



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Report

AGENDA ITEM NO.: 1

DATE: May 2, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Ashley Golden
Development Services Director

SUBJECT: Safe Homes, Safe Families (15/25/20)

CONTACT: Ashley Golden, Development Services Director
Ashley.Golden@oxnard.org, 385-7882

RECOMMENDATION:

That City Council receive a presentation and provide direction on elements of a Safe Homes, Safe Families Program which encourages the availability of safe and healthy living environments for Oxnard residents.

BACKGROUND

On May 17, 2016 the City Council adopted business plans with specific implementation steps that captured the City Council's agreed upon strategic priority focus for the coming two years (FY 16/17 and FY 17/18). Within the Quality of Life Strategy, Council prioritized the development of a rental inspection program.

The Code Compliance Division is charged with providing a "community-based, solution-oriented enforcement to maintain clean, safe, prosperous, and attractive neighborhoods." The Code Compliance Division efforts are primarily complaint-based, meaning staff responds to community complaints, conducts inspections, and ensures compliance. Although City's efforts for addressing citywide code violations will continue, staff recommends a focused, pro-active approach to inspect rental housing units throughout the City.

A proactive rental inspection program is proposed to be a preemptive program, rather than a reactive program. Inspections are proposed to take place at designated intervals, not in response to a complaint, to ensure safe and healthy housing and to maintain neighborhood property values. The program will also identify substandard and overcrowded residential rental units and ensure rehabilitation of those units to meet the minimum building and housing code standards. Additional benefits of this proposed program include: 1) ensures rental housing stock is maintained; 2) encourages preventative maintenance; and 3) relieves tenants of forcing landlords to make repairs.

The Safe Homes, Safe Families Program will include registration, periodic inspections and enforcement. Other similar program elements vary widely regarding: the types of housing units to include; registration and/or licensing of rental properties; frequency of inspections; scope of inspections; fees/funding; and implementation of the program. Therefore, as part of the development of Oxnard's Safe Homes, Safe Families Program staff is seeking direction from Council on the above six elements.

1. **Types of Units:** In 2015 the State Department of Finance reported 54,286 housing units in Oxnard. Of those, approximately 24,600, or 45%, are rental units. Of those 24,600 rental units, approximately 9,000 are estimated to be single family residences, resulting in approximately 15,600 units located in multi-family buildings.

According to the publications ChangeLab Solutions "A Guide to Proactive Rental Inspection Programs" *most* programs cover multi-unit properties. Staff recommends that Oxnard's Safe Homes, Safe Families Program apply to multi-unit properties that contain 3 units or more. City Code section 11-4 (A) requires any person conducting business within the city to obtain a business tax certificate (BTC). Section 11-30 (Y) defines a Residential Rental as "An apartment house, court or other dwelling, containing three or more rental units. Section (X) defines a Rental Unit as "A portion of an apartment house or other dwelling rented or available for rent." These BTC records can provide a record of properties already meeting this requirement and is an efficient way to apply the program. Currently there are 773 properties meeting these criteria, which equates to a *minimum* of 2,319 units if properties are multiplied by 3 (Attachment A is a map of the rental properties registered with Business Licensing)

Although there are benefits to including single family homes in a proactive rental inspection program, due to limited resources and the difficulty in identifying the single family homes used for rentals, staff proposes to initially exempt single family rentals from the program. Single family homes would still be part of the daily code compliance operation for addressing code compliance complaints, but not be part of a proactive program, or subject to the registration requirements of the Safe Homes, Safe Families Program.

Staff also recommends that the program specifically *exempt* approximately 15,315 properties from the program which include:

- Single Family Homes which are estimated to include 9,000 single family homes used as rentals.
- New Construction units built within the last 5 years which are estimated to include 2,000 new construction units.
- Government regulated or subsidized units, which are subject to the U.S. Department of Housing and Urban Development (HUD) inspection requirements. Currently the City of Oxnard has a total of 2,489 government regulated or subsidized units (664 public housing units and 1,825 Section 8 voucher units).

2. **Registration/License:** Under the Safe Homes, Safe Families Program it is proposed owners of multiple rental dwelling units to register their units with the City. As stated above, staff recommends Oxnard's Safe Homes, Safe Families Program apply to properties with three or more units on a single property. Property owners who rent or lease three or more units on a single property are already required to obtain a Business Tax Certificate (BTC). Therefore the City is already aware of property ownership and where rental properties are located. When property owners apply for their annual BTC they would also be required to register their property in the Safe Homes, Safe Families Program. The registration fee and license is completed at initial registration; however, an annual program fee would be assessed per unit.
3. **Frequency of Inspection:** Staff recommends an inspection as a prerequisite for: 1) initial registration in the Safe Homes, Safe Families Program; 2) upon transfer of ownership of a unit; and 3) until compliance is achieved after violations have been found. In addition to an initial inspection, certain events can accelerate or decelerate required inspections. Staff proposes to inspect properties containing three or more units that have passed an initial inspection, every 3 years. If a property does not pass the inspection it will be inspected until it comes into compliance.

After passing two consecutive inspections, a property would be eligible to be placed in a self-certification program if: 1) no violations exist, or all violations identified in the initial inspection are abated within 30 days; 2) the property owner is in compliance with all of the provisions of the housing code; and 3) the property owner is not delinquent on any payments to the city of fees, penalties or taxes. Properties within the self-certification program would annually certify that their property, and each unit, has no violations. Properties within the self-certification program would be inspected every 5 years.

A self-certification program allows cities to allocate their limited resources to properties most in need of inspections and provides a financial incentive for property owners to ensure that their property complies with all applicable codes.

- 4. Scope of Inspections:** There are three basic scopes of inspections: 1) exterior of buildings; 2) interior common areas; and/or 3) interior of individual units in a building. The drawbacks to including interior inspections includes: 1) the amount of time the actual inspection takes; 2) resistance of tenants or owners to give access to a unit; and 3) scheduling the inspection for a time when an adult can be present. However, statistics show that exterior and interior conditions are often related; therefore the most comprehensive approach is to inspect the interior and exterior of a unit. Attachment B shows a sample inspection checklist.

Oxnard staff recommends conducting both interior and exterior inspections, but only inspecting a predetermined percentage of units on a property. This is referred to as a “sampling formula”. A sampling formula will allow the City to match its resources to the Safe Homes, Safe Families Program’s six elements. A sampling formula means a percentage of the units within a building or property are inspected. For example, on a property with 20 units, all common areas would be inspected and a random sampling of 20% of the units would be inspected. If during an inspection of any of the units violations are noted, the inspector is authorized to inspect additional, or all, of the units on the property. It is common in a sampling approach to use a sliding scale to determine the percentage of units to be inspected on a property. For example for properties with 10 units or less, it is recommended inspect 100% of all units to be inspected; 10-20 units, inspect 25%; 21-50 units 20%; 51 units and over inspect 10% will be inspected. In a sampling formula approach, it is the City, not the owner that selects which units are to be inspected.

- 5. Fees/Funding:** The most common approach to collecting fees is an initial registration fee, followed by an annual program fee. The registration fee and program fee are typically flat fees. In conjunction with a registration fee and program fee, inspection fees (and re-inspection fees) will be assessed to cover the cost of the Safe Homes, Safe Families Program. The approach and dollar amount of inspection fees may vary. Common fee approaches include charging for each building; a percentage of the total units; every unit; or a flat rate for the property plus a fee for each unit inspected. If a self-certification program is offered, a property within the self-certification program would be assessed an annual program fee, but not an inspection fee. In addition to registration, program, and inspection fees, some jurisdictions impose fees for missed or rescheduled appointments, late payments, abatement costs, and civil and criminal penalties for violations.

For Oxnard, staff recommends an initial registration, annual program, inspection, re-inspection and rescheduled appointment fees. The City currently assesses, and would continue to assess, late payments, abatement costs, and civil and criminal penalties. For the inspection fee, staff recommends a base inspection fee for each property, plus a fee for each unit inspected. The inspection fee would be set to cover the cost of an average inspection. Staff will return to City Council with proposed fees once the Safe Homes, Safe Families Program elements are further defined.

The initial investment of time and resources to develop and implement Safe Homes, Safe Families Program would be substantial. In addition to personnel costs Council must consider the associated equipment (vehicles, uniforms, computers, technology enhancements), outreach and education materials, forms, notices, mailings/postage, hearings, monitoring and maintenance of the program, and the actual time associated with inspections, rechecks, and administrative paperwork. Staff reached out to cities with similar programs to assess start-up and on-going costs. Most of these cities indicated it takes about three years for a program to be revenue neutral. Before that time the program must be subsidized.

6. **Implementation:** Safe Homes, Safe Families Program need to be implemented based on the available resources. Currently Code Compliance includes 7 Code Inspectors, a Senior Code Inspector, Code Manager (vacant), and an Administrative Secretary. Currently there are 11 Code Compliance Beats, leaving the 7 officers to cover up to three beats each (Attachment B).

Common approaches to implement a program include targeting: a specific neighborhood; older neighborhoods first; properties with a history of complaints or non-compliance; or properties with a minimum number of units. Based on Oxnard's resources staff recommends either targeting specific beats and/or neighborhoods or targeting those properties that already obtain a BTC, as described in Section 1 of this report. Currently there are 773 properties meeting these criteria, which equates to a *minimum* of 2319 units if properties are multiplied by three.

By starting in a small area program startup costs related to additional staff, purchasing equipment, and associated administrative costs could be reduced. Starting small will also enable staff to evaluate the program elements and make adjustments to increase the level of compliance city code and improvements to the housing stock.

Once the program is successful we would propose to expand the program to additional neighborhoods. The criteria to select addition neighborhoods include: a high number of rental units, signs of deterioration, and neighborhoods that express an interest in a proactive inspection program. An example of a success measurement could be reducing the number of substandard housing cases in each of these two neighborhoods by 25%.

STRATEGIC PRIORITIES

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 3. Strengthen neighborhood development, and connect City, community and culture.

Objective 1e. Develop a rental inspection program.

FINANCIAL IMPACT

Fiscal Year 2016-17 Adopted Budget included an augmentation of \$80,000 for a code compliance inspector position to administer the Rental Inspection Program. To fully fund the Rental Inspection Program, additional funding will be needed for the inspector's vehicle, related equipment, fuel and maintenance of the vehicle and related equipment, an administrative assistant's time to support the program, or development for the program itself. The initial cost of the Rental Inspection Program is estimated at \$255,000 based on the following breakdown:

Description	Initial Costs	Ongoing Costs
Code Compliance Inspector (1 person)	\$80,000	\$80,000
Code Tech (1 Person)	\$70,000	\$70,000
Office Assistant (1 person)	\$60,000	\$60,000
* Inspector Vehicle	\$30,000	
Fuel, Car Wash, & Vehicle Maintenance	\$5,000	\$5,000
* Computers, Printers, and related IT Charges	\$5,000	\$700
Postage, Printing, Office Supplies, and Uniform	\$5,000	\$5,000
Estimated Costs for Rental Inspection Program	\$255,000	\$220,700

**Replacement funding will be required based on replacement cycle of vehicle and equipment such as computer/laptop*

The goal of setting the registration fee is to have the fee be revenue neutral, meaning the fees collected fully support the operation of the program. Until the specific elements of the program are defined, specific costs to run the program cannot be provided. It is anticipated that the first couple years of a Safe Homes, Safe Families Program the program will not be revenue neutral. The program is anticipated to cost the city more than the revenue collected. Most cities experience a 50% registration rate the first year, followed by a 10% increase per year, maxing out at 80% registration after multiple years.

For comparison purposes staffed looked at cities of varying sizes and scales of programs.

Ontario, a city with 15,000 rental units, which are inspected every 4 years, has 4 dedicated inspectors and one supervisor. Ontario charges the following fees:

- \$36 annual registration fee per unit which includes one inspection every 4 years. When a property does not pass inspection, a unit is assessed a \$107 per hour re-inspection fee.

Sacramento County has 45,926 properties and 106,632 units, which they inspect every 3 years. Sacramento County also has a self-certification aspect to its program. They County selects, at random, units to inspect within the self-certification program. Sacramento has 2 audit inspectors, which are specific to the self-certification properties, 4 field inspectors for the rest of the rental properties, 1 registration staff and a supervisor. In 2015, the inspectors conducted approximately 12,000 inspections, which is only 11% of the County's inventory. Sacramento County is not currently able to inspect the registered rental units every three years. Sacramento County charges the following fees:

- \$15.50 annual registration fee per unit, \$335 fee per property, and a \$59.50 per unit fee for inspections. If a unit fails the first inspection an owner pays the unit fee again. An owner pays a penalty of \$3,000 if the unit fails a second inspection. If an owner fails a third inspection an owner pays the unit fee again, and a \$15,000 penalty if the unit fails the third inspection. A \$15,000 per failed inspection after that is also assessed. In addition to the above fees, "problem properties", pay a higher per unit fee.

The City of Santa Cruz has 6,000 rental units, which includes both single family and multifamily housing. Unless a unit is within the self-certification program, which are inspected every 5 years, Santa Cruz inspects each unit every year. The City of Santa Cruz has two full time inspectors and two administrative staff. They charge the following fees:

- \$45 annual registration fee per property (not per unit), \$20 per unit for an inspection; and \$107 for any required re-inspection. For properties that are eligible for self-certification those property owners pay \$20 per unit at 20% of the total units.

The City of Fresno adopted a new Rental Housing Improvement Act on February 9, 2017, which became effective March 13, 2017. Fresno has 85,000 rental units, which includes both single family and multifamily housing. Fresno's goal is to complete an initial round of inspections on the 85,000 properties in 5 years. They also have a self-certification aspect to their program, which 10% of those units will be inspected at random every year. Based on an initial inspection and continued compliance, units are placed in three different tiers. The tiers determine the frequency of the inspections

- Registration is free, but there is a late registration fine of \$100 per property for up to 30 days late, \$200 fine per property for 31 to 60 days late, a \$500 fine per property 61 to 120 days late, and \$1000 fine for property over 120 days late, plus interest charges of 10% per annum.

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- Inspection fee per unit is \$100. There is no fee for self-certification, but the owner has to hire a private inspection firm or property manager to complete and certify the checklist required for the self-certification.

The Fresno program separates Code Enforcement into two divisions by creating a separate Rental Housing Division, focused solely on rental housing code violations. The new division has a separate manager, a pro-active division with 6 inspectors and 1 support staff, and a re-active division with 6 inspectors responding to complaints, known as the ASET team (Anti-slum Enforcement Team). Four city attorneys are to be assigned to assist both divisions. A General Fund budget increase of \$36,400 to the City Attorney and \$235, 800 to Development and Resource Management will help pay for the ASET team.

The required General Fund appropriation will be determined at a later date, but will not be more than the \$185,000 for the initial cost, and the \$150,700 in ongoing costs.

ATTACHMENTS:

Attachment A. Rental Properties Registered with Business Licensing

Attachment B. Sample Inspection Checklist

Attachment C. Code Compliance Beat Map

Rental Inspection Program

770 Locations



Planning and Community Development Department

809 Center Street Room 107, Santa Cruz, CA 95060

831.420.5140 phone 831.420.5101 fax

Residential Rental Inspection Program
Rental Property Self-Certification Checklist
www.cityofsantacruz.com/rentalinspections

L.1.b

Owner Information (Please print legibly)					
First Name:		Last Name:		OWN ID: (found on letter)	
Property Address Please use one form per address / unit					
Street Address:					Unit #:
Item #	Part I: Exterior Inspection	Pass	Fail	N/A	Comments
1.1	<u>Legible and Visible address number and unit identification</u> (Address numbers clearly visible from street/number or letters for units- minimum 4 in high, if new)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.2	<u>Roof</u> (Must be free from any visible holes or penetrations that allows outside elements - rain & cold - in and heated air out.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.3	<u>Storage of Junk and rubbish and/or overgrown vegetation</u> (Household trash, tires, scrap wood, scrap metal, etc. shall be stored and protected in an orderly fashion as to not be an attractive nuisance - Property must be clear from any overgrown/dry vegetation and/or weeds capable of being ignited and endangering the property)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.4	<u>Dumpsters/Trash Cans</u> (Must be in enclosure if provided/stored out of public right-of-way/ free from trash overflow)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.5	<u>Inoperable/Unregistered Vehicles</u> (Inoperable vehicles must be stored out of the front yard or exterior side yard and on a paved surface)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.6	<u>Foundation Vent Screens/Crawl Space Covers</u> (Spaces must be properly covered. Screens must be in good working condition)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.7	<u>Stairways - Landings/treads/risers/balusters</u> (Should be in good condition/free from visible structural defects (loose threads, missing balusters or handrails, rotting or deteriorating materials) and anything that could cause a trip or fall hazard.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.8	<u>Exterior Walkways/Exit Passageways/Common Areas</u> (Must remain clear at all times and in a safe and sanitary condition)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.9	<u>Exterior Lighting</u> (Approved lighting fixtures at entrance/exiting doors, all exterior hallways, as applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.10	<u>Electrical Panel</u> (Must have a panel cover and breakers labeled with appropriate identification, as applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.11	<u>Water Heaters</u> (Must have proper strapping, proper drain lines, and venting)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.12	<u>Required Covered Parking</u> (Garage doors operable, parking available if needed, not in front yard or exterior side yard)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.13	<u>Infestation</u> (Property must be clear of all infestations - insect, rodent, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
For Multi Family (3+ units) Only					
1.14	<u>Fire Extinguishers</u> (Must be properly serviced, labeled, and stored - minimum size 2A10-BC)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.15	<u>Fire Sprinkler System</u> (If provided - Certification of 5 year inspection required)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.16	<u>Electrical/Gas Meters</u> (Must have proper labeling, be properly protected, and must not be tampered with. Utilities in an exterior closet or room may require signage)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
1.17	<u>Existing Fire Lanes clearly marked</u> (Signage or paint or both needed)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

I certify and declare under penalty of perjury that I have inspected the aforementioned unit and that the information above is true and correct to the best of my knowledge.

Name (Please print): _____ Relationship to Property: _____

Phone Number: _____ Date: _____

Signature: _____



Planning and Community Development Department

809 Center Street Room 107, Santa Cruz, CA 95060

831.420.5140 phone 831.420.5101 fax

Residential Rental Inspection Program

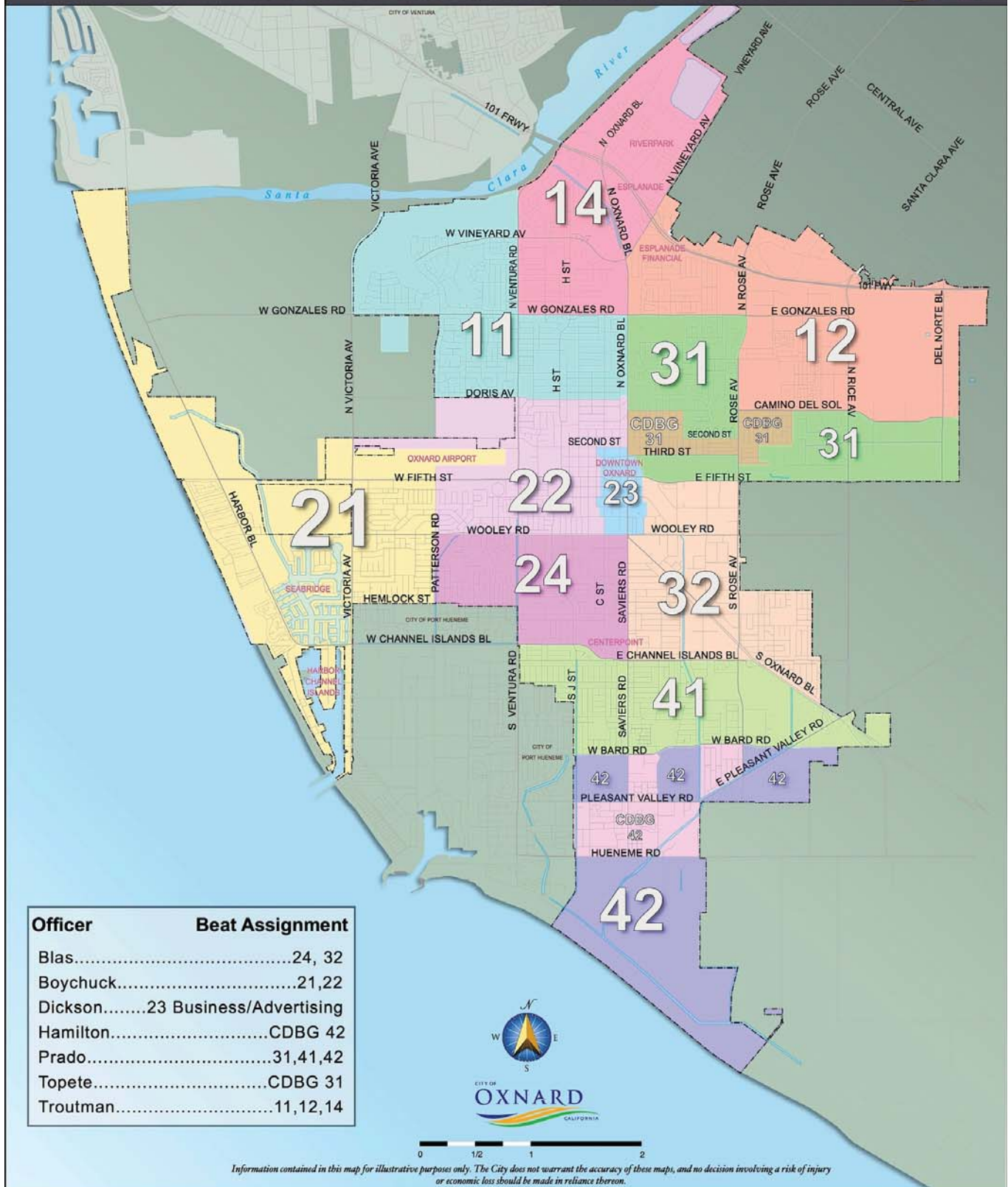
Rental Property Self-Certification Checklist

www.cityofsantacruz.com/rentalinspections

L.1.b

Owner Information (Please print legibly)					
First Name:		Last Name:		OWN ID: (found on letter)	
Property Address Please use one form per address / unit					
Street Address:					Unit #:
Item #	Part II: Interior Inspection	Pass	Fail	N/A	Comments
2.1	<u>Hot/Cold Running Water</u> (Unit must have hot and cold running water)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.2	<u>Electrical Power</u> (Unit must have electrical power)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.3	<u>Heat</u> (Unit must have a functioning adequate heating source – This excludes portable heating units)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.4	<u>Sewage System</u> (Unit must have a functioning sewage system and must be clear of any surfacing sewage indoors or outdoors)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.5	<u>Entry Doors</u> (Must be in good condition – Locks on doors must not exceed 48" in height, unless otherwise allowed. No double key lock on entry door)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.6	<u>Exits</u> (One main door per unit & escape/rescue window per bedroom. There must not be any double key locks on any exit doors throughout the unit)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.7	<u>Infestation</u> (Unit must be clear of any infestations – insect, rodent, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.8	<u>Smoke Alarms</u> (Must be working, in good condition and properly installed/maintained - in compliance with Code - immediately outside all sleeping areas on on every level including basements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.9	<u>Carbon Monoxide Alarms</u> (Must be working, in good condition and properly installed/maintained - in compliance with Code - immediately outside all sleeping areas on on every level including basements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.10	<u>Mechanical</u> (All mechanical equipment in the unit must properly function including: appliances, venting systems, thermostats, air conditioning unit – if provided, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.11	<u>Electrical</u> (All wiring and electrical components must be in good working condition – no spliced wiring, no exposed wiring, and all outlets and switch plates must have appropriate coverings/GFCI in bath and kitchen operational, if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.12	<u>Electrical Sub Panel</u> (All breakers to be properly labeled and identified, no open slots or exposed wires)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.13	<u>Plumbing</u> (Unit must have proper plumbing throughout unit – sink, toilet, bathtub or shower, no leaks, must have P-traps, toilets must be secured to ground and sinks must be secured to walls, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.14	<u>Counter and Sink Surfaces</u> (Are required in kitchens)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.15	<u>Windows</u> (All windows must have adequate weather protection – no broken glass/plastic coverings, etc. - be in good condition and have locking mechanisms that function without use of key or special knowledge. If window bars or screens are present, they too must function without use of key or special knowledge.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.16	<u>Flooring</u> (Floors must not be in a defective or deteriorating condition that could cause a trip or fall hazard or impact sub-flooring)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.17	<u>Sub-flooring</u> (Must be in good condition without buckling or sagging which suggests structural defects)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.18	<u>Walls</u> (Must be good habitable condition clear of large holes, missing sections, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
2.19	<u>Ceiling</u> (Must be in good repair, must not be collapsing, buckling or sagging suggesting structural defects or roof leakage)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

CODE COMPLIANCE BEAT MAP

OXNARD
CALIFORNIA

CODE Compliance