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**Title:** Actions related to the Rental Housing Improvement Act and Anti-Slum Enforcement Team:  
 1. BILL - (for introduction) Adopting the Rental Housing Improvement Act.  
 2. \*\*\*RESOLUTION - 533rd amendment to the Master Fee Schedule (MFS) Resolution No. 80-420 to add a rental housing inspection fee in the Planning and Development section.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 1 27 17 Rental Hous Impr Act.pdf, 2. 533rd Amend Rental Housing Inspection Fees.pdf, 3. Regulations\_1.27.17.pdf, 4. Supplement - Letter of Support.pdf, 5. Supplement - Letter from Fresno Faith Leaders.pdf, 6. Supplement - REVISED Letter of Support.pdf, 7. Supplement - PowerPoint Presentation.pdf, 8. Received from Staff During Meeting 17-192.pdf

Date	Ver.	Action By	Action	Result
2/2/2017	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**February 2, 2017**

**FROM:** BRUCE RUDD, City Manager  
City Manager's Office

**BY:** JENNIFER CLARK  
Director, Development and Resource Management Department

**SUBJECT**

Actions related to the Rental Housing Improvement Act and Anti-Slum Enforcement Team:  
 1. BILL - (for introduction) Adopting the Rental Housing Improvement Act.  
 2. \*\*\*RESOLUTION - 533rd amendment to the Master Fee Schedule (MFS) Resolution No. 80-420 to add a rental housing inspection fee in the Planning and Development section.

**RECOMMENDATION**

The Administration recommends that the Council adopt the attached ordinance and supporting amendment to the Master Fee Schedule (MFS) to provide the resources needed to support the Anti-Slumlord Enforcement Team (ASET) program adopted by Council on November 17, 2016, and to

implement a pro-active rental housing inspection program for the purpose of improving the quality of rental housing in the city of Fresno.

## **EXECUTIVE SUMMARY**

This purpose of the Rental Housing Improvement Act is to identify substandard rental housing violations through the creation of a new Code Enforcement Division whose sole focus will be to address the issue of substandard housing within our community. The creation of this Division is reflective of a yearlong effort by the Administration and the City Council to address many of the problems that contributed to the conditions that were found at the Summerset Apartments in November, 2015. Since that time, both the Administration and Council have worked to amend and strengthen applicable Fresno Municipal Code (FMC) provisions, internal policies and practices, and adopt a more aggressive legal strategy to address the issue of substandard housing and egregious property owners.

The creation of a dedicated Division, which will include members of the City Attorney's Office, is intended to build upon these efforts and is consistent with the ASET program proposed by Councilmembers Brandau and Olivier and subsequently adopted by Council on November 17, 2016. The approval of the ordinance and of the supporting MFS resolution will be used to implement a pro-active and re-active rental housing inspection program in order to ensure rental housing units meet minimum health and safety standards required by the State of California and improve the quality of rental housing in our community.

## **BACKGROUND**

The City of Fresno has historically struggled to effectively address substandard rental housing and related health and public safety violations due to a re-active code enforcement strategy that has lacked the focus and resources needed to mitigate the type of conditions found at the Summerset Apartments. In addition, the applicable Fresno Municipal Codes provisions related to rental housing codes were weak and not aggressively enforced.

Over the past year, the Administration and Council have worked to more clearly define housing code violations, increase the amount of fines, enhanced various enforcement provisions and has aggressively pursued legal actions against irresponsible property owners, up to and including receivership. Last November, the Council passed the ASET Act with the intent to provide additional resources needed to address the public health and safety issues created by egregious property owners.

Due to the size of rental housing units (approximately 85,000 units) and historic code enforcement related issues, it is imperative that the City commit the resourced needed to implement an effective rental housing inspection program in order to address the health and safety code issues that continue to negatively impact the lives of our residents and the quality of our neighborhoods.

## **Methodology**

The effort to address substandard rental housing units begins with the adoption of the recommended ordinance that will be used to support the creation of a city-wide inspection rental housing inspection program. The adoption of the ordinance, combined with additional staff augmented by new Administrative Regulations, is the first step in addressing this critical quality of life issue. As written,

the recommended FMC changes are intended to provide maximum flexibility needed and provide the program with the ability to be adaptive based on actual experience gained during the implementation phase of the program.

In addition, housing related code violation provisions are currently embedded in different sections of the City's FMC. As a follow-up to this Act, the City Attorney's Office has been tasked to consolidate the numerous municipal codes into one new section so that it is easier for staff to process code violations and for City Attorney's to prosecute cases in the future.

As this program is implemented it will be carefully monitored to measure how well it is doing in accomplishing its intended purpose. This Act will be reviewed after the first, second and third years using specific performance metrics based on specific goals and outcomes. The overall effectiveness of this program will be reported to the Council annually as well as published on the City's website. It should be noted that further changes to the recommended regulations or the FMC may be warranted based on these performance metrics and/or the level of success being achieved.

This Act is designed to efficiently filter, via well-organized pro-active inspections, identify and prioritize substandard housing properties from the vast number of rental units to be inspected. It is believed the large majority of rental properties are safe and well-maintained by responsible property owners and professional property management companies. In order to effectively leverage resources the program will target properties or census tracts known to have frequent health and safety code violations with the initial phase being focused on multifamily rental units followed by single family home rental units. Other rental/income housing units, such as hotels, motels, and condominiums will be addressed as the program evolves.

### **Bifurcation of Code Enforcement**

In order to effectively and systemically deal with substandard rental housing issues the Act bifurcates the code enforcement activities by creating a separate division that will focus solely on rental housing code violations. This new Division will be responsible for initiating pro-active and re-active inspections and will consist of the following:

- Division Manager (1)
- Supervisor (1)
- Senior Community Revitalization Specialists (7)
- Community Revitalization Specialist (2)
- City Attorneys (3)
- Paralegal (1)
- Legal Secretary (1)

In the event the pro-active inspections identify problem properties with significant health and safety code violations the re-active code inspections will step in to conduct a comprehensive follow-up inspection on the problem properties. The team will work closely with the City Attorney's office to aggressively prosecute egregious property owners who do not correct health and safety violations that create substandard housing.

### **Registry**

All residential rental units are required to register and the registration will be updated whenever there is a change of ownership or contact information. There will be no fee to owners to register their properties. The data will be used to help identify and prioritize properties and property owners who

have a history of code violations as well as calls for public safety services.

### **Baseline Inspections**

All residential rental properties are subject to baseline inspections according to a random sampling formula. The sampling formula will be based on the number of units in the complex. For example, a 51 plus apartment complex will have 10% or five (5) units selected for inspections. The cost of inspections shall be \$100 per unit inspection. All inspections shall follow a Rental Inspection Checklist that includes all State of California housing health and safety standards as defined by Civil Code 1941.1 as well as requirements related to cooling/air conditioning units if applicable and smoke and carbon monoxide detectors.

### **Self-Certification Program/Tier 1 Properties**

All properties that successfully pass the initial unit inspections shall be eligible for the self-certification program. These properties will be classified as “Tier 1 Properties”. In order to qualify, the property must be managed by a professional management company licensed by the State of California or a responsible property owner who will be required to inspect each rental unit at least once a year and upon every unit turnover. Properties that successfully pass this initial inspection will not be subject to a random audit for the first five (5) years, unless significant health and safety violations occur. All properties in the self-inspection program shall be subject to a 10% random audit by the City after the initial five (5) year period.

### **Tier 2 and 3 Properties**

Properties that fail the initial baseline inspection or subsequent inspections will be classified in either “Tier 2” or “Tier 3” property pools. Tier 2 properties will be inspected every 2 years and every unit will be inspected. Tier 3 properties which have more egregious health and safety code violation problems will be inspected every year and every unit will be inspected.

### **Exempt Properties**

Every rental property must register with the City but certain properties will be exempt from baseline inspections. Exempted properties include: 1) any rental property less than 10 years old; and 2) any property that has subsidized rental units (e.g. Affordable Housing or Housing Authority) and already have existing annual unit inspection requirements. A property owner is required to sign an affidavit under penalty of perjury certifying the property is exempt.

### **Tenant Education**

A tenant education plan shall be developed and implemented partnering with government agencies, non-profit organizations and the California Apartment Association.

### **Performance Metrics**

The City shall develop performance metrics to measure the success of its pro-active rental property inspection program. The City Manager shall provide an annual report to the Council that includes detailed statistics showing the progress in reducing substandard rental housing units in the City. The report will also be published on the City’s website.

## **ENVIRONMENTAL FINDINGS**

N/A

## **LOCAL PREFERENCE**

N/A

## **FISCAL IMPACT**

The item before Council is set for introduction. Therefore, it is the Administration's intent to bring forward the Annual Appropriation and Position Authorization Resolutions at the time that Council formally adopts the recommended ordinance on February 9, 2017.

### Attachments:

Rental Housing Improvement Act Ordinance  
Rental Housing Improvement Act Regulations  
Master Fee Schedule Amendment Resolution