

City of Lawrence
Neighborhood Resources Department

MEMORANDUM

TO: David L. Corliss, City Manager

THRU: Debbie Van Saun, Assistant City Manager

FROM: Victor Q. Torres, Director, Neighborhood Resources and
Brian L. Jimenez, Code Enforcement Manager

DATE: January 31, 2007

RE: Rental Inspection Program for all rental units

In a letter dated January 8, 2007, Candice Davis from the Oread Neighborhood and member of the Lawrence Association of Neighborhoods inquired about the possibility of expanding the Rental Registration Program to include all rental units. This report will include the approximate number of multi-family zoned rental units in Lawrence, potential revenue generated by license fees, (assuming the fee charged for rental properties is consistent with what is currently charged) additional staff support required and a cost analysis for implementing the program.

Background Information

The City of Lawrence rental inspection ordinance was adopted in May of 2001 and became effective on February 1, 2002. The ordinance requires rental units within the single-family zoned classification to be licensed annually and to have an exterior/interior inspection a minimum of once every three years. The Code Enforcement Division of the Neighborhood Resources Department enforces the requirements of the ordinance.

In preparation for the enforcement of the rental program, two additional inspectors were hired. Registered properties have remained relatively constant since the inception of the inspection program and range from 2,100 to 2,400 units. Rental inspectors perform approximately seven inspections per day of which only three are rental inspections. The other inspections are related to other code enforcement or zoning inspections.

Staff contacted The Unified Government of Wyandotte County Rental Inspection Program (UGWCRIP) to obtain additional information on a larger scale program where all rental units are inspected.

The Unified Government of Wyandotte County Rental Inspection Program (UGWCRIP)

The rental program began in 1996 and currently has approximately 16,500 units licensed. Single family units are inspected every 5 years and multi-family units on a 3 year cycle. The UGWCRIP developed specific criteria for inspection. For example, if there are four or less dwellings units in a building, then all units are inspected. If there are between five and ten dwelling units then at least 50 percent are inspected. Any building with over ten units has 25 percent of the units inspected. The department utilizes a software program identified as "Excella" and it provides them the necessary capabilities to track their inspection process.

The rental inspection department currently consists of the program manager, four inspectors, one inspection supervisor and two administrative support staff. The Manager indicated it would be very difficult to manage the financial and clerical duties associated with managing 16,500 rental properties without two administrative support personnel. Inspectors perform an average of seven rental inspections per day. The department goal is to have inspectors out in the field as much as possible and without the administrative support that would not be an obtainable goal.

Currently, the regulatory annual license fee for the program is \$18.50 per unit and per building regardless of the number of units. For example, a single family home is charged \$18.50 for the unit and \$18.50 for the building for a total of \$37.00. A duplex would be charged \$37.00 for the two units plus \$18.50 for the building for a total of \$55.50.

City of Lawrence-Number of Multi-Family Units

Accessing the Geographic Information System (GIS), staff identified 12,874 multi-family rental units in Lawrence. The units are confirmed by utilizing the water billing office records. The number 12,874 represents the minimum number of units and it is reasonable to conclude that there will be additional units identified. The estimated cost analysis and support staff analysis included in this report is based on the 12,874 units minus any number of Section 8 rental units.

The department does not collect a fee for Section 8 properties; however an annual license is required. Additionally, Section 8 rental units are not inspected by Neighborhood Resources inspectors as these properties are inspected annually by the Lawrence Housing Authority inspectors. This department tracks all Section 8 properties by a specific case type and quarterly confirms with the Lawrence Housing Authority the status of each Section 8 property.

At this time, 146 Section 8 rental units are located in single-family zoned districts and registered. This number fluctuates often as properties are added and removed from the program. The Lawrence Housing Authority has confirmed that they have 600 to 650 properties on the Section 8 program at any given time. If we subtract the 146 Section 8 rental units in single-family districts from a total of 650, staff estimates around 500 Section 8 rental units are multi-family, thus, for the purposes of this report, the number of multi-family rental units requiring registration and inspection in Lawrence is approximately 12,375.

Inspection Options

There are two inspection levels to consider if a decision is made to inspect multi-family rental units. The first option is to use the same criteria of the rental registration program for single-family rentals, i.e. an initial inspection and then an inspection performed a minimum of once every three years on each dwelling unit. This process requires 100% inspection of units.

The second option is inspect a percentage of multi-family units based on the total number of units located on a single parcel. This method of calculating rental units to inspect is utilized by Unified Government of Wyandotte for inspecting rental units and described above.

Multi-Family Rental Inspection Program-100% inspection

This scenario will require an initial inspection of all multi-family dwelling units and then again every three years, similar to the current inspection process with single-family dwelling units. Statistically, if this inspection option is followed, the department will be inspecting approximately 12,375 multi-family units over a three year period which breaks down to 4,125 inspections each year. In theory, if the two inspectors we currently have on staff can handle an inspection load of roughly 2,000 each year, one could surmise that doubling the inspection load would mean doubling the staff. Adopting this form of multi-family rental inspection program would mean adding four additional rental inspectors.

Multi-Family Rental Inspection Program-only a percent of all units inspected

In this scenario, the program could model the Unified Government of Wyandotte County's program or there could be minor alterations to the percentage of units inspected based of the number of total units. Utilizing the criteria established by the Unified Government of Wyandotte County Rental Inspection Program, staff estimates that this program will require three additional rental inspectors.

Addition of Administrative Support Positions

A key element to the implementation of this program under either scenario is the addition of Administrative Support positions (Licensing & Inspection Coordinators). These positions would oversee all of the license duties for approximately 14,500 rental license renewals each year (single-family and multi-family units combined). Staff estimates that adding two support positions would allow each rental inspector to spend the majority of their time in the field performing inspections. Administrative staff would perform all clerical duties such as scheduling inspections, updating case files, and the mailing of rental licenses.

Potential Revenue Generated from Licensing Fee

The City currently requires a \$25.00 annual license fee for each rental unit. Based on the estimated 12,375 rental units, a fee of \$25.00 dollars per unit would generate \$309,375 dollars per year. Consideration should be given to adjust the fees for this program to make them more in line with the cost for service and the fees charged in similarly situated communities, such as the Unified Government of Wyandotte County.

Estimated Costs of Multi-family Rental Registration Program

Inspection of 100% of multi-family units will require approximately \$315,474 dollars in the first year. The first year would be more expensive of the first three years as vehicles, computers, and office furniture would need to be purchased. The following table provides financial requirements over a 3 year period.

| Position | Pay Grade | 1st year | 2nd year | 3rd year |
|--------------------------|------------------|----------------------------|----------------------------|----------------------------|
| Admin Support III | 904 | 34,195 | 37,625 | 39,896 |
| Admin Support III | 904 | 34,195 | 37,625 | 39,896 |
| Code Enforcement Officer | 905 | 38,146 | 41,006 | 44,082 |
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| Code Enforcement Officer | 905 | 38,146 | 41,006 | 44,082 |
| Code Enforcement Officer | 905 | 38,146 | 41,006 | 44,082 |
| | Commodities | 14,500 | | |
| | Capital Outlay | 80,000 | | |
| | Annual Cost | 315,474 | 239,274 | 256,120 |

A rental inspection program where only a percentage of rental units are inspected will require approximately \$275,000 in the first year, and approximately \$200,000 per year thereafter. This estimate includes only salaries and benefits, training, vehicle repair, fuel, clothing, office supplies, vehicles, office furniture and computers. There may be other expenses not included in this report. An

additional factor to consider is the lack of available office space for any new staff members to be added. Given the plan underway to merge the Planning and Neighborhood Resources departments and to move the blended Planning and Development Services Department into one location, this may not be an issue in the future.

Conclusion

This report provides some staffing and financial estimates for the implementation of an inspection program for multi-family units in Lawrence. The number of staff estimated, workload, and financial requirements do not include the two rental inspectors currently performing rental inspections for single family zoned units.

Attachment: 2008 Program Improvement

Annual Budget

PROGRAM IMPROVEMENT DECISION PACKAGE

| | | | | |
|-----------------|------------------|----------------|-----------|-----------|
| Fund General | Department 10 | Division 32 | Dept Rank | City Rank |
|-----------------|------------------|----------------|-----------|-----------|

TYPE OF PROGRAM

DESCRIPTION OF PROGRAM

Expansion of the rental inspection program to include rental units located in multi-family properties. The program could be modeled after the current licensing and inspection policies required for single family zoned properties or could be designed to fit the needs of the stock located in multi-family zoned districts.

BENEFITS OF FUNDING PROGRAM

The expansion of the rental inspection program will provide tenants who rent in multi-family the same assurance that the property they rent is compliant with the housing code as in family rentals. It will hold multi-family property owners to the same licensing and inspection standards required for single family property owners.

ESTIMATE AND EXPLANATION OF NEW REVENUE

If program was expanded to include all multi-family rentals, an estimated \$309,375 in revenue would be generated. If the program was modified, this estimate would be adjusted accordingly.

CONSEQUENCES OF NOT FUNDING PROGRAM

Tenants living in multi-family zoned rental properties are not provided the same level of service related to minimum housing standards that are provided in single family rental units. Current program requires tenants to request an inspection. Program improvement requires multi-family rental property owners to licence property annually and have inspection by City staff once every three years.

POSITIONS INVOLVED IN PROGRAM IMPROVEMENT

Code Enforcement Officer (4)
Administrative Support III (2)

FINANCING OF PROGRAM

| | FIRST YEAR | SECOND YEAR | THIRD YEAR |
|-------------------------------------|------------|-------------|------------|
| PERSONAL SERVICES | \$ 228,388 | \$ 239,274 | \$ 256,120 |
| CONTRACTUAL SERVICES | \$ 3,550 | | |
| COMMODITIES | \$ 22,200 | | |
| CAPITAL OUTLAY | \$ 80,000 | | |
| TOTAL COST | \$ 334,138 | \$ 239,274 | \$ 256,120 |
| SAVINGS FROM FUNDING PKG. | | | |
| NET COST | \$ 334,138 | | |
| ANNUAL COST (IF DIFFERENT FROM NET) | \$ 334,138 | | |

Annual Budget

PROGRAM IMPROVEMENT DECISION PACKAGE

PERSONAL SERVICES

| | | | | |
|-------|-------------------|----|---------|------------|
| 10-01 | Regular Salaries | \$ | 195,728 | |
| 10-02 | Overtime | \$ | - | |
| 10-04 | Longevity Pay | \$ | - | |
| 10-04 | Holiday Pay | \$ | 5,636 | |
| 10-06 | Parttime Salaries | \$ | - | |
| 12-01 | FICA | \$ | 14,973 | |
| 12-02 | Unemployment | \$ | 391 | |
| 12-03 | KPERS | \$ | 11,547 | |
| 12-06 | Life Insurance | \$ | 113 | |
| | | | | |
| | Subtotal | | | \$ 228,388 |

CONTRACTUAL SERVICES

| | | | | |
|--|-------------------|----|-------|----------|
| | recruitment adver | \$ | 3,000 | |
| | drug screen/physi | \$ | 550 | |
| | | | | |
| | | | | |
| | | | | |
| | Subtotal | | | \$ 3,550 |

COMMODITIES

| | | | | |
|--|---------------|----|--------|-----------|
| | computers | \$ | 10,200 | |
| | work stations | \$ | 12,000 | |
| | | | | |
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| | | | | |
| | | | | |
| | | | | |
| | Subtotal | | | \$ 22,200 |

CAPITAL OUTLAY

| | | | | |
|--|------------------|----|--------|-----------|
| | Vehicles (4 ea.) | \$ | 80,000 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | Subtotal | | | \$ 80,000 |

| | |
|--------------|-------------------|
| TOTAL | \$ 334,138 |
|--------------|-------------------|