MEMORANDUM

From: Dan Carlson, Building Official *DwL*

Date: March 7, 2025 (Updated 1/5/26)

Subject: Council Goal 2, Strategy 2.8 – Considerations for Rental Housing Inspection Program

As council considers the potential for pursuing a new rental housing inspection program, the following related topics are offered for consideration:

Needs

A rental housing program would have the following needs:

- Key decision – decide upon the basis of the program. Will it be proactive with periodic inspections (annual) vs. reactive (complaint based)?
  - This decision will determine staffing and funding needs.
- Code adoption - Pursue the adoption of a rental housing code (property maintenance code beyond adopted building code, nuisance code, and dangerous building code).
- Policy – Implement a staff level policy framework for program administration, enforcement, and appeals.
- Software – Procure software or expand existing technologies for tracking complaints, investigations, and reporting on performance metrics.
- Staffing - For administration, inspection, and enforcement:
  - Proactive would likely require roughly 1.5 FTE split between an inspector and part of a manager and admin support.
- Consideration of one-time startup and ongoing expenses.
- Funding - A funding source that does not exacerbate challenges with affordable housing, or place additional strain on existing limited resources.

Timeline

The timeline for adoption is roughly estimated at 1-2 years with the following considerations (many of these could overlap):

- Stakeholder outreach (~6 months)
- Adoption of a code (~6 months)

- Development of program framework (policies, procedures, complaint processing, inspections, etc.) (~2-4 months)
- Software procurement (~6 months)
- Staffing hire (~4-6 months)
- Program setup and rollout (~4-6 months)

Study

As Wilsonville does not have experience with adopting a rental housing inspection program that focusses on property maintenance and tenant/landlord disputes, the issue should be studied in effort to ensure the development of an effective program and successful outcomes. A study would:

- Provide a clear understanding of the number and types of issues, and how best to address them.
- Identify if other codified or programmatic resources already exist at the state or county levels.
- Identify anticipated cost/benefit impacts to all stakeholders.
- Identify any potential adverse impacts to affordable housing.
- Identify if there are opportunities for self-regulation such as through a landlord/tenant association.
- Better identify the potential costs and revenue sources.

Outreach

Landlords and tenants would need to be included in public outreach efforts. These efforts are likely to be time consuming and contentious when adopting a code. This sentiment was expressed during comparator interviews.

- Landlords are historically resistant to property maintenance inquiries and standards.
- Landlords who proactively behave and manage their facilities and their tenant relationships, often feel like they are penalized for doing a good job and paying for those who don't.
- Fees – Landlords pass along per-unit fees to tenants who may already be cost burdened. Some comparators indicated they perceived the implementation of a per-unit fee to be an opportunity for landlords to tack on additional fees.
- Tenants typically fear reporting issues due to perceived potential landlord retribution.

- Tenants with strained landlord relations will often attempt to report issues (unfounded or not) to the city in effort to get out of contractual lease agreements. This practice already occurs.
- Tenant/landlord issues are often issues of lease non-compliance for which the city is not a legal party.
- Clackamas County provides assistance through Rent-Well classes for tenants, and well-established mediation services.

Determination of Costs

- A determination of the level of staffing is needed:
  - Proactive: Rough estimates of a proactive based program put the staffing at approx. 1.5 FTE with a total compensation cost of approximately $196,139 per year.
  - Reactive: This is roughly estimated at total compensation cost between $100,000 and $50,000 per year.
- Materials and supplies, one-time vs ongoing:
  - Large startup - software, vehicle, office, outreach. Estimated at $50,000 - $75,000.
- Ongoing internal administrative service charges: Legal, IT, Admin, Facilities, Risk Management, etc. Likely in the $50,000 range.
- Legal impacts (initial code adoption – significant staff and resource commitment, ongoing compliance, civil penalties, appeals).
- Summary – Rough estimate of costs:
  - Proactive ~$250,000 ongoing costs plus ~$50,000 to $75,000 for startup
  - Reactive ~$100,000 ongoing costs plus ~$50,000 to $75,000 for startup

How to pay for the program

- Formal programs, whether proactive or reactive, generally assess an annual per-unit fee for each rental housing unit, or support from the general fund, or combination of the two. Based on three comparators that charge annually per unit, the following would be the potential revenue assuming a 100% collection rate:
  - Wilsonville has roughly 6,000 units. Using other jurisdictions as examples:
    - Corvallis $17/unit = $102,000
    - Tualatin $10/unit = $60,000
    - Gresham $44 to $79/unit = $264,000 to $474,000
  - Wilsonville full cost recovery with an annual charge:
    - Proactive program would likely range from $41 to $54 per unit.

- Reactive program would likely range from $17 to $29 per unit.
  - Council could lower the per-unit cost by supplementing it with general funds.

Recommendation

If Council decides to pursue adoption and implementation of a community rental housing inspection program, staff recommends allocating funds toward procurement of services to study the issues and provide recommendations for program options for consideration.