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Title: Provide Anti-Slum Enforcement Team (ASET) Quarterly Report

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Attachments: 1. Attachment A - ASET Weekly Status Report (March 22, 2019).pdf, 2. Attachment B – ASET PowerPoint Presentation.pdf

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REPORT TO THE CITY COUNCIL

April 4, 2019

FROM: WILMA QUAN, City Manager
Office of the Mayor & City Manager

DOUGLAS T. SLOAN, City Attorney
City Attorney's Office

SUBJECT

Provide Anti-Slum Enforcement Team (ASET) Quarterly Report

RECOMMENDATION

City Manager's Office and City Attorney's Office to provide an ASET quarterly status report.

EXECUTIVE SUMMARY

The Administration, City Attorney's Office (CAO), and the Development and Resource Management's (DARM) Rental Housing Division staff are working in a coordinated effort to aggressively pursue compliance from landlords who are failing to maintain rental properties. The City does not have resources to address and remedy all code violations, but through ASET, is pursuing egregious violators with maximum fines, reimbursements, attorney fees, and other remedies such as receiverships. The mission of ASET is to increase the stock of habitable rental housing by pursuing violators to obtain code compliance. Quarterly reports are provided to the City Council concerning

the status of ASET, results obtained, and any additional resources necessary to accomplish ASET's mission. The ASET Weekly Status Report is also posted to the City's website. ASET has successfully pursued compliance of approximately 6,836 violations in over 559 units. Currently, approximately 14,738 additional violations are being pursued in 470 units as part of 24 active ASET cases.

BACKGROUND

ASET is dedicated to increasing the stock of affordable and habitable rental housing by pursuing and improving slum properties with substantial health and safety violations through enforcement, education, fines, receiverships, and compliance agreements. This specialty unit was designed to handle a dozen egregious cases per year, but with effective coordination, this goal continues to be exceeded. The majority of cases are on a clear path towards compliance and rehabilitation. Other successes include new ownership, and improved property management.

The CAO has three lawyers, a paralegal, a legal secretary assigned to ASET, and two legal investigators whose primary focus is ASET. Additionally, the CAO's three law clerks assist with related Code Enforcement Division matters. DARM has a Rental Housing Division manager, a supervisor, and six senior community revitalization specialists (inspectors) assigned to ASET. ASET cases are categorized into active, pending, potential, and completed. The ASET Weekly Status Report (Attachment A) is posted to the City's website at www.fresno.gov/rentalhousing <<http://www.fresno.gov/rentalhousing>>.

Because ASET is designed to pursue a handful of the most egregious violators, and does not operate like traditional code enforcement, it is essential all complaints continue to be reported through the City's FresGo App, One Call Center, or the Code Enforcement Division. Other Divisions within DARM generate additional referrals to ASET.

Please see below for highlights related to some of the 24 current active cases .

RESULTS OBTAINED

Active ASET Case Highlights:

1. 4412 E. Olive (397 violations) -[Fermina Ramirez, District 7]

This is an occupied and substandard 4-unit complex with significant health and safety violations, including lack of heat, broken windows, visible mold, infestations, electrical issues, severe dilapidation and a lack of maintenance. In addition, there has been ongoing transient activity on the property. ASET completed the initial inspection on January 3, 2019, and issued a Notice and Order for 397 violations on January 14, 2019. A Compliance Agreement was executed on March 18, 2019.

2. 757 N. Jackson (231 violations) -[BDHOV LP, LEHOV LP, WRHOV LP, and JDHOV LP (General Partners: David B. and Linda R. Hovannisian), District 7]

This is a dilapidated and occupied 8-unit complex with significant health and safety violations, including visible structural deterioration to the balconies and staircases, and boarded/broken windows and doors. Additionally, it is in close proximity to an elementary school, and adjacent to a homeless encampment. ASET completed the initial inspection on March 6, 2019, and issued a Notice and Order for 231 violations on March 20, 2019.

3. 405-421 S. Recreation (590 violations) -[Tiburcio Uribe Ramirez, Esperanza Ramires Membrila, and Maria Isabel Ramirez, District 5]

This is a severely dilapidated and occupied 9-unit apartment complex with numerous open code cases for lack of heat, lack of hot water, lack of AC, mold, plumbing leaks, and pest infestations. In

addition, there have been excessive calls for police and fire response. This property is in close proximity to several schools. ASET completed the initial inspection on January 17, 2019, and issued a Notice and Order for 590 violations on March 1, 2019. Settlement negotiations are in progress.

4. 2525 W. Andrews (978 violations) -[Jesus Aceves and Emilia Aceves, District 1]

This is a neglected and occupied 16-unit apartment complex with a current open code case for significant substandard conditions, including for roaches, mice, plumbing leaks, and dangerous structural supports. There is an extensive history of police and fire calls for service to the property, and it is in close proximity to multiple schools. ASET completed the initial inspection on January 16, 2019, and issued a Notice and Order for 978 violations on February 15, 2019. Settlement negotiations are in progress.

5. 4659 E. Tyler (190 violations) -[Ricardo and Santiago Mendoza, District 7]

This is a blighted, deteriorated, and occupied 4-unit complex with a code history of pest infestation, broken appliances, multiple health and safety issues, damaged window screens, missing fire extinguishers, dangerous stairs, carport caving in, and damaged walls. Fresno PD relayed a history of excessive calls for police service. This property is in close proximity to multiple schools. ASET completed the initial inspection on February 21, 2019, and issued a Notice and Order for 190 violations on March 6, 2019. Settlement negotiations are in progress.

6. 202-244 W. Shields (921 violations) -[Martin Nunez, Eduardo Robles, Absolon Ruiz, Ramiro Raygoza, District 1]

This is an occupied and dilapidated 20-unit apartment complex with an extensive history of housing code violations, including multiple open and active cases for reports of rats, roaches, junk, and rubbish. In addition, Fresno PD has an excessive number of calls for service to the location for warrants, stabbings, drugs, and assaults. On November 29, 2018, ASET conducted the initial inspection of the property. A Notice and Order was issued on January 29, 2019, and settlement negotiations are in progress.

Active ASET Case Highlights - Rehabilitations in Progress:

7. 1504 E. Yale (312 Violations) -[Quy Dinh Le, Maryann Mai Bach Le, Ngoc Bich Thi Le, District 7]

This is a severely deteriorating, occupied 5-unit complex with multiple substandard conditions, including visible mold, water leaks, pest infestations, inoperable vehicle, and excessive calls for police and fire response. ASET completed the initial inspection on October 22, 2018, and issued a Notice and Order for 312 violations on November 2, 2018. A Settlement Agreement was signed on February 8, 2019, and progress has been made.

8. 3279 and 3285 E. Clay (424 Violations) -[Jerry M. Saylor and Gail A. Saylor, Trustees, District 5]

This is an occupied, substandard, and deteriorating 8-unit complex with significant health and safety issues, including dangerous stairs and landings, pest infestations, transients, and inoperable vehicles. ASET completed the initial inspection on November 5, 2018, and issued a Notice and Order for 424 violations on November 20, 2018. A Settlement Agreement was signed on March 1, 2019. All repairs have been completed for the interior of 3285; exterior and 3279 remain in progress.

9. 4805 E. University (337 Violations) -[Rodolfo and Carmen Rojas, District 4]

This is a partially occupied, substandard 3-unit complex with an extensive history of housing code violations, including lack of water and electrical service, frequent calls for police service, and a history

of squatters. ASET conducted an initial inspection on May 3, 2018, and issued a Notice and Order for the two occupied units on May 17, 2018 for 237 violations. A Notice and Order for the vacant unit was issued on June 15, 2018, for 100 violations. A first administrative citation was issued on July 31, 2018, for \$38,750. On August 14, 2018, the City posted a Health and Safety section 17980.6 Notice to Abate for 337 violations. On October 22, 2018, the City petitioned the Court to appoint a health and safety receiver, and court appointed the receiver on January 3, 2019. The Receiver has secured the property and relocated the tenants. Currently, the Receiver is getting bids for the repairs, and will be submitting a Receiver Plan soon.

10. 440 S. Chestnut (781 Violations) -[Sylvia Gutierrez, District 5]

This is an occupied, substandard and deteriorating 12-unit complex with excessive calls for police service and significant health and safety violations, including junk/rubbish, damaged walkways, boarded or broken windows, a dangerous staircase, and a homeless encampment. It is located within close proximity to several schools. On September 6, 2018, ASET completed an initial inspection and found numerous violations, including missing or inoperative smoke detectors, pest infestations, damaged security doors, no heat in several units, and lack of permits to install water heaters. The Notice and Order was issued on October 1, 2018, for 781 violations. On November 19, 2018, the parties entered into a Settlement Agreement. The property passed its inspection for the first phase of the agreement, and progress continues.

11. 701 W. Cambridge (617 Violations) -[Rick C. Torres (former owner)/ Meganova, LP (General Partner: Theta Holdings, LLC, Matthew Radmanesh, Managing Member) as of June 28, 2018, District 1]

This property is a partially occupied 10-unit apartment complex with significant health and safety issues, including mold, water damage, insect infestation, and boarded windows. ASET conducted an interior and exterior inspection of each unit, and a Notice and Order for 617 violations was issued on March 12, 2018. A Settlement Agreement with the prior owner was entered into on July 31, 2018, and \$4,500 was paid in full. A Vacant Building Notice and Order was issued on February 20, 2019. Rehabilitation is in progress.

12. 1203 W. Simpson (700 Violations) -[Malcolm D. Powers and Judy Powers, District 1]

This property is a partially occupied 14-unit apartment complex. ASET has completed inspections of all units and the exterior of this apartment complex. These inspections revealed significant substandard conditions and health and safety issues. A Settlement Agreement to include major renovations, the correction of all violations, and the payment of the City's hard costs, was entered into on April 9, 2018. Rehabilitation is underway and the first, second, and third progress inspections have been completed. Hard costs in the amount of \$7,835 have been paid pursuant to the agreement. The final compliance inspection should occur by the end of April.

13. 2249 W. Princeton (686 Violations) -[Michael Hertz and Scott Jacoby, District 1]

This is a dilapidated and occupied 12-unit apartment complex with an extensive code history and significant substandard conditions; including visible black mold, presence of junk and rubbish, and electrical and plumbing issues. The initial ASET inspection was completed on September 27, 2018. A Notice and Order for 686 violations was issued on October 12, 2018. A Settlement Agreement was executed on November 29, 2018. Compliance inspections are occurring, and the property is on track with its compliance agreement.

14. 4460 E. Woodward (499 Violations) -[Abdo Saleh Nagi and Shiha Mohammed Abdo, District 5]

This 4-unit, multi-family residence is occupied and severely dilapidated. The significant health and

safety violations include junk/rubbish, a dangerous staircase, missing fire extinguishers, illegal use of extension cords, and deteriorating landings and garages. ASET completed the initial inspection on August 14, 2018, and the City issued a Notice and Order on August 24, 2018, for 499 violations. The property owners promptly completed work related to a serious mold issue at the property, and a settlement agreement was executed on November 15, 2018. The first progress inspection was completed on November 29, 2018 and an interior re-inspection was conducted on March 13, 2019. Mold abatement and interior rehabilitation is nearly completed with only 13 outstanding interior violations remaining. Exterior corrections to be completed.

15. 4518 E. Fountain Way (1,931 Violations) -[Sorento Holdings (Salvador Hernandez, Managing Member), District 4]

This is a deteriorating and occupied 57-unit apartment complex with excessive calls for police service and an extensive code history, including an active case for bed bugs, roaches, and a lack of air conditioning, heating, and natural gas. The initial ASET inspection was completed on July 17, 2018, and a Notice and Order for 1,931 violations was issued on August 2, 2018. Hard costs in the amount of \$14,947 were paid in full on August 16, 2018. A settlement agreement was executed, and the priority list re-inspection was completed on November 20, 2018. A complete re-inspection was conducted on January 9, 2019, and many violations remained. A citation in the amount of \$134,000 was issued, and the property owner is trying to sell the property. Additionally, owner filed an appeal of the citation and an administrative hearing is scheduled for April 18, 2019.

16. 4538 E. Hamilton (2,315 Violations) -[Moen Trust and Kirkpatrick Trust, District 5]

This is a severely dilapidated 28-unit apartment complex with significant health and safety violations including the presence of chickens/roosters and pest infestations. There is an extensive history of code violations for this property, as well as calls for police service. The initial ASET inspection was completed on April 5, 2018, and a Notice and Order was issued on June 26, 2018, for 2,315 violations. A settlement agreement was entered into on August 14, 2018. The Phase One re-inspection was completed on September 28, 2018; the Phase Two re-inspection was completed on October 15, 2018; and the Phase Three re-inspection occurred on November 30, 2018. A Notice of Breach of the Agreement was sent on December 13, 2018 regarding delayed and substandard work. Since the Notice of Breach, the property owner has complied, and very few violations remain. A final re-inspection should occur at the end of April.

17. 4608-4612 E. Inyo (854 Violations) -[Victor H. Martinez, District 7]

This is an occupied and deteriorating 8-unit complex with significant substandard conditions, including pest infestation, junk/rubbish, mold, water leaks, and inoperable vehicles; in addition to excessive calls for police service. An initial ASET inspection was conducted on August 22, 2018. A Notice and Order for 4608 E. Inyo was issued on September 10, 2018, for 346 violations, and a Notice and Order for 4612 E. Inyo was issued on September 10, 2018, for 508 violations. A settlement agreement was executed on November 1, 2018. A re-inspection was conducted on March 20, 2019 and showed approximately 90% of the violations have been corrected. The final compliance inspection should occur by the end of April.

18. 5035 - 5049 E. Lane (1,290 Violations) -[Sean Sanchez, District 5]

ASET inspected 16 units, next door to a school, with significant substandard conditions and health and safety issues, including but not limited to, broken windows, roach infestation, egress violations, and missing smoke alarms. Additionally, the apartment complex generated frequent calls for police service, including gunfire. Notice and Orders identifying more than 330 exterior violations and 960 interior violations, were issued. An Extension and Settlement Agreement has been executed, and a

compliance inspection was conducted March 15, 2018. While some progress was made, significant violations remained. An inspection warrant was executed on April 25, 2018, and an administrative citation for \$86,000 was issued on June 22, 2018. On July 10, 2018, owner filed an appeal of the citation, and the citation appeal hearing will be scheduled in June 2019. Owner has expressed his desire to sell the property, and he is reviewing offers.

19. West Shaw Estates (780 Violations) -[West Shaw Estates Homeowners Association / Regency Property Management (as of March 1, 2018) District 1]

In February of 2017, inspections of the condominium complex known as West Shaw Estates revealed exterior common area code violations, including illegally occupied structures, electrical theft and damage, unsafe and unpermitted balconies, broken light fixtures, and a swimming pool requiring immediate action in order to mitigate potential health and safety issues. The parties entered in a settlement agreement, whereby the HOA will make the repairs to gutters, walkways and balconies. Additionally, \$20,000 was paid to the City. The final repairs on the balconies should be complete by the beginning of June.

20. 1309 and 1315 B Street (71 Violations) -[Vincent Medina (former owner)/Brad Hardie and Michael Zuber as of November 18, 2018, District 3]

These are two single family homes on one Assessor's Parcel Number (APN). The City was seeking voluntary compliance for substandard conditions, including major structural damage, unsanitary conditions, missing smoke and carbon monoxide alarms, improper occupancy of the enclosed back porch, and unpermitted electrical wiring at the rear patio. Due to lack of compliance by owner, the City posted a Health and Safety section 17980.6 Notice for 71 violations and petitioned the Court for a health and safety receiver. The City's petition for a receiver was granted at hearing on June 12, 2018, the receiver has cleaned and secured the property, and negotiated with potential buyers who will be able to rehabilitate the property. The motion to confirm the sale of the property was granted on October 17, 2018. The new buyers are nearing completion with the rehabilitation.

21. 2845 E. Madison (41 Violations) -[Jose Luis Garza Martinez and Juana Borja (former owner)/Preferred Property, LLC (Matthew Campbell, Managing Member) as of August 27, 2018, District 7]

This occupied, single-family residence has multiple health and safety violations, exterior public nuisance, zoning violations, and structural damage, in addition to a significant accumulation of junk and rubbish. A Notice and Order for 41 violations was issued on September 19, 2017. Due to lack of compliance by owner, the City petitioned the court for a health and safety receiver. The City's petition for a receiver was granted at hearing on May 30, 2018. The motion to approve the sale of the property was granted on August 2, 2018. The rehabilitation is nearly completed.

22. 321 E. Strother (24 violations) -[Daniel and Maria Romo (former owners)/ Varo-Real Investments (CEO: Diego Espinoza-Martinez) as of December 12, 2018, District 3]

This is a severely dilapidated and vacant single-family home with significant health and safety violations, including lack of water and power, missing smoke alarms, lack of emergency egress, and junk and rubbish throughout the interior and exterior of the property. Additionally, there is a history of squatters and trespassing. ASET issued a Notice and Order for 24 violations on July 31, 2018. On September 4, 2018, the City posted a Health and Safety section 17980.6 Notice to Abate for 24 violations. On October 22, 2018, the City filed a petition to the Court to appoint a health and safety receiver, with a hearing date set for December 18, 2018. On December 12, 2018, the property was sold to a new owner, and the City withdrew its petition from the Court. A Notice and Order for 24 violations was issued to the new owner on February 1, 2019, and rehabilitation of the property is in

progress.

Recently Completed ASET Case Highlights (26 Total Completed ASET Cases):

23. 4811 E. Geary (9 Violations) -[Andrew and Gloria Adams (former owner)/Wells Fargo Bank, N.A. as of August 27, 2018, District 5]

This dilapidated and occupied single-family residence has a severely deteriorating and hazardous roof, as well as evidence of mold and water damage, unsanitary bathroom and kitchen areas, and damaged interior and exterior walls. A Notice and Order was issued on March 26, 2018, for nine violations, and a Health and Safety section 17980.6 Notice to Abate was posted on June 5, 2018. These steps have motivated one of the lienholders, Wells Fargo Bank, to assume control of the property, as both owners are deceased. A trustee's sale was scheduled for August 21, 2018, and ownership of the property was transferred to Wells Fargo Bank on August 27, 2018. All violations have been cured, and code enforcement has closed its case.

24. 345 S. Chestnut and 4820 E. Laurel (7 violations) -[Central Community Development Center (CEO: Donald Lockhart) (former owner)/ 5C Construction, Development & Management, Inc. (CEO: Shabbir A. Chaudhry) as of March 5, 2019, District 7]

This is an occupied single-family residence plus a duplex and 4-plex on the same APN. There is a history of fire hazards, criminal activity, non-compliance by the property owner, incomplete and unpermitted construction, and unpermitted occupancy dating back to 2008. An inspection warrant was executed at the property on January 3, 2018. The duplex and 4-plex were posted against occupancy and a stop work order was issued on January 3, 2018. Due to continued noncompliance, the City filed a Complaint for Injunction to the Court on July 26, 2018. A settlement agreement and stipulated judgment was executed on November 8, 2018. The property was subsequently sold to a new owner on March 5, 2019. The property is now in compliance, and the case has been closed. The property owner met with code enforcement to discuss plans to transform the property into additional rental housing.

OBSERVATIONS

During the past quarter, ASET has continued actively working to identify and address properties with significant health and safety violations. The team has seen success with different tools for compliance, including demand letters and compliance agreements. Compliance has been achieved through neglectful property owners becoming engaged in their properties, and through sales of properties to investors willing and able to improve the property.

The CAO and DARM continue working together very smoothly and have developed systems for handling each property in a thorough and consistent manner. Potential properties are investigated by CAO investigators, and this information is presented to DARM. Through collaboration, the CAO and DARM determine whether a property is to be placed on the pending list. If so, the CAO drafts a letter to the property owner describing ASET, its goals, and advising the property will be inspected. In many cases, these letters have led to contact with the property owner or a representative, and attempts at compliance have been seen prior to first inspections.

ASET's purpose and enforcement tools continue to spread among property owners. More and more, ASET is seeing properties listed for sale following inspections or at an early stage of the process. Additionally, neglectful property owners are making efforts prior to the initial inspection. In one case, after receiving ASET's initial letter, the property owner immediately hired a new property management company, who has provided a scope of work and timeline for the rehabilitation of the property. The reputation of this unit and its results are leading to greater compliance.

The legal investigators are proving to be very valuable, as they are available to rapidly respond to Council and Administration requests, and serve a broader role than DARM inspectors. The law clerks are performing exceptionally well and taking on more responsibility as they gain experience. Working closely with DARM inspectors, the law clerks and investigators have seen success resulting in the complete rehabilitation of many vacant, blighted properties.

During the last ASET Quarterly Report, information regarding changes in rent was requested. The City does not collect this information, however, the CAO has conducted some research. Although this information is difficult to gather and quantify, CAO research found that one complex in District 1 nearing the end of rehabilitation, had rents prior to inspection of approximately \$750 per month. This complex now charges \$810 per month for a two bedroom, and \$1,006 per month for a three bedroom. According to apartments.com, average rent for a two to three bedroom apartment in the area is \$971 to \$1,312 per month. Another complex currently in progress (rehabilitation) in District 5 currently charges from \$500 to \$600 per month, and has not raised rates as a result of the rehabilitation. According to apartments.com, average rent for a one to two bedroom apartment in the area is \$717 to \$969 per month.

At this time, the needs of ASET are being met, with sufficient resources to handle the current work load.

Attachments: Attachment A - ASET Weekly Status Report (March 22, 2019)
Attachment B - ASET PowerPoint Presentation