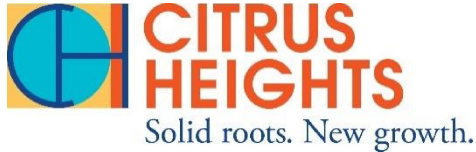


AYES: Council Members:
NOES: Council Members:
ABSENT: Council Members:
ABSTAIN: Council Members:

Steve Miller, Mayor

ATTEST:

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: October 25, 2018

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

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

SUBJECT: **Ordinance Establishing a Rental Housing Inspection Program**

Summary and Recommendation

On August 9, 2018, the City Council authorized the City Manager to direct staff to proceed with creating a city ordinance and fee schedule for a new Rental Housing Inspection Program (RHIP).

Staff recommends the addition of Subdivision V to Division 3 of Article II of Chapter 50 of the Municipal Code, related to property maintenance. Subdivision V would be titled, "Rental Housing Inspection Program."

Staff recommends the City Council introduce, read by title only, and waive the first full reading of Ordinance No. 2018-____ an Ordinance of the City of Citrus Heights to Establish a Rental Housing Inspection Program.

Fiscal Impact

The current Housing Stock Fee (HSF) is \$12.00 per residential rental unit per year, which was increased to that level by a City Council resolution on October 28, 2010.

Fees are charged for services provided to a resident or group rather than provided to the public as a whole. The recommended 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 the city's existing Code Enforcement program and enable it to be more proactive.

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

The annual recurring costs will have no fiscal impact on the city's General Fund. All recurring costs are expected to be offset by increasing the existing HSF and by requiring all rental property owners to pay an annual RHIP registration fee per property (see attachment 1). Revenue generated from the increase in the current HSF and the annual registration fee will total an estimated \$506,928. The registration fee and the increase to the existing HSF are fees for service, and as such, each rental property will receive the same level of service from the RHIP; therefore, the fee is per property, as opposed to per owner.

The total startup costs for the RHIP are estimated to be approximately \$145,790. Many of these startup costs will begin to be incurred as early as January 1, 2019.

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 RHIP Code Enforcement Officers maintain a professional and official appearance. This is especially important as staff will be entering private residences.
- Staff training
- Software

Background and Analysis

Rental Housing in Citrus Heights

The city is home to approximately 15,700 rental units. These units represent over forty-four percent of the city's total housing stock. Over 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 the following reasons:

- Rapid building in the 1970s and 1980s resulted in a lack of quality control and the use of material that did not have a long usable lifespan. Approximately sixty-two percent of housing units in the city were built between 1970 and 1989;
- 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 problematic 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.

RHIP Goals

The goal of the proposed RHIP 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 the City of Citrus Heights, residents, and business owners:

- Property Owners – Increased property values and educational tools with which to operate a successful business;
- City – Enhanced rental housing stock which will improve overall interest in Citrus Heights by those looking to live in the region; and
- Residents/Tenants – Increased property values, safe housing, 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 thirty percent of annual code enforcement calls are attributed to rental properties. This percentage is based on our current code enforcement which is 95 percent reactive. Staff believes the percentage of code enforcement calls attributed to rental properties will increase with the creation of the RHIP for the following reasons:

- Code Enforcement Officers assigned to the RHIP will be conducting proactive inspections on all residential rental properties, likely resulting in the identification of unreported issues.
- Tenants and landlords will be educated about the program which will include their rights as a tenant or landlord of a residential rental property, likely resulting in more calls for service related to substandard living conditions.

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.

Building Department Related Work on Rental Properties

In addition to the aforementioned code enforcement cases handled by City code enforcement staff, the building division has also spent a significant amount of time inspecting and working with building related concerns associated with apartment complexes. These items include, but are not limited to, the inspection of siding, balconies, landings, and sidewalks that are in violation of International Property Maintenance Code. Most recently, the Building Division has inspected three apartment complexes. Building Inspectors found violations of the International Property Maintenance Code at all three properties, some of which were significant, including failing structural components to balconies.

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 RHIP 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 Municipal Code Section 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.

Inspection Process

Staff will send notifications 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 property owner and 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 RHIP will presume the tenant is not experiencing any substandard living conditions. If there is reasonable cause to believe a substandard living condition exists, the RHIP would seek to obtain an administrative inspection warrant. An inspection without consent and without other express legal authorization would occur only if the RHIP 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 RHIP will inspect the rental unit. (*Griffith v. City of Santa Cruz* – property owner has no standing to assert the claim of

Exemptions

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

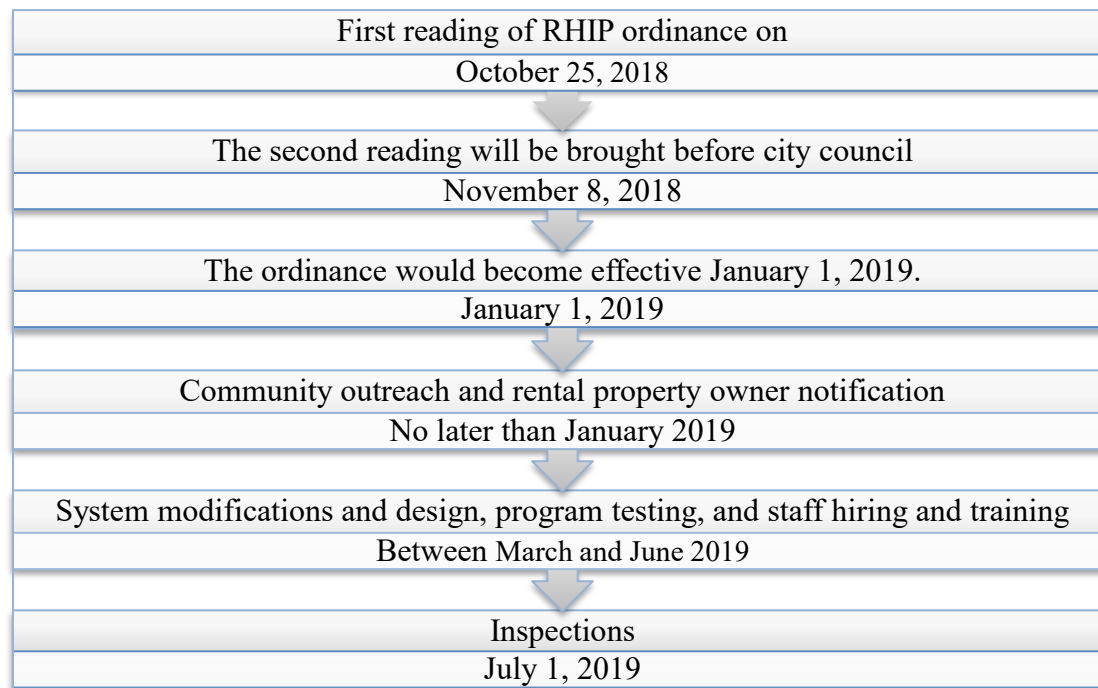
Self-Certifications

Property owners who pass the initial inspection and have no prior code enforcement cases will be eligible for the self-certification program. Prior code enforcement cases include those cases within the city or in any other jurisdiction.

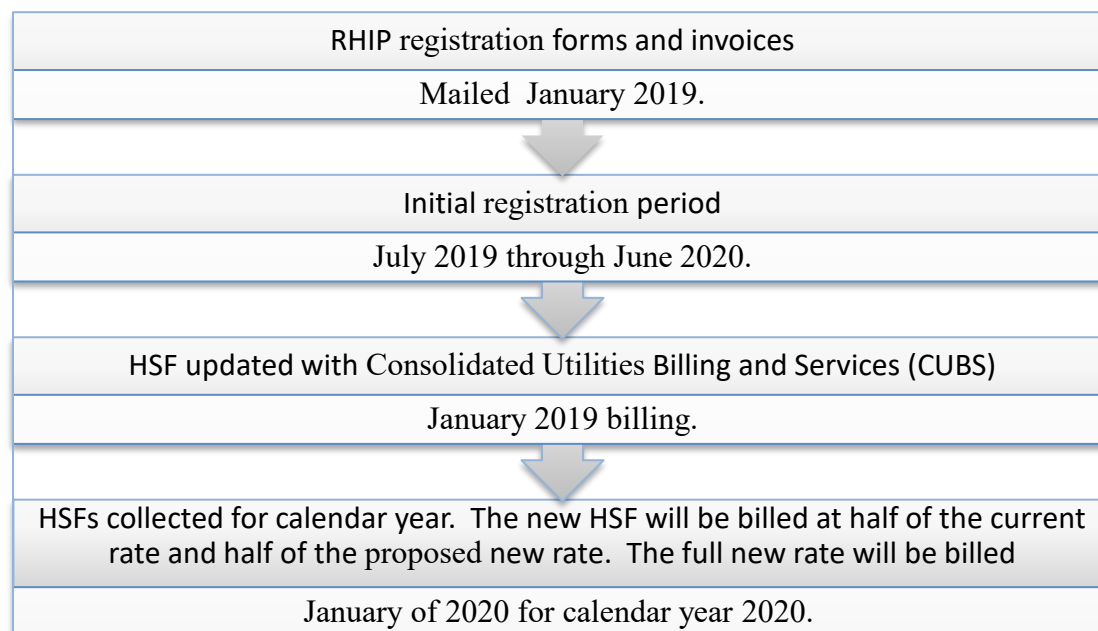
Random audits may be conducted on self-certified properties not more than once every three years. A minimum of ten percent of all self-certified properties will be audited in every three year inspection cycle. If a self-certified property does not pass the random audit inspection, that property will 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 RHIP will only conduct inspections on ten-percent of self-certified properties, self-certified properties will be required to conduct their own move-in and move-out inspections as well as inspections consistent with the RHIP three year inspection cycle. Self-certified properties will also be required to retain those records for a period of five years.

Program Implementation Timeline



New Fee Collection



Outreach

Throughout the research phase and prior to staff making a final RHIP implementation recommendation, staff made sure to engage in conversations with 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.

After staff was given the authorization to create an ordinance and fee schedule for the new RHIP on August 9, 2018, staff desired to solicit more feedback from the California Apartment Association and the Sacramento Realtors Association.

As a result of the meetings, staff considered, and ultimately decided to adjust the originally proposed self-certification guidelines and qualifications, and the originally proposed fee structure for the rental property owner annual registration fees. The changes are summarized below:

Original Proposal	Amended Proposal
Self-Certification allowed only for rental properties with 16 or more units	Self-Certification allowed for all rental properties
\$95 annual registration fee for all rental properties	Annual registration fee is tiered based on number of units per property: <ul style="list-style-type: none">• \$65 for single-family• \$105 for two to four units• \$140 for five or more units

Staff also attended eight out of ten Neighborhood Association meetings in the month of September to present the RHIP proposal. The other two meetings were attended in October. With the exception of one person, all attendees were positive about the RHIP proposal and were generally in favor of its creation.

Attachments

- (1) Ordinance to Establish a Rental Housing Inspection Program
- (2) RHIP cost and fee analysis

ORDINANCE NO. 2018-__

**AN ORDINANCE OF THE CITY OF CITRUS HEIGHTS
TO ESTABLISH A RENTAL HOUSING INSPECTION PROGRAM**

The City Council of the City of Citrus Heights does ordain as follows:

SECTION 1. There is hereby added as Subdivision V to Division 3 of Article II of Chapter 50 of the City of Citrus Heights Municipal Code the following:

DIVISION 3. – PROPERTY MAINTENANCE

Subdivision V. – Rental Housing Inspection Program

Sec. 50-239 – Title

This subdivision shall be known as the "Rental Housing Inspection Program", may be cited as such, and is referenced herein as "the Program."

Sec. 50-240 – Purpose

The purpose of the Program is to proactively identify blighted, deteriorated, or substandard rental housing units, to ensure the rehabilitation and prevention of substandard and/or unsafe rental housing, to preserve and enhance the quality of life for City residents living in or near rental housing properties, and to support such other activities which are consistent herewith.

Sec. 50-241 Authority.

This subdivision is enacted pursuant to the City's general authority to protect health, safety, and welfare.

Sec. 50-242 – Findings

A. Over eighty-eight percent of all housing stock in the City was built prior to 1990. Over fifty percent of all housing units in the City is rental properties. For such older properties, many critical components such as siding/stucco, heating and air conditioning units, roofs and windows are at or nearing their useful life. Failures of these critical components can lead to mold and other problematic issues.

B. Over time, rental housing can and does deteriorate because of intentional and unintentional neglect by property owners, managers and tenants. This deterioration frequently results in substandard conditions that adversely affect the economic values of neighboring properties and that may be hazardous to the public health and safety of the tenants and

neighboring properties. In many cases, property owners choose not to make the necessary repairs because of cost, and tenants do not report the deficiencies out of lack of knowledge or out of concern as to retaliation.

C. It is in the public interest that all rental housing complies with minimum standards regarding public health and safety. The most effective way to obtain compliance with these minimum standards is through routine periodic inspections of all rental housing. Routine inspections are also important in that property owners often do not live in proximity to the rental housing which they own. Furthermore, a rental housing program that relies only on complaints, as opposed to routine inspections, will not adequately evaluate or assure compliance by all rental housing with these minimum standards. City-wide compliance will prevent blight and ensure that all persons who live in rental housing units are provided decent, safe and sanitary housing

Sec. 50-243 – Establishing Rental Housing Inspection Program

The Citrus Heights City Council hereby establishes a rental housing inspection program consistent with the findings hereof and to meet the purpose of this Chapter.

This Chapter is not the exclusive regulation of housing within the City. This Chapter, and the Program established hereby, shall supplement, be accumulative with and be in addition to any and all regulatory ordinances and state or federal law existing or hereafter enacted by the City, the state or federal government or any other legal entity that may have jurisdiction. None of the provisions contained in this Subdivision V shall prohibit, condition or otherwise limit any other action, such as inspections, conducted pursuant to any other provision of the City Municipal Code or other applicable law.

This Division shall be liberally construed to further its purposes.

Sec. 50-244 – Definitions

For the purpose of this Division, the following terms, phrases and words shall have the meanings set forth below.

“City” means the City of Citrus Heights.

“City Manager” means the City Manager of the City.

"Director" means the City employee authorized by the City Manager to supervise the rental housing inspection program, or his or her designee.

"Engage in the business of rental housing" means renting or offering to rent a rental housing unit.

"Inspector" means any City representative authorized by the City Manager or the Director to conduct inspections in accordance with the provisions hereof.

"Owner" means the owner of record, as listed on the county tax roll, of the specific rental housing unit(s).

"Rent" means to grant the possession or enjoyment of, in exchange for money or any other consideration.

"Rental housing inspection unit" means the department or division of the City designated by the City Manager to administer the provisions of the Program.

"Rental housing property" means a parcel of real property, as shown on the latest equalized tax assessment roll as maintained by the Sacramento County Tax Assessor, upon which a rental housing unit is maintained. "Rental housing property" shall also include those areas associated with such property, including, but not limited to, parking lots, driveways, landscaping, accessory structures, fences, walls, swimming pools, hot tubs, and spas.

"Rental housing unit" means a single residential unit that is being rented, or is intended to be rented. Examples of rental housing units included within the Program are apartment units, condominiums, duplexes and single-family houses. The Program does not include units used for transient lodging such as dormitories; group homes; rooming or boarding houses; or hotels, motels, or similar short-term lodging.

"Substandard living condition" has the same meaning as "substandard building" as set forth in Health & Safety Code Section 17920.3, or any successor statute.

"Tenant" means the individual or individuals occupying a rental housing unit.

Sec. 50-245 – Exemptions

A. The following rental housing units shall be exempt from the requirements of this Division:

1. A rental housing unit that is subject to routine periodic inspections by another government agency, and the frequency and scope of the inspections are to the satisfaction of the Director; or

2. A rental housing unit that, within the past five years, has been newly constructed and either has been issued a certificate of occupancy or has passed final inspection by the City. For purposes of this Division, a unit has been newly constructed if the City determines that 50% or more of the unit has been constructed or replaced within a one-year period. The determination of whether the construction or replacement is at least 50% may be based on the linear length of all existing walls, square footage of the rental housing unit and/or the building in which the unit is located, percentage of altered construction, actual construction valuation, or any combination of these factors, as determined by the Director.

B. A rental housing unit that is determined to be exempt pursuant to subsection A of this section shall become subject to the requirements of this Division if the City becomes aware of a substandard living condition and the substandard condition is verified by an inspector.

Sec. 50-246 – Fees Established

To fund the Program, the City hereby establishes an operating fund, which is separate from the City's general fund, for the purpose of implementing and operating the Program. It is necessary that the source of funds be predictable and reliable for the efficient and continued operation of the Program.

The following types of fees are established and imposed pursuant to the provisions of this Division to fund the Program. The City Council shall set the amount of each specified fee by resolution, as may be amended from time to time.

A. Annual registration fee. The City will bill an annual registration fee, by calendar year, with the first year of the Program pro-rated, on a tiered structure based on the number of rental housing units per rental housing property as follows:

1. 1 rental housing unit
2. 2 to 4 rental housing units
3. 5 or more rental housing units

B. Rental housing stock fee. The housing stock will be billed on a calendar year basis through Sacramento County's Consolidated Utility Billing System (CUBS), or such other mechanism as may be determined by the City from time to time, on a tiered structure based on the number of rental housing units per rental housing property as follows:

1. 1 to 4 rental housing units
2. 5 to 99 rental housing units
3. 100 or more rental housing units

C. Re-scheduling fee. A fee is established for the administrative costs of re-scheduling an inspection that is cancelled by the owner or representative thereof in violation of this Division.

D. Re-inspection fee. A fee is established for an additional inspection required by the Director pursuant to this Division.

E. Late fee. If a fee has not been received by the date upon which it is due under this Division, there shall be imposed a late fee and/or penalty.

Sec. 50-247 – Registration Requirements

A. It shall be unlawful for any person to offer for rent one or more rental housing units, unless:

1. Each rental housing unit is registered with the City; and
2. The annual registration fee and housing stock fee for the rental property is paid annually for each rental housing unit.

B. A rental housing property is registered with the City when the owner of the rental housing property submits the following to the Director:

1. A completed registration form, provided by the City, that contains the following:
 - a. Description of the rental housing property, including, but not limited to, the street address, assessor parcel number, and the type of dwelling (i.e., single-family, duplex, condominium, apartment);
 - b. Name, phone number, and address of at least one owner, listed on title, of the rental housing property or if title is held in the name of an entity, the name, phone number, and address of a person authorized to act on behalf of the entity;
 - c. Name, phone number, and address of property manager (if any), if different from owner;
 - d. Name and address of agent for service of notices and/or process if the owner's or property manager's address is not within California;
 - e. Number of residential rental units at each address listed;
 - f. Number of buildings at each address listed; and
 - g. Any other information as reasonably required by the Director;
2. The annual registration fee, and

3. Any outstanding fees that were previously imposed pursuant to this Division or by the City relating to the rental housing property.

C. Registration shall be valid for a period of one year or until one of the following circumstances occurs, whichever is sooner:

1. The owner fails to notify the rental housing inspection unit of any change in the information submitted pursuant to subsection B of the section, within 30 days of such change; or

2. The owner fails to pay the annual registration fee and/or housing stock fee.

Sec. 50-248 – Inspections

A. All rental housing properties and rental housing units are subject to routine interior and exterior periodic inspection by the City as provided herein to determine compliance with the applicable provisions of this Division. No rental housing property shall be subject to an inspection on more than a triennial basis unless an inspection is required because the City reasonably believes that the property may be in violation of applicable laws or ordinances, including this Division. Entry for inspection shall be as a result of consent, exigent circumstances, or execution of a warrant secured pursuant to applicable law.

B. If, upon the periodic inspection of a rental housing property, no violations of applicable laws or ordinances are determined to exist, the City shall issue a Certificate of Compliance for the property, which shall be valid for three (3) years.

C. The City will endeavor to inspect the interiors of all rental housing unit interiors of rental housing properties with fifteen or fewer rental housing units.

D. If there are more than fifteen rental housing units on a single rental housing property, the City's inspection shall include all common areas, and a random sampling of no less than five percent of rental housing unit interiors. At least one rental housing unit interior on each rental housing property shall be inspected. If the inspector determines that one or more violations exist on the rental housing property, the inspector may conduct an inspection of additional units up to one hundred (100) percent of the rental housing units.

E. The owner or local contact representative, or designee thereof, shall be present at the rental housing property at the time of the inspection. The time of the inspection shall be the time indicated in the notice issued pursuant to this Division, or the time that the

inspection was properly re-scheduled in accordance with this Division. Violation of this subsection may result in the imposition of a re-scheduling fee.

B. The City shall have the option of inspecting the exterior of all rental housing unit properties on an annual basis.

C. A tenant of a rental housing unit may request an inspection of the tenant's individual unit in order to ensure that the property complies with applicable state and local laws and regulations, including this Division.

Sec. 50-249 – Notice

A. The Director shall provide written notice of the date and time of any inspection to be conducted pursuant to this Division, by mailing such notice at least 30 calendar days prior to the date of the inspection. Notice shall be mailed to the owner and the local contact representative at their last known address(es), as provided to the City. In the case of multiple owners of the same property, notice to any one of the property owners is sufficient notice.

B. The Director shall also mail a copy of the inspection notice to the rental housing units to be inspected.

C. It shall be the responsibility of the property owner, property manager, or other responsible person to make every effort to facilitate access to the rental housing unit and/or rental housing property to be inspected.

Sec. 50-250 – Rescheduling an Inspection

An inspection may be rescheduled once, at no cost, by the owner or local contact representative by giving notice to the rental housing inspection unit at least seven calendar days prior to the scheduled inspection date. An inspection may only be rescheduled to a date within 21 calendar days of the previously scheduled inspection date. Rescheduling an inspection more than once or with less than seven calendar days' notice may result in the imposition of a re-scheduling fee.

Sec. 50-251 – Entry for Inspection

A. If a tenant refuses the periodic inspection and there are no known substandard living conditions, the City will not conduct the inspection. The inspector will document the refusal and provide written notification to the property owner.

B. If a property owner refuses the periodic inspection, but the tenant desires the inspection to occur, the inspector will inspect the rental housing unit.

C. If consent to enter any rental housing property or any rental housing unit is refused or otherwise cannot be obtained and the inspector has reasonable cause to believe a substandard living condition exists, the Director may seek an inspection warrant from a court of competent jurisdiction.

Sec. 50-252 – Violations

A. Notice of Violation. Whenever an inspector determines that a violation of this Division exists, the inspector shall give notice of the violation and an order to correct to the property owner or his/her designee and the tenant. The notice shall be in writing and describe with reasonable detail the violation so that the property owner or his/her designee has the opportunity to correct the violation(s).

B. Time for Correction. The notice shall provide a reasonable amount of time for correction, ranging from 24 hours to 120 days, depending on the severity of the violation. The property owner or his/her designee may request an extension of time in writing, which may be granted if the Director determines that substantial progress is being made to correct the violation(s).

C. Service of Notice. Notice shall be served personally to the property owner or his/her designee, or if the property owner is not present, notice shall be left on the premises and mailed to the property owner at the address on record with the City. Such notice shall be effective five days after mailing,

D. Report of inspection. Upon completion of the rental property inspection, the inspector shall provide written notice of the results of the inspection on site with the property owner, his/her designee, tenant, or post such notice on the property. The notice shall contain itemization of any violation(s) and set a period of time for correction ranging from 24 hours to 120 days.

E. Formal notice of inspection results. A formal report of the inspection results shall be mailed to the property owner or his/her designee within 10 days of the completion of the inspection. Such formal report shall include the results of the inspection and, if necessary, the period of time for correction, the scheduled re-inspection date and time, and any re-inspection fees and costs.

F. Re-inspections. Re-inspections shall be conducted to verify that violations identified on the initial inspection have been corrected. The property owner or his/her designee shall be responsible for scheduling required re-inspections. If the Director determines upon re-inspection that the corrective action(s) requested was/were not performed, the owner of the property shall be charged a re-inspection fee prior to the next inspection consistent with this Division.

G. Violations that were not noted on the initial inspection report, but are discovered on the re-inspection due to subsequent damage or deterioration, shall be subject to correction.

Sec. 50-253 – Non-compliance

A. If, during an inspection conducted pursuant to this Division, an inspector determines that the rental housing unit or rental housing property is in violation of this Division or any other applicable law or regulation, and the owner fails to correct the identified violation(s) within the stated time, the Director may require an additional periodic inspection of the rental housing unit or rental housing property in accordance with this Division to ensure continued compliance. A re-inspection fee shall be imposed for the additional periodic inspection required pursuant to this provision.

B. In addition to requiring an additional periodic inspection pursuant to Subsection A, above, the City may commence enforcement action in accordance with any provisions of the City Municipal Code.

Sec. 50-254 – Self-Certification Program Qualifications

A. A rental housing property may be placed in the Self-Certification program if all of the following circumstances exist:

1. If, after the last inspection conducted pursuant to this Division, the inspector determines that either no violations exist on the rental housing property or minor violations were corrected in the amount of time provided in this Division;
2. Neither the rental housing property nor the owner has not been the subject of a verified Code Enforcement investigation by the City within the last five years;
3. The owner or local contact representative is in compliance with all applicable provisions of this Division; and
4. The owner is not delinquent on any payment to the City of fees, penalties, taxes, or any other monies related to the rental housing unit property.
5. The owner or his/her designee has completed within the last five years an educational class for “conducting effective property inspections” through the California Apartment Association or other class approved by the Director, as evidenced by a valid certificate of completion.

B. A rental housing property may be removed from the Self-Certification program if any of the following circumstances occurs:

1. The rental housing property is in violation of this code or any other applicable law, even if the violations have been corrected.
2. Any of the circumstances set forth in subsection A of this section cease to exist.

Sec. 50-256 – Self-Certification Program

A. Owners of rental housing properties that are in the Self-Certification program, or their designees, shall certify each and every rental housing unit on the property at least once every three years and upon each change of tenancy. Self-certification shall be accomplished in the manner set forth below:

1. Inspect each rental housing unit for compliance with the requirements of the self-certification form provided by the City;
2. Upon the knowledge of needed repairs, immediately make the repairs to the rental housing unit that are necessary to achieve compliance with the requirements set forth in the self-certification form;
3. Complete the self-certification form; and
4. Provide a copy of the completed self-certification form to the occupants of the corresponding rental housing unit and the rental housing inspection unit.

B. If any rental housing unit cannot be self-certified because necessary repairs cannot be made, the owner shall immediately notify the Director.

C. The rental housing inspection unit will inspect a minimum of ten (10) percent of all rental housing units in the Self-Certification program. These inspections can include the interior and exterior of the rental housing units and all associated necessary paperwork for the Self-Certification program.

D. The rental housing property's local contact representative shall retain all completed self-certification forms for at least six years and produce them to any inspector upon request.

Sec. 50-257 – Enforcement

If after a notice of violation and order to correct has been issued, a property owner fails to correct the violation, the City may pursue any and all remedies allowed by law.

Sec. 50-258 – Relocation of Tenants

If any rental housing unit is found to be unsafe to occupy, the costs and the expenses of relocation of any tenant(s) from that property shall be the responsibility of the property owner as provided by law.

SECTION 2. Severability. If any section, subdivision, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

SECTION 3. Effective Date and Notice. This ordinance shall take effect on the latter of thirty (30) days after its adoption or January 1, 2019. Within fifteen (15) days of its adoption, this ordinance shall be published at least once in a newspaper of general circulation published and circulated in the City of Citrus Heights.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights this 25th day of October, 2018 by the following vote:

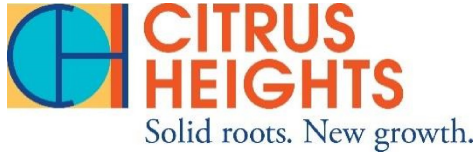
AYES:	Council Members:
NOES:	Council Members:
ABSENT:	Council Members:
ABSTAIN:	Council Members:

Steve Miller, Mayor

Amy Van, City Clerk

3067897.1

Rental Housing Inspection Unit Cost & Fees Analysis	
Total Rental Units	15,751
Rental Properties	6,293
Credits	
Annual Registration Fee (At 80% Collection Rate)	3 Tiers
Single Family Rental Property (5,200) (At \$65)	\$270,400
2-4 Unit Rental Property (925) (At \$105)	\$77,700
5+ Unit Rental Property (80) (At \$140)	\$8,960
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 Housing Stock Fee	100%
TOTAL CREDITS	\$506,928.00
Debits	
Salaries & Benefits	\$472,850
Vehicles & Maintenance (2 Vehicles)	\$1,600
Fuel (2 Vehicles)	\$3,000
Citizenserve	\$18,000
Postage / Paper / Misc	\$10,000
TOTAL DEBITS	\$505,450
TOTAL	\$1,478
*Start-Up Costs: Vehicles, Equipment, Software, Training (Not Incl In Total): \$145,790	



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: October 25, 2018

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

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

SUBJECT: Adopting a Fee Schedule for the Rental Housing Inspection Program

Summary and Recommendation

The City Council is currently considering the adoption of a Rental Housing Inspection Program (RHIP) Municipal Ordinance. If the City Council adopts the proposed city ordinance for a new RHIP it will be necessary to establish a fee schedule to fund the program.

Staff recommends the City Council adopt Resolution No. 2018-___ A Resolution of the City Council of the City of Citrus Heights, California, adopting a Fee Schedule for the Rental Housing Inspection Program.

Fiscal Impact

This resolution is required to authorize staff to collect fees associated with the RHIP. Fees collected will be maintained as a separate account within the city's general fund. For a full description of when fees will be collected please refer to RHIP Ordinance staff report.

Background and Analysis

The attached RHIP Fee Schedule (Exhibit 1 to the proposed resolution) provides an annual registration fee, an increase to the existing Housing Stock Fee (HSF), a reinspection fee, a rescheduling fee, and a late fee charged to the owners of residential rental housing units. The fee schedule affirms the city's intent to charge residential rental property owners the actual cost for services associated with the RHIP as well as fees for noncompliance with the RHIP Municipal Ordinance. The fee is imposed only on owners of rental properties, not on all property owners.

When determining the fees for the adjustment to the existing HSF, staff considered the logistical and administrative needs for each inspection. The costs associated with each interior inspection include the inspector's salary and benefits, vehicle maintenance and fuel costs, and all associated administrative needs.

An inspection of a rental property, with comparatively few units, will take approximately two hours for the inspector to complete. This includes travel time, time on scene, and completion of necessary paperwork. These smaller units usually range from single units to quadplexes. Thus, there is one HSF for rentals consisting of 1-4 units.

Inspection time is reduced when the inspector is inspecting rental units at a multi-family rental property; therefore, staff created a tiered fee schedule for the HSF to ensure the fees were fair and reasonable to both the single-family and multi-family rental properties. The likelihood of inspectors being able to inspect several units within a close proximity, thereby reducing time between inspections, increases greatly when inspecting larger rental properties. Very large rental properties, such as those with 100 or more units, often have professional property managers, which assist with inspections, access, and similar parts of the RHIP. Therefore, there is a pro rata reduction in the cost per unit for those very large rental properties.

When determining the annual registration fee, staff considered administrative needs for each rental property registration. While each rental property will complete the same registration form and staff will not necessarily spend same amount of time entering the registration information. A rental property with more units is far more likely to have common areas, multiple buildings, and other factors which will make entry of the relevant data more time-consuming for staff. Therefore, staff created a tiered registration fee schedule to ensure the fees were fair and reasonable for all rental properties.

When determining the reinspection fee, staff considered the logistical and administrative needs for the original failed inspection and the secondary failed inspection (Total of 4 hours). The reinspection fee would only be imposed if the rental unit was not brought into compliance prior to the reinspection. The costs associated with reinspection include the inspector's salary and benefits, vehicle maintenance and fuel costs, and all associated administrative needs for both the original inspection and the reinspection. The purpose of charging the reinspection fee is to encourage compliance and recoup the city's costs.

Attachments: (1) Proposed Fee Schedule

(2) A Resolution Adopting a Fee Schedule for the Rental Housing Inspection Program

RESOLUTION NO. 2018- ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, ADOPTING A FEE SCHEDULE FOR THE RENTAL HOUSING
INSPECTION PROGRAM**

WHEREAS, California Government Code provides that the City Council may set fees for reasonable costs of providing various services by resolution;

WHEREAS, the City of Citrus Heights desires to create a Rental Housing Inspection Program;

WHEREAS, fees are charged for services provided to a resident or group rather than to the public as a whole;

WHEREAS, this will be a self-funded program whereby owners of residential rental property are required to pay an annual registration fee and pay an increased amount to the existing Housing Stock Fee to fund the Rental Housing Inspection Program;

WHEREAS, this resolution would establish a respective fee schedule establishing such annual fees to be paid by the owners of residential rental property;

WHEREAS, the Council finds that establishing, modifying, structuring, restructuring, and approval of these fees are to meet operating expenses (including employee wage rates and related benefits) and purchasing supplies, equipment, and/or materials;; and

WHEREAS, the Council will review these fees periodically;

NOW THEREFORE BE IT RESOLVED AND ORDERED by the City Council of the City of Citrus Heights hereby adopts the Fee Schedule for the Rental Housing Inspection Program as detailed in Attachment 1, and sets the effective date of the Fee Schedule as January 1, 2019.

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 25th day of October, 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

Citrus Heights Rental Housing Inspection Unit Fee Schedule

Attachment 1

Service	Current Fee	Updated Fee	Change	New Fee
Annual Registration Fee Single Family				\$65 per property
Annual Registration Fee 2-4 Units				\$105 per property
Annual Registration Fee 5+ Units				\$140 per property
Annual Housing Stock Fee 1-4 Units	\$12 per unit	\$27 per unit	\$15 per unit	
Annual Housing Stock Fee 5-99 Units	\$12 per unit	\$20 per unit	\$8 per unit	
Annual Housing Stock Fee 100+ Units	\$12 per unit	\$17 per unit	\$5 per unit	
Reinspection Fee				\$470 per unit
Rescheduling Fee				\$100 per unit
Penalty for Late Payment				25% per annum of total bill