PRI



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Exempting properties

1. Owner-occupied buildings
2. Government subsidized
3. New construction
4. Hotels/motels, but not residential hotels



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Phased Implementation

Phasing in the initial inspections over time or targeting particular neighborhoods can help to ease the transition from a complaint-based program to a systematic one.



Phased Implementation

- Pros - Can reduce political opposition and financial costs and help make the case for further expansion of the program with early success
- Cons - May not reach every unit via proactive efforts (but can fall back on complaint-based for these units if necessary)
- Other Examples:
 - St. Louis, MO
 - Sacramento, CA
 - Kansas City, MO
 - Syracuse, NY



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Inspection Design questions:

Scoping Inspections

- What are you inspecting for?
- Frequency of Inspections
- Who conducts the inspections
 - Does this include self-certification?
- How are you conducting inspections?
 - Notice
 - COVID
- What are the challenges you might face?
 - Overlapping jurisdictions/ roles
- Takeaways



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What Are You Inspecting For?

Types of Codes:

- **Local Codes:** Building Code, Property Conservation Code, Zoning Code, Anti-Litter Ordinance, Refuse Code, Elevator Code, & others)
- **State Codes:** Multiple Residence Law (New York State) • State Fire & Building Code, Energy Code, Environmental Code
- **National Codes:** Electrical Code, Historic Preservation

Types of Inspections:

- Proactive inspections
- Permits
- Complaints
- Certificate of Occupancy
- Lead or other contaminants (Radon)



TYPES OF INSPECTIONS:

- Certificate of Occupancy
- Permit
- Complaint
- Survey
- Lead-Based Paint
- Referral
- Uplift

Home / Apartment – Interior

Walls/Ceilings

- ___ No loose plaster
- ___ No deteriorated paint

Floors

- ___ Sound
- ___ No holes

Hallway

- ___ Well lit
- ___ Clear path of egress
- ___ Approved smoke alarms installed

Windows

- ___ No broken glass
- ___ Secure
- ___ Controls
- ___ Not blocked
- ___ No deteriorated paint
- ___ Capable of emergency escape

Bathroom

- ___ A toilet properly installed
- ___ No plugged drains
- ___ A tub or shower
- ___ A sink properly installed
- ___ An electrical outlet, any new installation must be GFCI protected

Home / Apartment – Exterior

Exterior

- ___ Rodent proof
- ___ Weather tight
- ___ Well maintained

Paint

- ___ Wood surface protected
- ___ Metal surface protected
- ___ No deterioration

Windows

- ___ Weathertight
- ___ Sash fits
- ___ Not broken
- ___ Storms/screens
- ___ No deteriorated paint

Foundation

- ___ Sound/no cracks
- ___ No leaks

Door(s)

- ___ Weathertight
- ___ Secure hinges/locks

Siding

- ___ No holes
- ___ Surface intact
- ___ Structurally sound

Home / Apartment – Basement

Floor Area

- ___ Free of trash
- ___ No hazards

Heating System

- ___ Can heat to 68° F
- ___ Properly installed
- ___ Properly vented
- ___ Sealed chimney
- ___ Gas shut-off
- ___ Ducts/pipes leak free

Electrical System

- ___ Properly grounded light sockets
- ___ Insulated wires
- ___ Enclosed fuse box
- ___ No exposed brass
- ___ Any work completed with a permit by a licensed electrician
- ___ Secure panel box
- ___ No missing/broken knockout seals

Walls

- ___ Waterproof
- ___ Structurally sound
- ___ Properly pointed
- ___ No deteriorated Paint

Water Service

- ___ No cross connection of waste pipe & water pipe
- ___ No leaking pipes

Water Heater

- ___ Can heat to 120° F
- ___ Properly vented
- ___ Temperature & pressure relief valves
- ___ Sealed chimney
- ___ Gas shut-off

Basement Stairway

- ___ Well lit
- ___ Secure steps/handrail
- ___ Cellular stair enclosure & fire door (where required)

Questions? Call 311
www.cityofrochester.gov

Areas are you inspecting

- Exterior
- Interior Common Areas
- Interior
- Sampling of Units



Inspection Frequency

- Annual
- Every 3-5 years
- Variance based on compliance
- At tenancy



Inspection Frequency

LOCALITY	FREQUENCY OF INSPECTION
Los Angeles, CA	Every 3 years
Baltimore County, MD	Every 3 years
Boulder, CO	At registration. At renewal of license, which is required every 4 years. Upon transfer of ownership.
Ann Arbor, MI	Not more than 2.5 years
Kansas City, MO	Every 2 to 4 years, depending on compliance
Grand Rapids, MI	Every 2, 4 or 6 years, depending on compliance
Boston, MA	Every 5 years for most properties. Rental units belonging to chronic offender landlords inspected every three years. Problem properties inspected annually.

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Who Conducts Inspections?

- Municipal-conducted inspections
- Licensed third party inspectors
- Either/or Option
- Self-certification



Potential unintended consequences:

PRI Enforcement: Potential Unintended Consequences

Burdens on Landlords (especially low-income)

- Inability to pay fines or afford the cost of repairs
- Foreclosure, if there is a loss of rental income
 - *In a weak market, LL may walk away if repairs + liens > FMV*

Burdens on Tenants

- Rent increases, if LL raises rent to cover the cost of repairs
- Displacement, if . . .
 - *Severe habitability issues*
 - *Illegal units*
 - *Tenant-side code violations (e.g., hoarding, overcrowding)*
- Landlord retaliation or harassment

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Cities utilized as examples in workshops:

Rochester NY

New York, NY

City of Boulder

Burien, WA

Kansas City, MO

Philadelphia, PA

Seattle, WA

Los Angeles, CA

Washington DC

San Francisco, CA

Grand Rapids, MI

Santa Cruz, CA

Baltimore County, MD

Boston, MA

New Brunswick, NJ