



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: August 9, 2018

TO: Mayor and City Council Members
Christopher W. Boyd, City Manager

FROM: Ronald A. Lawrence, Chief of Police
Dave Gutierrez, Lieutenant

SUBJECT: **Rental Housing Inspection Unit – Authorization to Create City Ordinance and Implement Program**

Summary and Recommendation

During a study session on April 12, 2018, the police department presented three staffing and service delivery options for a proposed Rental Housing Inspection Unit (RHIU) for Council review. The goal of the study session was to elicit feedback from council members regarding project options. City council members provided feedback staff utilized to continue research efforts, and create a final implementation proposal.

Staff recommends City Council adopt Resolution No. 2018-____ A Resolution of the City Council of the City of Citrus Heights, California to authorize the City Manager to direct staff to proceed with creating a city ordinance and fee schedule for a new RHIU.

Fiscal Impact

The current Rental Stock Fee (RSF) is \$12.00 which was established by City Council resolution on October 28, 2010.

- The current rental stock fee funds approximately seventy five percent of the existing Code Enforcement staffing.
- The existing \$12.00 RSF will continue to fund approximately seventy five percent of the current Code Enforcement staffing, and was not utilized for the proposed RHIU cost analysis.

Fees are charged for services provided to a resident or group that benefit that resident or group rather than the public as a whole. Recommended fees are generally set to equal the cost of providing the service; consistent with applicable law, the fees will not exceed the cost of the services provided.

A fee based systematic program, when coupled with an effective enforcement program, can generate fees sufficient to offset program costs. Over time, this will change the dynamics of our existing Code Enforcement program and enable it to be more proactive.

The total annual reoccurring costs associated with the full implementation of the RHIU is estimated to be approximately \$505,450.00. (See Attachment 2)

The annual reoccurring costs will have no fiscal impact on the City's General Fund. All reoccurring costs are expected to be offset by increasing the existing RSF and by requiring all rental property owners to pay a \$95.00 annual RHIU registration fee, per property, totaling an estimated \$507,068. The \$95.00 registration fee is a fee for service, and as such, each rental property will receive the same level of service from the RHIU; therefore the fee is per property, as opposed to per owner.

The total startup costs for the RHIU are estimated to be approximately \$145,790.

The startup costs will initially be funded by the General Fund; however, the General Fund will be reimbursed once the registration fees begin to be collected.

The startup costs include:

- Purchase of two code enforcement officer vehicles
- Uniforms and equipment
 - Uniforms will ensure RHIU Code Enforcement Officers maintain a professional and official appearance. This is especially important due to staff entering private residences.
- Staff training
- Software

Background and Analysis

Rental Housing in Citrus Heights

Throughout our research phase and prior to staff making a final RHIU implementation recommendation, staff made sure to engage the California Apartment Association (CAA). Staff also sought out expert advice to ensure we were aware of best practices and relevant legal considerations. As a result of the engagement, staff incorporated some of the suggestions made.

The city is home to approximately 15,000 rental units. These units represent approximately forty four percent of the city's total housing stock. Approximately eighty eight percent of the city's housing stock was built prior to 1990, resulting in an average housing stock age of at least 28 years old. This is concerning for a few reasons:

- Rapid building in the 1970's and 1980's resulted in a lack of quality control and the use of material that did not have a long usable lifespan. Approximately forty four percent of housing units in the city were built between 1970 and 1979;

- Critical components such as HVAC, siding/stucco, windows, and roofs are at or nearing the end of their useful life which can result in failures that can lead to mold and other affiliated issues;
- According to the 2012-2016 American Community Survey 5-year estimates, the City of Citrus Heights has approximately 1,100 rental units per square mile. This is more than the County of Sacramento, the City of Sacramento, and the City of Rancho Cordova; and
- Rental housing can deteriorate due to intentional and unintentional neglect by property owners, managers and tenants

Research showed that approximately forty percent of Citrus Heights rental property owners live more than 10 miles outside of the city, many of those live in the Bay Area. (See Attachment 3)

RHIU Program Goals

The goal of the proposed RHIU program is to prevent blight and require the provision of decent, safe, sanitary, and appropriately maintained rental properties within the city through enforcement in deteriorating neighborhoods. This will be achieved through routine periodic inspections of both the exterior and interior of rental housing properties to identify, and correct, code violations that result in:

- Threats to tenants' health, safety and welfare;
- Threats to the structural integrity of the building; and
- Negative aesthetic impact on the surrounding neighborhoods.

This program will provide the following benefits to both the City of Citrus Heights and its residents:

- Tenants – Safe housing;
- Property Owners – Increased property values and educational tools with which to operate a successful business;
- City – Enhance rental housing stock which will improve overall interest in Citrus Heights by those looking to live in the region; and
- Residents – Increased property values and improved quality of life in neighborhoods.

Current Code Enforcement Staffing

The code enforcement unit currently has three full-time code enforcement officers who handle over 1,300 code enforcement related calls per year, some taking months or even years to resolve. On average, approximately twenty seven percent of annual code enforcement calls are attributed to rental properties.

In addition to the normal code enforcement related calls, code enforcement officers also handle calls related to graffiti and marijuana grows.

Due to high case loads, code enforcement officers are currently only able to achieve approximately five percent proactive work which limits their ability to locate issues before they become major concerns.

Staff believes a code enforcement unit based mostly on reactive work poses significant challenges such as:

- Inspections and or community concerns are driven mostly by complaints;
- There is a possible lack of reporting due to fear of retaliation/eviction, lack of familiarity with, or fear of public agencies, and language barriers; and
- The tenant/occupant is the complainant instead of being a participant with a proactive model.

Rental Housing Inspection Unit Staffing

Staff functions will include program oversight, inspections, reinspections, scheduling, outreach, and communications, fiscal and accounting support, and GIS mapping and tracking.

The program will require the addition of 3.0 FTE Code Enforcement Officers and 2.0 FTE Program Assistants.

Properties to be Inspected

The RHIU program applies to any single family or multifamily residence that is being rented, or is intended to be rented. The inspection cycle will be approximately three-years.

A minimum of one interior inspection will be conducted on all rental housing units for properties with 15 units or less in the city within each three-year inspection cycle.

For those properties with 16 units or more, a minimum of five percent of the interior of the units will be inspected at least once within each three-year inspection cycle.

The exterior of all rental housing properties will be inspected within the three-year inspection cycle. The exterior focus will be for those items defined as an unlawful public nuisance as defined in City Ordinance 50-146.

A systematic approach will be used to identify which properties will be prioritized. The most problematic areas, as determined by the Chief of Police, will be inspected earlier in the three-year inspection cycle.

Staff will send out notification 30 days in advance of the scheduled inspection date, via U.S. Mail, to the property owner as well as the tenant(s). Staff will also include an inspection list so the tenant(s) are aware of all items to be inspected.

- Tenants will have the right to refuse an inspection. If a tenant refuses an inspection, the refusal will be documented and the RHIU will presume the tenant is not experiencing any

substandard living conditions. If there is reasonable cause to believe a substandard living condition exists, the RHIU would seek to obtain an administrative inspection warrant. An inspection without consent and without other express legal authorization would occur only if the RHIU inspector had reasonable cause to believe the unit was so dangerous that immediate inspection is required to safeguard the public health or safety.

- If a property owner refuses an inspection, but the tenant desires an inspection, the RHIU will inspect the rental unit. (Griffith v. City of Santa Cruz – property owner has no standing to assert the claim of privacy on behalf of tenants because they have no privacy interest in units occupied by tenants)

Exemptions

Rental properties that have been constructed within five years and rental units that are subject to routine inspection by another government agency.

Self-Certifications

Property owners who own a rental property with 16 units or more who pass the initial inspection and have no prior code enforcement cases will be eligible for the self-certification program in the program's second cycle. Prior code enforcement cases include those cases within the city or in any other jurisdiction. (This proposed limitation to the self-certification process was reviewed and approved by the City Attorney)

Random audits may be conducted on self-certified properties not more than once per year. A minimum of five percent of all self-certified properties will be audited. If a self-certified property does not pass the random audit inspection, that property will lose its self-certification status. If a self-certified property is the subject of a code enforcement related complaint that is found to be valid, the property may lose its self-certified status.

Although the RHIU will only conduct inspections on five-percent of self-certified properties, self-certified properties will be required to conduct their own move-in and move-out inspections. Self-certified properties will also be required to retain those records for a period of three years.

Program Implementation Timeline

- Ordinance adopted and staff positions approved prior to January 2019.
- System modifications and design, program testing, and staff hiring and training will take place between April and June 2019.
- Community outreach and rental property owner notification will begin no later than January 2019. Outreach and notification will include letters, neighbor association meetings, brochures, media, social media, the city's website, and the police department's website.
- Inspections to begin July 1, 2019.

New Fee Collection

- RHIU registration forms and invoices to be mailed out in January 2019. Initial registration period would be for July 2019 through June 2020.
- RSF updated with Consolidated Utilities Billing and Services (CUBS) for January 2019 billing. RSF's are collected for calendar year. The new RSF will be billed at half of the current rate and half of the proposed new rate. The full new rate will be billed in January of 2020 for calendar year 2020.

Attachments: (1) Resolution
(2) RHIU cost and fee analysis
(3) Map - locations of owners of rental units

RESOLUTION NO. 2018- ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, AUTHORIZING THE CREATION OF A CITY ORDINANCE AND FEE
SCHEDULE FOR A RENTAL HOUSING INSPECTION UNIT**

WHEREAS, the City has approximately 15,000 rental units representing approximately forty-four percent of the city's total housing stock;

WHEREAS, approximately eighty-eight percent of the city's housing stock was built prior to 1980 during a time of poor quality control and the use of material that did not have a long usable lifespan;

WHEREAS, the City desires to ensure all persons who live in rental housing units are provided decent, safe, and sanitary housing;

WHEREAS, the City desires to have a proactive Rental Housing Inspection Unit that will routinely inspect the exterior and interior of rental properties to ensure early detection and prevention of deteriorating neighborhoods;

WHEREAS, the City believes property owners will benefit from a proactive Rental Housing Inspection Unit, because it will ensure continued periodic inspections so problems do not go unnoticed, or unrepaired which can be very costly; and

WHEREAS, the City wishes to recover the costs of certain services provided to a citizen or group that benefit that citizen or group rather than the public as a whole.

NOW THEREFORE BE IT RESOLVED AND ORDERED by the City Council of the City of Citrus Heights that the City Manager, or his designee, is hereby authorized to direct staff to create a city ordinance and fee schedule for a new Rental Housing Inspection Unit within the guidelines specified in the staff report.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 9th day of August 2018 by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

Steve Miller, Mayor

ATTEST:

Amy Van, City Clerk



Ronald A. Lawrence, Chief of Police

Rental Housing Inspection Unit Cost & Fees Analysis	
Total Rental Units	14,800
Assessor Parcel Numbers (Actual 4810)	4,700
Owners (Actual 4116)	4,000
Credits	
Annual Registration Fee @ \$95 per rental property x 4700 @ 80% collection	\$357,200
Increase of Current Rental Stock Fee (Curr \$12)	3 Tiers
(5375) 100 + Units @ \$5 increase (\$17 Total Housing Stock Fee)	\$26,875
(2626) 5 - 99 Units @ \$8 increase (\$20 Total Housing Stock Fee)	\$21,008
(6799) 1 - 4 Units @ \$15.00 Increase (\$27 Total Housing Stock Fee)	\$101,985
Inspection Fee	\$ -
Re-Inspection Fee / Failure To Notify	\$470
Collection Rate Business License	80%
Collection Rate Rental Stock Fee	100%
TOTAL CREDITS	\$507,068.00
Debits	
Salaries & Benefits	\$472,850
Vehicles & Maintenance (2 Vehicles)	\$1,600
Fuel (2 Vehicles)	\$3,000
Citizeserve	\$18,000
Postage / Paper / Misc	\$10,000
TOTAL DEBITS	\$505,450
TOTAL	\$1,618

*Start-Up Costs: Vehicles, Equipment, Software, Training (Not Incl In Total): \$145,790

Locations of Owners of Rental Units Single Family/Multi-Unit Rentals

