



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: April 2, 2021

Subject: Rental Housing Ordinance Discussion

The City Council authorized Stantec to undertake a rental housing study. The City received the results of the study at its February 8 work session. After significant discussion, the City Council directed staff to draft regulations to implement recommendations of the rental housing study.

City staff has put together the following documents for City Council review:

- Ordinance amendments to various sections of the City Code to implement the recommended policies
- Housing maintenance inspection policy

The City currently hires a part-time employee to assist with code enforcement/rental housing inspections and fire code inspections. As part of this proposal, we would like the City Council to consider changing this position to a full-time position. Staff is proposing this change of position be funded with an increase in rental housing licensing fees.

We anticipate the 2022 full-time employee cost as follows:

| | |
|--------------------------------------|--------------------|
| Salary (anticipated) | \$61,630.40 |
| FICA | \$ 4,714.73 |
| PERA | \$ 4,622.28 |
| Benefits (health, dental, life, HSA) | <u>\$11,246.00</u> |
| Total | \$82,213.41 |

We currently budget \$26,869 for our part-time seasonal position.

We are proposing the following changes to annual licensing fees for the rental housing program.

| | <u>Current</u> | <u>Proposed</u> |
|-------------------|-----------------------------------|-----------------------------------|
| Single Family | \$150 | \$250 |
| Duplex | \$200 | \$325 |
| Apartments | <u>\$250/building + \$25/unit</u> | <u>\$400/building + \$45/unit</u> |
| Revenue Generated | \$55,625 | \$92,805 |

One additional benefit of making the Code Enforcement position full time would be that we could require the position to be a daytime responder for fire calls with SBM. This will likely reduce the pressure on SBM to hire additional full-time employee, thereby saving dollars on the fire budget.

I will note that the proposed fees would put the City of Spring Lake Park at the high end of the spectrum for rental housing license fees. We could look at alternative sources of revenue to help reduce the impact on the rental housing license fees.

The City Council does not need to make a decision on the employee request at this time. It will be part of the Administrator's 2022 Budget proposal which will be considered in August 2021.

Staff is looking for direction on the proposed ordinance, housing maintenance inspection policy. We would plan to bring these items to City Council for formal approval at its May 3 meeting.

If you have any questions, please don't hesitate to contact me at 763-784-6491.