

# Options for a Rental Housing Licensing and Quality Inspection Program in Bellingham

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## 1. Introduction and Issue Context

Cities of varying sizes have implemented or are contemplating various measures to enhance the quality of rental housing, reduce health and safety risks sometimes associated with such housing, and control various nuisances (noise, excessive cars, unkempt properties) occurring at some rental residences. Many, although certainly not all, of the jurisdictions that have enacted various regulations are college towns that experience problems resulting from ongoing pressure to convert housing stock in near-campus neighborhoods to student housing as university populations steadily increase.

This paper examines rental housing and licensing programs as one response to quality and nuisance problems affecting some rental properties. Research for the paper includes examination of policy papers and articles discussing such programs, and a review of ordinances and program materials detailing their operation. Although there are many dozens of such programs across the country, 18 have been chosen for more in-depth analysis in this paper. Some cities or localities were chosen for examination because they are frequently identified as exemplars of particular approaches, while others were chosen to provide a wide survey of possible program design options. Programs elements from additional cities are also discussed to the extent information on such programs were available in research or program analysis papers.

At the outset, it is worth discussing how rental licensing and inspection programs fit into the broader menu of policies to improve rental housing. Rental licensing and inspection programs are but one approach in an array of possible approaches to rental housing issues. Policy responses to rental housing problems generally fit within four broad categories: those that focus on nuisances; those targeting housing quality and safety; those that regulate tenancy situations; and, efforts to engage universities in cooperatively solving issues associated with off-campus rentals. Many cities employ all these responses simultaneously, although one or two areas may be a focus of activity.

The impetus to regulate rental housing varies from place to place. Some programs respond to longstanding issues and others to recent trends that raise the importance

of rental housing quality or associated behavioral issues. In the broadest sense, a gathering interest in in-city living across the nation is helping to generate an increased focus on regulating rental housing. This trend is occurring in college towns as well. According to one observer, "Walkable neighborhoods in college towns now are in demand by a significant percentage of the home buying public. That's a huge change in the last 20 years. So market forces (home buyers/owners vs. investors) now are colliding."<sup>1</sup>

As new residents move into older areas of cities formerly considered less desirable, concern may develop over properties that have fallen into disrepair or that have unruly tenants. Growing interest in close-in older neighborhoods, and associated policies to increase in-fill, result in localized population increases and the consequent need to ensure that neighbors in close quarters can "get along."

Variation in rental housing issues in different areas generate different policy goals. For some cities, the physical quality and safety of housing is a central focus. For example, a series of fires in rental and rooming houses in Seattle, including one recent death, and large swaths of deteriorating properties in single family zones, was one driver of current efforts in the city to strengthen regulation of rental housing.<sup>2</sup>

In communities with significant number of low-income workers, including those with a short-term or migrant workforce, building condition issues also predominate. For example, problems of dilapidated farm worker housing in Pasco led to a comprehensive fire and building code inspection program.<sup>3</sup> In Pasco, enforcing housing standards with a complaint-only system was also an issue given language barriers and immigration concerns affecting some immigrant workers. (This situation may be similar in some respects to that in college towns. Since college students tend to be transient and less likely to use a complaint-based system, many college towns are shifting to a license and inspection system not relying on complaints).

## The Regulatory Menu for Housing Quality Issues

### Housing quality/safety focus:

- Requirement for licensing of rentals, often involving inspection and requirements that properties meet fire, land use, and property maintenance codes
- Minimum bedroom sizes and other land use specifications

### Nuisance focus:

- Noise ordinances
- Parking restrictions and parking zones
- Litter and garbage ordinances
- Other nuisances

### Regulating tenancy situations:

- Limits on the number of rooming houses in a particular area, or prohibitions in single-family zones
- Regulation of the number of unrelated persons who can live together within a particular unit.

### University-Town Housing-Related Responses

- Negotiated targets for percentages of students living on-campus
- Good neighbor agreements
- Conduct codes enforced off-campus

In cities with large student populations, university housing demand is a major underlying driver of concerns over housing quality, nuisances, and overcrowding. In many states, including Washington, increases in the college age population have led to increasing enrollments in most of the state's universities in recent years.<sup>4</sup> The prioritization of academic building projects over student housing led to a steady reduction in the percent of students living on campus at various universities, often from already low levels.

The proportion of students living on campus varies widely across the nation. In 2004, the percent of students housed at the largest universities in each state ranged from a low of 4.6 percent at Boise State University to a high of 47.5 percent at the University of Connecticut.<sup>5</sup> In Washington, the University of Washington is at 16 percent, Evergreen at 22 percent, Washington State University at 31 percent, and Central Washington University at 35 percent.<sup>6</sup> Currently, Western Washington University (WWU) houses about 30 percent of its students on-campus.<sup>7</sup>

Dorm overcrowding, high off-campus housing costs, and university reputations increasingly tied to housing quality are beginning to prompt some universities to initiate large housing construction projects. For example, the University of Washington has initiated an \$815 million project to renovate existing dorms and build up to 8 new dorms near the Seattle campus.<sup>8</sup>

Some areas are responding to intense pressures from growing student populations by negotiating agreements with universities to accommodate certain percentages of students on-campus. For example, in discussions with the City of Burlington, the University of Vermont has agreed to work toward an informal goal of housing 50 percent of students on campus.<sup>9</sup> After an initiative was passed by the citizens of Santa Cruz, and in settlement of lawsuits by neighbors, the University of California, Santa Cruz agreed to house two-thirds of new enrollment on campus, and to reach an overall goal of 50 percent of undergraduate students on campus.<sup>10</sup>

Other areas have responded by regulating student living situations, or strengthening enforcement of nuisance laws. Many communities have defined a family and limited the number of students or other unrelated people who can live together, a provision which may have some effect on reducing the economic incentive to convert existing residences to student rentals. In addition, setting a legal limit on unrelated people in a unit can spill over into multifamily zoned areas, preventing the development of dorm-like towers for multiple tenants in a single housekeeping unit.

Student-generated nuisances in residential areas near college campuses have also generated regulatory programs that focus on nuisance issues. For example, Gainesville, Florida linked a rental licensing and inspection program to a "points system" where an accumulation of nuisance violations can lead to revocation of the rental license.

In some areas, increasing regulation of rental properties is a response primarily to crime issues associated with some rental housing. For example, Des Moines, Washington has paired its "Crime Free Rental Housing" program, a program found in many cities (including Bellingham), with an program that inspects for fire and building code violations. Owners and managers are also required to participate in an 8-hour landlord training offered by the police department.<sup>11</sup>

Whatever the original origin of the concern, cities are increasingly adding rental housing licensing and inspection programs to their program repertoires. Such programs are seen as a proactive response to deteriorating and unsafe housing, and can also assist in strengthening nuisance enforcement. The next section briefly reviews policy responses to date in Bellingham. This is followed by a section which surveys how other cities or areas have designed their rental housing licensing and inspection programs.

## **2. Background of the Issue in Bellingham**

Interest in this issue has been brewing in Bellingham for a number of years. Citizens regularly provide comments before the City Council regarding student encroachment in single-family areas, overcrowded rental housing, and associated nuisances. As early as 2003, the Bellingham City Council tasked staff with working to find ways to address problem rental properties.<sup>12</sup> Initial Council actions focused on noise, traffic, parking impacts, and other nuisances. Proposals built on a base of laws in existence at that time, including a drug abatement law, and laws regulating disorderly conduct, noise, fireworks, and other behaviors.

At a City Council meeting in early 2004, a rental registration program with a small fee was suggested. Requiring an on-site manager was also proposed. Then-Mayor Asmundson stated that an ordinance would be drafted focusing on civil penalties for properties with excessive violation of noise, parking, and garbage ordinances.<sup>13</sup>

A rental licensing ordinance was developed by staff and was discussed at a public meeting held on November 16, 2004. The ordinance would have required all rental properties to be licensed annually. Landlords would have been required to distribute pamphlets to renters outlining city rules for rental properties. A local representative for each property was to be required, and lists of tenant in each unit was to be maintained, and provided to the city on 3 days notice.

The proposed ordinance would have required owners to add language to a lease stipulating that violations of noise, garbage and waste, yard parking, other nuisances, and occupancy limits could lead to a revocation of a lease. The draft ordinance also proposed a point system, similar to a program in Gainesville, FL, that assigns points for each violation, with a certain threshold during a two-year window resulting in proceedings to revoke the rental license. Repeat violations by tenants, if unaddressed, would have resulted in license revocation. Licenses could also be revoked if owners allowed the number of tenants in a unit to exceed the limits set in

the City's definition of family. Although the ordinance would not have set up a system of regular inspections, inspections to investigate violations would have been allowed in response to complaints after obtaining a warrant, or with tenant permission.<sup>14</sup>

The ordinance was not adopted. Instead, additional emphasis was put on strengthening nuisance enforcement.<sup>15</sup> Special emphasis patrols, in part funded by WWU, were formed to target problem properties.<sup>16</sup> In 2006, the Bellingham Police Department reported to the City Council on progress on rental property nuisance enforcement. Activities included supporting neighborhood watch programs, and letters mailed to landlords when a renter was cited for various violations including nuisances. In addition, the City offered an 8 hour landlord training program focusing on crime prevention, but which also touched on other elements such as fire codes and landlord-tenant law.<sup>17</sup>

Other approaches were occurring parallel to these developments to get at some of the issues specifically associated with WWU students living off-campus. A Campus-Community Coalition was formed in 1999 which focused attention on student behavior issues, especially those related to excess alcohol consumption. In fall 2006 the Coalition and neighborhood associations closest to campus sent letters to 957 rental property owners in their respective neighborhoods. The letter provided information on City ordinances on parking, litter, and noise, and provided information about the Block Watch program and training offered through the city's Crime Free Multi-Housing program.<sup>18</sup>

In response to specific complaints that the City was allowing large numbers of unrelated renters to live together in single family neighborhoods, on October 8, 2007, the City Council instructed staff to prepare a pilot program to enforce the rule allowing no more than three unrelated tenants in a unit.<sup>19</sup> More recently, policy options have been developed to revise this rule to update it, taking into account current, broader definitions of family, and to decriminalize violations of the rule to ease enforcement of the law. A city staff paper from February 4, 2008 identified options for creating a new nuisance offense for violation of single family zoning, subject to civil enforcement.<sup>20</sup>

At a February 25, 2008 Council meeting, the Council voted to direct staff to delete the definition of family in BMC Title 20 or to make the code less restrictive, to draft an ordinance making violation of single family zoning a civil infraction, to reclassify a litter Control Officer to a Code Compliance officer, and to schedule a work session on landlord accountability and licensing.<sup>21</sup> On June 23, 2008 staff reported to Council on options for revising the City's definition of family, recommendations to add civil penalties for violations of land use codes including limits on the number of unrelated persons in a property, and on the shift of one position from Litter Control to a Code Enforcement. This paper presents additional background to allow for policy development on the landlord licensing issue.

### 3. Licensing and inspection as a multifaceted tool

Increasingly, cities are adopting licensing and inspection programs for rental properties to assist in the solution of problems associated with rental housing. This paper examines various rental licensing programs around the country to identify promising policy and program ideas. It also examines some of the legal and budget issues involved in implementation of such programs, and, lastly, provides some program options to maximize the problem-solving impact of a rental housing licensing and inspection program.

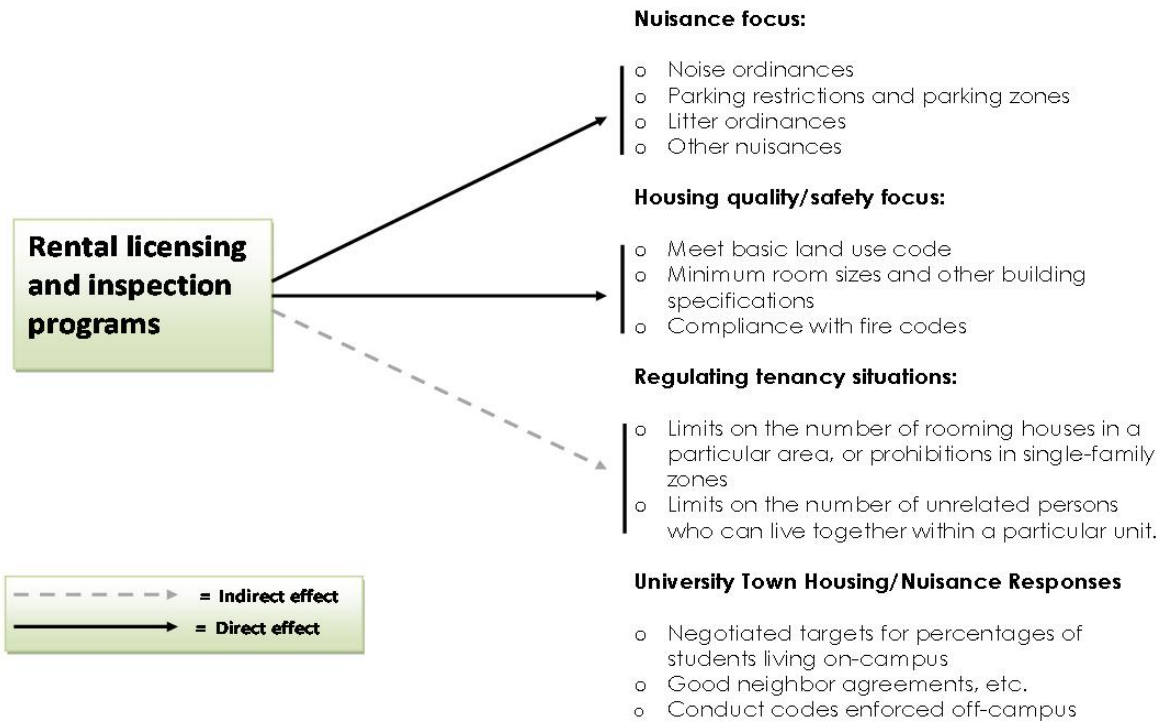
As the review below shows, one advantage of licensing and inspection programs is that they can assist in solving a number of rental housing issues. Inspections can target compliance with property maintenance and fire codes at rental properties, an outcome directly related to health and safety. At the same time, a licensing program can help enforce nuisance codes. For example, a number of cities rescind (or do not issue) a rental license if particular properties are the location of a series of nuisance violations.

A rental and inspection program can also bolster efforts to sustain the integrity of single family zoning. Programs that include inspection for compliance with land use and fire codes discourage the conversion of substandard or unsafe interior areas into rental bedrooms. This, in turn, reduces the economic incentive to convert properties unsuited to large numbers of tenants into rental properties with large numbers of bedrooms. Without such measures, the economics driving continued rental conversions is compelling. According to one analysis, the net profits available from converting single family houses into student rentals can have a "....gross return in the same bracket as quality office space and better than many commercial leases."<sup>22</sup>

The ability to convert basements, closets, or attics into rental bedrooms provides a strong incentive to crowd large numbers of tenants into small properties, and makes conversion of single family residences into rental properties more profitable. Since bedrooms created in such a matter often run afoul of fire codes (e.g. fire egress) or commonly accepted minimum room size standards, a licensing and inspection program can provide a means of limiting the number of renters crowded into residential properties.

As such, a licensing and inspection program can enhance the ability of a city to regulate a number of negative conditions or activities that may be associated with rental housing: fire code and land use violations; nuisances; and, inappropriate occupancy and overcrowding. Such a program can also be useful in other ways. For example, some cities require that a property be up-to-date on taxes, fees, and utility payments to maintain a rental license.

# Licensing and Inspection Programs as a Multifaceted Tool



This paper reviews variations in different rental licensing programs, but also looks for common elements across areas. It also profiles three cities - Gainesville, Florida, East Lansing, Michigan, and Pasco, Washington - to provide a variety of examples on how cities meld various elements together to create a program.

Variations in program design are summarized in the following section. (More detailed information on these provisions is contained in the appendix table). Some of these elements may be useful in the design of a local program, and others may not. A subsequent section provides a more refined list of variants that may be most appropriate for a program in Bellingham.

## Inspection Basics

- **Content of inspections.** Most cities inspect for compliance with fire, land use, and property management codes. This often includes ensuring that space occupied as bedrooms has sufficient headroom and safe fire egress. For example, Burlington VT, and E. Lansing, MI, inspect for “minimum habitable space.” Others (e.g. Glendale, CA) inspect simultaneously for nuisances such as cars on lawns, overgrown vegetation, junk in yards, etc.

- **Other safety measures.** Burlington, VT, requires that heaters pass an inspection every 2 years. Montgomery County, MD, requires inspection for lead.
- **Exemptions.** Some cities exempt owner-occupied single-family or duplex units from inspection. Others (e.g. Sacramento) exempt properties inspected by other agencies such as HUD. Boulder, CO, exempts short-term (12 months or less) rental of a house that is usually owner-occupied.

### Inspection Cycles/Procedures

- **Re-inspection cycles.** The period between inspections varies substantially. Some cities inspect and renew annually; others allow a license to last 5 years before requiring a new inspection. In some cities, the inspection cycle varies according to building type or size. For example, in Burlington, IA, smaller units are inspected on a 5 year cycle and larger ones on a 3 year cycle. Some cities exempt new construction from inspection for a number of years. Burlington, NJ, requires an inspection whenever a unit is vacated, as well as annual inspections. Lauderdale MN, inspects every two years, with inspection according to whether the address is an odd or even number.
- **Period for repairs and re-inspection.** Cities have various provisions and timelines to allow units/building to come into compliance if they initially fail an inspection. For example, Sacramento, CA, allows one month for a property to be brought into compliance after failing an initial inspection, and imposes a fee for subsequent re-inspections.
- **Sampling for buildings with large numbers of units.** Some cities allow for some proportion of units in larger buildings to be inspected in each cycle. For example, Columbia, MO, samples 30 percent of units in buildings with 30 or more units. Sacramento, CA, samples 10 percent of units in larger buildings, but allows for inspection of all units if violations are detected.
- **Targeting “bad” landlords.** Some cities increase the frequency of inspection for units with serious or frequent infractions. Glendale, CA, has a long inspection cycle (4 years) but allows more frequent inspections if violations are reported. Sacramento, CA, allows buildings in compliance to be placed in a “self-certification” program, with inspections on a random sample basis (5 percent per year).

### Enforcement of Nuisance Violations

- **Linkage to nuisance violations.** In some cities licenses can be revoked for units with numerous nuisance violations. For example, Gainesville, FL, has a “point system” for nuisance violations, where accumulation of points over a certain threshold can lead to a unit losing its license.
- **Tenant Registry.** Some cities require that landlords compile a registry of tenants in each unit (e.g. Lauderdale, MN; Minneapolis, MN). This provision can assist with linking nuisance violation with a particular property.
- **Lease Language.** Some cities require that landlords include language in a lease allowing termination of a lease if nuisance violations occur. For example, E.

Lansing, MI, requires that landlords and renters both sign a lease addendum laying out responsibilities of renters and owners, and noting that nuisance violations can result in eviction.

### Implementation/Program Details

- **Phase-in.** In many cities new laws are phased- in to reduce the initial impact on owners and renters and give owners time to comply.
- **Business v. unit licensing.** Many cities (e.g. Boulder, CO) allow for one business license to cover all units under the same ownership, but require separate inspections and certification of each unit. Easton, MD, requires a separate license for each unit, but only inspects periodically.
- **Government unit overseeing inspection/licensing.** This varies widely, and may include a city's building department, its fire department, its police department, or its housing or community development department.
- **Fees.** Fees vary widely. A few jurisdictions only charge for a general rental license, but not the inspection. Many have a flat fee to register a business, but then charge a separate inspection fee on a per-unit basis. For example, E. Lansing, MI charges \$1500 for the initial rental license, which can cover multiple units. Annual license renewals are \$232. Inspections are \$150 per year per unit.
- **Penalties.** These vary widely depending on what the city is targeting with its program. In most cases, the ability to rent out a unit is depending on passing inspection. Some cities levy fines for those who rent out properties without a valid license. In Shoreview, MN, failure to license properties is a misdemeanor (\$1000 fine and/or 90 days in jail). In Boulder, CO, penalties can reach \$2000 and up to 90 days in jail.

### Miscellaneous Provisions

- **Resident manager.** Most cities require the name of a manager responsible for each unit and require that that person reside within the local area.
- **Landlord education.** Some cities provide an inspection checklist for rental property self-inspection prior to the official inspection to reduce the burden on owners and increase likelihood that units will pass inspection.
- **Rehab assistance.** Glendale, CA offers rehab loans to landlords under some conditions to improve compliance.
- **Rental unit database.** Boulder, CO, maintains a web site containing locations/addresses of all licensed rental properties, including those that are under investigation for violations.
- **Taxes/Utilities.** Many cities require that taxes and city utility bills are paid before a license can be issued or renewed (e.g. Buffalo, NY; Burlington NJ; Lauderdale, MN).
- **Information on types of units.** Burlington, NJ requires a registry of number of bedrooms and floor plans of each licensed unit.

## 4. Policy Principles and Options for Program Design

This section will discuss how some of the provisions summarized above might be combined to create an efficient, cost-effective program that solves a set of problems associated with rental properties. This section begins with a discussion of policy design principles that could guide the selection of attributes for a rental licensing and inspection system. These principles can both help justify a program and inform its design. The next section discusses promising program options drawn from other cities that could improve effectiveness or reduce costs.

### Principles of Policy Design

**A. Shared responsibility.** Local governments, rental property owners, tenants, and homeowners all have shared responsibility for ensuring that residents can peaceably coexist. Rental housing is one of the few businesses that are substantially unregulated by the City of Bellingham, whereas many businesses or activities with far less potential impact on individual and community well-being must be licensed and conform to specific standards. A licensing and inspection program would help ensure that landlords share responsibility in providing safe and nuisance-free housing.

#### Principles of policy design:

- Shared responsibility for quality of rental housing and “neighborliness” among the City, renters, owners.
- Universal application (not targeted geographically or to specific populations).
- There is a right to regulate a business that has a large impact on health, safety, and community livability.
- Adopt a “least-cost” approach to achieving policy goals.

#### Guidelines for program design:

- Leverage licensing program to assist in enforcement of other issues
- Minimize costs to renters, landlords, and the city
- Minimize legal issues
- Provide Technical assistance to rental housing owners on how to improve property conditions and tenant behaviors.
- Use technology to improve enforcement and communication.

The responsibility of local government is to help educate renters on expected behavior, to set standards for buildings to ensure a basic level of rental housing quality and safety, and to set and enforce standards regulating nuisances. In an educational role, a city can also provide technical assistance to landlords on fire code, building safety, and nuisance regulations. A city can also require that landlords include in their leases provisions allowing lease revocations if tenants compile numerous nuisance violations. This in turn provides tenants with a strong incentive for responsible behavior. Given assurance that there are clear rules and standards for rental housing, those who live near rental properties may be more likely to adopt a “live and let live” attitude toward renters and rental property owners.

- B. Universal, not targeted.** While a few cities apply their rental programs only to certain geographical areas, often those near a college campus, this goes against the principle of equal treatment for similar conditions or problems. It also creates a “border effect” where owners and renters who wish to avoid oversight can move outside the boundary of a regulated area. While the effect of implementing a licensing and inspection program in a college town would be to substantially target the problems associated with student housing, other problem properties not involving students are also addressed with a universal program. A universal program is more likely to be able to adapt to new problems as they arise and does not discriminate depending on the location of a rental property.
- C. A Least-Cost Approach.** While the goal of achieving safe and nuisance-free housing is very important, such a program could also impact the local rental housing market. If a program is very costly and complicated, it places a burden on the City, on landlords, and renters. Under such conditions, a rental licensing and inspection program could reduce housing affordability if landlords shift the costs of complying with a program to renters. As such, minimizing negative impacts on the local housing market should be included as a guiding principle of the program.

### Options for Program Design

This section identifies possible program design specifics, or ways to achieve a particular implementation goal, derived from analysis of the many rental licensing and inspection programs reviewed in this paper. Pull-out sections on pages 12, 14, and 16 focus on three cities (Gainesville, FL, East Lansing, MI, and Pasco, WA) and are included to provide examples of how specific cities create programs based on their local needs. These cities are also instructive since their programs are often seen as models for various reasons. Gainesville’s approach is well known for its focus on leveraging a licensing program to reduce nuisance behaviors at rental properties. East Lansing’s program has a number of provisions to enforce housing quality and ensure that tenants are not overcrowding a unit or occupying inappropriate space. Pasco’s program has gained recognition locally because its program design has worked well in the Washington State context, including surviving numerous legal challenges.

The following specific provisions (starting on page 13), drawn from an examination of other cities’ programs and organized thematically, provide a menu of possible program elements. The City could choose some or all of these provisions in a design for a new program

## Pasco, Washington

The Pasco rental licensing and inspection program was initiated in 1997, and requires a business license for each rental property. It also requires that individual units be inspected every two years to obtain a Certificate of Inspection needed to maintain the license. The program is noteworthy in that it has survived legal challenges by landlords and rental housing associations all the way to the Washington State and the U.S. Supreme Courts.

The ordinance focuses on improving deteriorating properties, an acute problem in Pasco given a large transient farm worker population. The City allows either public or private inspectors to conduct inspections. Allowed inspectors include City Code Enforcement Officers, HUD-certified inspectors, certified private inspectors approved by the City, or a Washington licensed structural engineer or architect. When inspections are conducted, property access rules to rental units are based on Washington landlord-tenant law (RCW 59.18.150), which stipulate that a landlord must provide at least two days notice before entering a property for inspection purposes.

Certifications must be on city-supplied or HUD-approved forms. According to the administrators of the program, most landlords choose the city-run inspection program because the city does not charge for inspections. If units are already inspected by HUD, they are exempt from inspection in the program. In large buildings a HUD guideline is followed allowing a 5% sample of units to be inspected per year. If problems are found, additional units are inspected.

The Pasco Ordinance targets inspections for the following nine habitability areas derived from the International Property Maintenance code:

1. Structural integrity
2. Weatherproofing
3. Properly maintained plumbing and sanitation systems
4. Availability of hot and cold water
5. Safe and functioning heating and ventilation systems
6. Safe electrical wiring
7. Adequate exits
8. Fire safety
9. Other applicable housing codes, rules, and regulations

A fine of \$500 for failure to license a rental can be assessed per day. Failure to obtain a valid Certificate of Inspection may subject a landlord to the loss of their rental license, civil penalties, imprisonment, closure of the building, and eviction of the tenants. Submission of a false Certificate of Inspection can result in misdemeanor charges and a possible fine of \$5,000.

The City offers a Good Neighbor Handbook and a residential inspection checklist to all residents when they first occupy a property. The program is coordinated with the Pasco Police Crime Free Multi-Housing program. According to the City, the program also helps with reducing crowding by eliminating illegal and unsafe garage or basement apartments or rooms.

**A. Use Licensing and inspection to leverage enforcement of numerous issues.** Since initiating and running a rental licensing and inspection program represents a substantial investment of city resources, such a program should attempt to achieve improvement in a number of areas. These include:

- **Fire safety.** Almost all cities that require inspections include ensuring fire safety (fire alarms; egress windows in bedrooms, etc.) in their inspection programs.
- **Housing quality.** Numerous cities inspect for a minimum standard of housing quality and safety. Using a recognized standard such as the International Building Maintenance code may be advisable since that program is widely recognized and understood.
- **Reducing Overcrowding.** Inspection programs can reduce overcrowding and ensure that tenants reside in space that is safe. One approach to this is to identify habitable space during the inspection process and require a posting in each unit of the number of legal bedrooms that can be occupied. Landlords violating the permitted number of bedrooms could be fined, and/or lose their rental license. Tenants who illegally occupy space could also be fined.
- **Nuisances.** Possible revocation of a rental license at chronic problem properties provides a powerful tool to reduce nuisances. Gainesville's point system is one approach. Requiring language in leases allowing revocation for multiple nuisance violations also strengthens the tie-in.
- **Taxes and utilities.** The City might want to consider adopting a provision requiring that taxes and utilities be up-to-date to renew a rental license.
- **Rooming houses.** The City may wish to outlaw rooming houses (properties with rooms rented separately with a shared kitchen and, sometimes, bathrooms) outright in single-family zones, since they are by definition a form of multifamily housing.

**B. Avoid legal issues.** Programs to license and inspect rental properties are frequently challenged by rental property owners or landlord associations. In Washington State, owners and associations have attempted to avoid health and safety inspections of properties by invoking constitutional privacy protections. The City of Pasco's program was challenged on such grounds and survived reviews by local courts, the Washington State Supreme Court, and the 9<sup>th</sup> Circuit Court. The case was appealed to the U.S. Supreme Court, which refused to hear the case, letting the lower court rulings stand.

This program builds on already existing provisions of Washington landlord-tenant law, which allows an owner to gain access to a property for purposes of inspecting it, as long as adequate notice is provided. In addition, the program allows for a choice among qualified inspectors and lets the landlord control the scheduling, thus avoiding a "state action" which may run afoul of privacy standards.<sup>23</sup> Given this, the Pasco program may be considered a legal "gold standard," and may be an appropriate starting point for program design.

### C. Minimize costs to renters, landlords, and the City.

- **Phase-in implementation of the program.** Given the importance of avoiding disruption in the rental market as program implementation occurs, a phase-in of the program is advisable. One method would include starting with registration of rental properties during the first program year, followed by a phase-in of an inspection cycle. Some cities also engage in landlord education before official inspections begin. This could include providing an inspection check-list so that needed repairs could be completed before an official inspection begins.

#### Gainesville, Florida

Gainesville, Florida's rental licensing ordinance, first enacted in 2003, requires an annual "landlord permit" for rental properties in single family zones. Gainesville's approach is noted for its strong focus on helping to reduce nuisance violations. The law created a "landlord point system" that assigns points for a series of specific nuisance violations accumulated at a property. Warnings about nuisances lead to one point, and findings of guilt lead to two points. Letters are sent to property owners each time a property receives a point. Accumulation of six or more points can lead to revocation of rental permits for up to six months. Public nuisance abatement procedures are allowed if violations are not stopped. Points are accumulated for violations of ordinances covering the following areas:

- Noise
- Animal control
- Solid waste
- Occupancy of a residence by more than one family
- Yard parking
- Insect infestations, trash, storage, yard maintenance
- Hazardous conditions

The law was revised in 2006 to revise the formula for accumulating points to allow accumulation for a three year period. Prior to the revision, points were erased after 12 months. The City charges a fee of \$185.75 per year for a license. Landlords must maintain a list of all tenants, to be made available to the city on request. Landlords are required to pursue termination of the rental agreement when tenants exceed the nuisance violation limit. Through end of 2006, only one property accumulated 6 points to start the revocation process. The landlord did not lose the license as the tenants were evicted.

A local agent for is required for each property. An occupancy permit is required to be displayed on the premises. Landlords are required to provide tenants with copies of Gainesville landlord-tenant law, a description of required landlord permits, and a pamphlet outlining city rules for rental properties. Inspections are only authorized with a warrant with probable cause, or with landlord permission. Landlords that are up to date with licensing and inspections are added to the city's web site promotion of licensed properties.

The program works in conjunction with other laws regulating rental housing. For example, Gainesville also has a limit of 3 unrelated persons in a single-family district.

- **Share costs of a licensing and inspection program.** Most cities or localities examined for this paper have a licensing fee, often collected annually. Many, but not all, also charge for inspections. Setting fees at (or close to) cost recovery levels needed to pay for an inspection program would minimize the impact of the program on owners (and by extension renters). The City's share of program costs represent a shift of dollars it now spends for policing and nuisance enforcement toward a more preventative licensing and inspection program.
- **Self-Inspection.** A self-inspection (or self-certification) program to augment a more formal inspection process can reduce program costs and reduce the burden on rental property owners. One way to do this is to allow self-certification in the years between inspections. An alternation between formal inspection and self-certification can save resources while allowing problem properties to be targeted. When properties either have substantial building violations, or numerous nuisance violations associated with them, more frequent formal inspections can be required. Self-inspection could also work with a sampling-based inspection program, whereby the City inspected a certain proportion of properties each year, while not specifying a precise inspection cycle. The City could accept self-certification in the periods between formal inspections.
- **Exemptions for new buildings.** Brand new construction or permitted remodels are likely to conform with fire, construction, and building maintenance codes for a number of years. In response, the City could provide exemption from inspections for new construction for a number of years. If Bellingham adopted a self-certification element as part of its program, new buildings could be allowed to self-certify for a number of years after initial occupancy.
- **Providing technical assistance to property owners.** Educating landlords on how to comply with the program, and providing tips on building repair and influencing tenant behavior, will likely prove useful in improving the performance of a program. A self-certification inspection checklist can be provided both to prepare owners for formal inspections, and as part of a self-certification process.

#### D. Miscellaneous Provisions

- **Use technology for enforcement and communication.** Clear, real-time information on rental properties could be a useful addition to the City's program. As mentioned above, Boulder has an on-online database of licensed rental properties. Citizens can inquire into whether properties they suspect are being used as rentals are licensed, thus helping with enforcement. The site allows for searching by address or street, and includes information on property owner, and the property manager or management company. In addition, properties are mapped to assist in providing assistance and in enforcement.<sup>24</sup>
- **Require a local property manager.** This is an extremely common provision and simplifies operations of any program as well as enforcement.

## East Lansing, Michigan

East Lansing uses a wide array of measures to control problem properties. Much of the regulations have been driven by problems at student rentals near Michigan State University, given that the population of the town is approximately the same as the student population of MSU. All rental properties must be licensed and inspected. The International Property Maintenance code is used as a standard for inspection of building conditions. Renting a property without a license can result in a fine of up to \$1000 per day.

About 60 percent of all rental property passes initial inspection each year, with the rest requiring re-inspection. Licenses must be displayed in rental unit, next to the entrance door of the unit. The license also indicates the maximum number of occupants. Permitted occupancy varies by zone and may be as low as two unrelated persons. Owners/tenants can each be fined from \$250 to \$1000 per day for over-occupancy. Language describing these provisions must be contained in a lease addendum which is required by the city to be included in all rental agreements.

Tenant can be ticketed for occupying non-habitable space, which includes spaces with insufficient windows, square footage, exits, or ventilation. The habitable space area is described in the rental license and is also required to be part of the lease addendum language. Tenants can be fined from \$250 to \$1,000 per day for violating habitable space rules.

Initial fees for a rental license are \$1,500, and a renewal costs \$232. Annual inspection fees are generally \$150, with \$75 charged if a property needs to be re-inspected.

In an overlay district residents can petition for limits on the number of rental properties in their area under a "Residential Rental Restriction Overlay District." A rooming house fire inspection program also exists.

## 5. Additional Implementation Considerations

This section reviews some implementation issues relevant to a possible program for Bellingham. Before delving into these details, it is useful to briefly review the evidence of the effectiveness of such programs. There does not appear to be any available analysis that systematically quantifies the effectiveness of rental and inspection programs, or their relative costs. Instead, a number of qualitative analyses indicate that such programs appear to work as intended. For example, a paper that reviewed 15 such programs indicated that "Nearly all administrators of such programs said that violations decreased significantly following the first cycle of inspections. The majority of survey respondents also indicated that housing stock improved, and vacancy rates fell, although these factors were difficult to isolate from greater housing market trends." At the same time, the repairs required of landlords were, on average, relatively minimal measures to enhance the safety of tenants.<sup>25</sup> In Minneapolis, for example, "...the most common repair orders involved repainting, repairing broken handrails, repairing screens, and installing face plates on outlets."<sup>26</sup>

Given that repairs required by such a program will often be minimal, and the conditions of buildings are likely to improve over time with such a program, the overall increase in costs of upgrading the quality of rental housing is likely to be rather small, minimizing the increased upward pressure on rents. At the same time, some properties will require more substantial repairs to remain as licensed rentals. These dilapidated properties, when improved, could see larger increases in rent, but the potential to pass along all costs to renters would be limited by competitive pressures from properly maintained properties. Therefore, some of the costs of repairs of neglected buildings would likely be borne by the owner rather than the renter. Put another way, larger than average profits currently derived from neglected properties would likely diminish over time as the average quality of the rental housing stock goes up.

A program manager from the City of Pasco stated that that city's licensing and inspection program has been effective in substantially improving the quality of the local housing stock.<sup>27</sup> The initiation of the program also coincided with an influx of private investment in new multifamily housing stock. While the connection between this and the program may not be causal, it demonstrated that, in this instance, such a program did not dampen private housing investment.

The experience of other cities can be used for a preliminary guide to likely program costs. Hiring city staff to conduct and track inspections will likely be one of the largest program costs. (Since Pasco's ordinance allows private inspectors but most inspections are conducted by the city, it is safe to assume that a similar process would occur in Bellingham). The costs of running Pasco's program are relatively low. According to a representative of the City of Pasco, inspections focused on property maintenance take about 15 minutes. Pasco has about 6,000 rental housing units. Since the city allows for some sampling of larger buildings, 2,500 inspections are needed each year to complete the two-year inspection cycle. The city's one inspector completes the 2,500 annual inspections (approximately ten a day). The total cost of the program is about \$150,000 per year, while the program itself brings in about \$75,000 per year with an annual fee of \$30 per license (regardless of numbers of units) and an additional fee of \$3 per rental unit.

A research memo written recently for the City of Manhattan, Kansas, surveyed various programs as to cost, frequency of inspections, numbers of inspectors, etc. In that survey, there were seven cities with data for both number of inspectors and number of inspections. Analysis of those seven programs revealed that inspectors in these cities completed from a low of 540 inspections per year to a high of 1,760, for an average of 1,148 inspections per year.<sup>28</sup> If we assume each inspector works a 48 week year, this would equal about 4.8 inspections per day per inspector.

Although an inspection may take much less than one hour to complete, travel time needs to be included, as does scheduling, record keeping, follow-up, training, etc. Given that the content of inspections for a program in Bellingham has not been set, and since a gear-up is needed for any new program, a very conservative target for 4

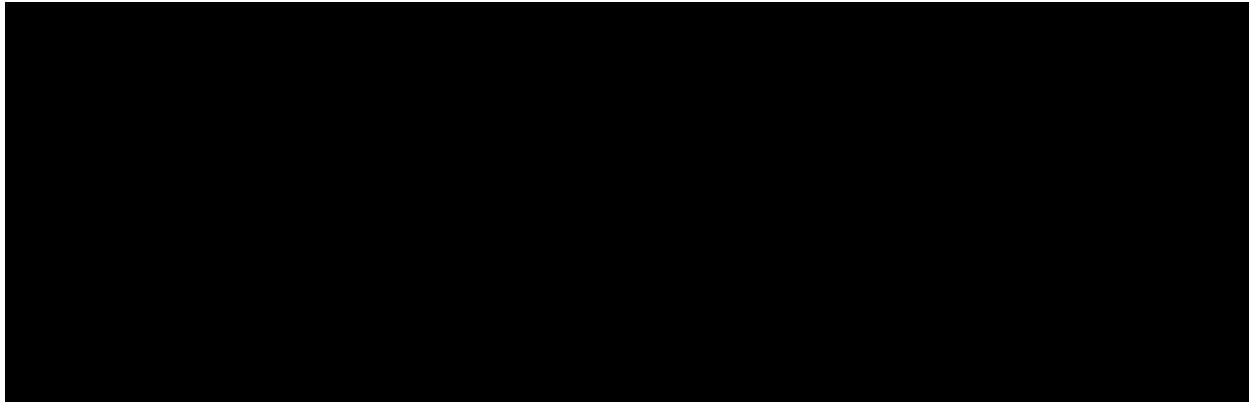
to 5 inspections per day per inspector seems reasonable—a number half that currently completed by staff in Pasco. This yields about 1000 inspections per year per inspector. Again, this seems on the low side of the range of cities examined.<sup>29</sup>

We can get a rough estimate of the number of inspectors needed by a local program by combining survey data on rental housing with reasonable assumptions on inspection rates. According to the 2007 American Community Survey, there were 18,527 rental units in Bellingham, and 13,989 owner-occupied units. For purposes of analysis, I will assume that only 80 percent of units will initially become part of the registration and inspection program, or approximately 14,000 units. This lower number assumes that some units would be out of the market for repair at any particular time, others would be vacant for various reasons or used for non—rental purposes, and that some owners would attempt to avoid registering their rental properties with the City. (Over time, the number of participating properties would increase, with a corresponding increase in both the number of needed inspections, and program revenues.)

If the City were to adopt a three-year inspection cycle, 4,886 inspections would be needed each year to inspect all 14,657 units. At 1000 inspections per inspector per year, the City would need to hire five FTE inspectors to complete the inspection schedule at the relatively low rate of inspections assumed here. However, if the city were to adopt a sampling methodology for larger buildings, substantially fewer inspections would be needed. For example, if half of all units in larger buildings (10 or more units) were inspected each cycle, the number of annual inspections drops to 3,800 - resulting in one fewer inspector. Since some cities adopt a HUD standard for inspections in larger building (5% of all units each year), the number of required inspections could be ratcheted downward still further through sampling. Or, if the city decided to sample all units each year (irrespective of building size), the number of inspections could be calibrated to the desired number of staff the city thinks reasonable to staff the program.

In terms of revenue, the City could raise from between \$350,000 to over \$500,000 per year with relatively low per-unit fees, depending on the per unit fee. For example, the following table shows revenues under a scenario where annual license fees are \$36 for a single-family rental residence, and \$30 for all other units. The table uses the American Community Survey to identify the number of housing units within different building types. It applies some assumptions about the number of homes of each type that are rentals (e.g. 20 percent of detached homes are rentals, v. 90 percent of larger multifamily buildings) and then assesses a variable fee accordingly. The slightly higher fee charged for single-family type residences reflects the higher average square footage and number of bedrooms in such structures.

As mentioned above, this table assumes that 80 percent of rental units of all types will become part of the program relatively soon after it is inaugurated. At these assumptions, and charging the rates mentioned about, total revenues would be about \$450,000 per year if the City required license renewal annually and based the license fee on the number of units.



This fee structure is higher than that charged by Pasco but quite low compared to those in other cities. For example, East Lansing, MI, charges \$1500 for an initial registration of the rental property, \$232 for renewals, and \$150 for the property inspection. The City of Des Moines, WA, charges a license fee as well as an inspection fee of \$82 per unit. The fee example in this illustration would result in a cost of \$3 per month for single family home rentals, and less than that for units in multifamily or other attached structures. These fees represent less than one half of one percent of the area median monthly rent of \$748.<sup>30</sup>

Depending on the exact plan for inspections, the program would require about 3 or 4 inspectors, or fewer if a city-wide sampling program were adopted. Even factoring in other costs (maintenance of a rental unit and inspection result data base, general record keeping, public/landlord education, vehicle costs, other admin., support, and program supervision), the program would likely cover a relatively large proportion of its costs.

Other costs would be incurred, with some varying depending on the design of a program. For example, properties that failed inspection would need to be re-inspected. While some cities charge for re-inspection, it may be advisable for the City to absorb such costs for the first re-inspection in order to minimize costs for cooperating landlords. If further re-inspections are needed, it might make sense to charge a fee.

If the City adopts a self-certification program of rental units for years between inspections, there would be administrative costs for that as well. For property owners who refuse to cooperate with the program, there will be enforcement costs, although some of these could be recouped through fines. If the City decides to link licensing to nuisance violations, additional database, staffing, and enforcement issues would arise. Program costs, projected revenues, and other implementation issues will need to be further analyzed after program design options are narrowed.

## 6. Summary and recommended next steps

**Summary.** This paper examines the utility of a rental housing licensing and inspection program for the City of Bellingham. It reviews programs in other cities, and discusses policy principles that might guide design of a program. The paper also identifies some specific program elements to help implement these principles in the Bellingham context. These includes the following:

- A licensing and inspection program should build off Pasco, Washington's, allowing either City or private inspectors, and landlord determination of the inspection schedule. A building inspection based on the International Property Maintenance code would provide a robust framework for encouraging building quality and safety.
- A reasonable annual registration fee could be assessed per unit to recover some of the costs of inspections and other program operations.
- Properties with frequent nuisance violations could have their license revoked, using a procedure similar to that used by Gainesville.
- The City could discourage overcrowding and the renting out of unsafe space by defining habitable space, and requiring that a description of permitted bedrooms be posted in each rental unit. Owners or renters violating these provisions could be fined.
- The City could adopt a schedule of fines, and possible misdemeanor offenses, for property owners renting without a license.
- The City could create a web database and mapping program, similar to Boulder's, to compile and maintain data about the program, and keep citizens informed about licensed rentals, the identity of property owners, etc.
- The program could be phased-in, starting with property registration and landlord education, followed by voluntary inspection, then followed by an inspection/self-certification cycle with either a fixed period, or derived on a sampling basis.

**Next steps.** Given the complexity of this issue as well as the high degree of interest it raises from varying groups and individuals in the Bellingham area, policy development might best proceed within a process of community consultation. This might include the formation of an ad hoc advisory group and one or more public hearings. In addition, materials used in the development of the policy might be made available on the City's web site.

It is also worth noting that, while a licensing and inspection program can go some distance in solving problems at rental properties, additional approaches may also be worth considering. For example, the largest underlying driver of conflicts over rental properties is the large number of area students that cannot be accommodated on existing campuses. The city may wish to begin talks with WWU to set a goal for the proportion of students housed on-campus. Other measures, such as extending the student conduct code off-campus, could also be part of such discussions.

**Appendix Table 1 Features of Rental Property Licensing Programs, Various U.S. Cities/Counties**

City/County	Major Provisions	Fees	url for more info:
Boulder, CO	<ul style="list-style-type: none"> <li>▪ A “Baseline” inspection is required for initial licensing and after a property changes hands. These are done by private inspectors and cover building conditions, electrical, fire, appliances, plumbing, etc. Every 4 years after the baseline inspection, a safety inspection (fuel burning heating appliances only) is required.</li> <li>▪ Local contact required</li> <li>▪ Renting without a license: \$2000 fine and/or 90 days in jail. Can be triggered by complaint or nuisance infraction.</li> <li>▪ City has web page where citizens can look up whether unit has license</li> <li>▪ Exclusions: Rental licenses are not required for a dwelling unit occupied by the owner (or members of the owner's family) who rents to no more than two tenants; and, for a dwelling unit that is the owner's principal residence that is rented for no longer than 12 consecutive months in any 24-month period.</li> <li>▪ Bed and breakfast facilities are included in rental license requirements.</li> </ul>	<p>\$45 per license (not by unit). Must be renewed every four years. Inspections are done by private contractors (fees vary).</p>	<p><a href="http://www.bouldercolorado.gov/index.php?option=com_content&amp;task=view&amp;id=182&amp;Itemid=516#2">http://www.bouldercolorado.gov/index.php?option=com_content&amp;task=view&amp;id=182&amp;Itemid=516#2</a></p> <p>(for a site listing the City's rental properties, see <a href="http://www.bouldercolorado.gov/index.php?option=com_content&amp;task=view&amp;id=185&amp;Itemid=758">http://www.bouldercolorado.gov/index.php?option=com_content&amp;task=view&amp;id=185&amp;Itemid=758</a>)</p>
Burlington, IA	<ul style="list-style-type: none"> <li>▪ Rental units are inspected on a 5 year cycle for single family or duplex rentals, and on a 3-year cycle for buildings with three or more units.</li> <li>▪ Inspections cover a wide variety of building quality issues including fire egress and extinguishers, adequate ceiling height, electrical/plumbing, safe heaters and furnaces, yard maintenance, etc.</li> </ul>	<p>Variable, ranging from \$65 for a one bedroom to \$175 for a 10-unit building.</p>	<p><a href="http://www.burlingtoniowa.org/development/staff/rental.html">http://www.burlingtoniowa.org/development/staff/rental.html</a></p>
Burlington, VT	<ul style="list-style-type: none"> <li>▪ “Certificate of Compliance” requires annual registrations and periodic inspections for safety and building code compliance, including fire codes and egress. Includes “minimum habitable space” standards.</li> <li>▪ Rental properties in compliance must be re-inspected every 3 years (2 years if 6+ significant violations were found). Owner-occupied and newly constructed (or renovated) properties can go 5 years between inspections.</li> <li>▪ Numerous (5+) or serious violations, or an accumulation of nuisance violations in 12 mon. period, will lead to revocation of a certificate.</li> <li>▪ Owner can be responsible for relocation and add'l rental costs if tenants must be temporarily relocated.</li> <li>▪ Heaters must be inspected every 2 years.</li> <li>▪ Certifications must be displayed in rental unit.</li> <li>▪ Registry required listing number of bedrooms and number of</li> </ul>	<p>\$75 per unit per year, unless owner-occupied, then \$50 per year. Fees escalate to \$200 if re-inspection required.</p>	<p><a href="http://www.ci.burlington.vt.us/codeenforcement/">http://www.ci.burlington.vt.us/codeenforcement/</a></p>

	<p>tenants.</p> <ul style="list-style-type: none"> <li>▪ A local agent is required.</li> <li>▪ New registration required when properties sold.</li> <li>▪ Exemption for owner-occupied dwelling with 2 or fewer tenants.</li> </ul>		
Burlington, NJ	<ul style="list-style-type: none"> <li>▪ Requires annual inspections and Certificates of Occupancy to operate rental housing units. Taxes and utilities must be current.</li> <li>▪ Inspections also required upon changes in tenancy.</li> <li>▪ Properties inspected for zoning, property maintenance, and fire safety.</li> <li>▪ Housing and Community Development oversees.</li> <li>▪ Names of tenants, number of bedrooms, and floor plan must be noted. If violations found in occupied units, repairs must be made w/in 60 days.</li> </ul>	<p>Annual Landlord Registration: \$30. Housing Code Inspections:\$50 Housing Code Re-Inspections \$15. Certificates of Occupancy \$10.</p>	<p><a href="http://www.burlingtonnj.us/LandlordReg.html">http://www.burlingtonnj.us/LandlordReg.html</a></p>
Columbia, MO	<ul style="list-style-type: none"> <li>▪ Requires a Certificate of Compliance.</li> <li>▪ Must be compatible with Zoning and meet the Property Maintenance Code.</li> <li>▪ Rental units inspected by city. Private contractors inspect HVAC system.</li> <li>▪ New certificate/inspections required every 3 years. Properties with no violations in prior 3 years may forego inspection. New construction is exempt from inspection for 3 years.</li> <li>▪ Certificate must be posted in common area of apts. Or in a unit.</li> <li>▪ For larger apartments (30+), a 30% sample for inspection may suffice to obtain a certificate.</li> </ul>	<p>Application fee of \$35 dollars per building, to be renewed every 3 years. Inspection fee of \$7 per dwelling unit. Re-inspection fee of \$20 per unit. (\$25 for renewal if no violations in 3 years).</p>	<p><a href="http://www.gocolumbiamo.com/PublicWorks/Inspection/rental_compliance.php">http://www.gocolumbiamo.com/PublicWorks/Inspection/rental_compliance.php</a></p>
Des Moines, WA	<ul style="list-style-type: none"> <li>▪ Annual business license required.</li> <li>▪ Annual Inspection required for fire and building dept. code compliance.</li> <li>▪ Applicant must register w/ police for "Crime Free Rental Program."</li> <li>▪ Names of owners and resident managers required</li> <li>▪ License may be revoked if property becomes associated with crimes, including nuisance violations.</li> </ul>	<p>\$150.00 annual application fee for duplex or greater, \$30.00 for single family home, and \$82.16 per rental unit/home</p>	
East Lansing, MI	<ul style="list-style-type: none"> <li>▪ Rental properties must be licensed and inspected annually for conformity with the International Property Maintenance code.</li> <li>▪ Renting a property without a license can result in a fine of up to \$1000 per day.</li> <li>▪ Licenses must be displayed in each rental unit.</li> <li>▪ The license indicates the maximum number of occupants. Permitted occupancy varies by zone and may be as low as two unrelated persons.</li> <li>▪ Owners/tenants can each be fined from \$250 to \$1000 per day for over-occupancy.</li> <li>▪ Language describing these provisions must be contained in a</li> </ul>	<p>Initial fees for a rental license are \$1,500, and annual renewal costs \$232. Annual inspection fees are generally \$150, with \$75 charged if a property needs to be re-inspected.</p>	<p><a href="http://www.cityofeastlansing.com/CITYGOV/CODES/pdf/RentalProperty.pdf">http://www.cityofeastlansing.com/CITYGOV/CODES/pdf/RentalProperty.pdf</a></p>

	<p>lease addendum which is required by the city to be included in all rental agreements.</p> <ul style="list-style-type: none"> <li>Habitable space area is described in rental license and also contained in the lease addendum language, which is required. Tenants can be fined from \$250 to \$1,000 per day for violating habitable space rules.</li> </ul>		
Easton, MD	<ul style="list-style-type: none"> <li>Rental housing license required for each unit, renewed every 2 years.</li> <li>Inspections are done "periodically,"</li> <li>Inspections completed by Code Enforcement Officer, who enforces standards of the International Property Maintenance Code, including minimum occupancy area requirements.</li> <li>Entry for inspection required as condition for license. Sample of units in large buildings is allowed.</li> </ul>	License is \$15 per unit, renewed every two years. Inspection are \$50. Re-inspections are \$50.	<a href="http://www.town-eastonmd.com/code/home.htm">http://www.town-eastonmd.com/code/home.htm</a>
Gainesville, FL	<ul style="list-style-type: none"> <li>Requires annual landlord permit.</li> <li>Set up a "landlord point system" in single family zones enforced by police. Accumulation of 6 or more "points" can lead to revocation of rental permits.</li> <li>Violations monitored are: Noise ordinance; Animal control ordinance; Solid waste ordinance; Over Occupancy; Front yard parking; Care of premises ordinance; Hazardous conditions</li> <li>List of tenants in each unit required. Landlords required to pursue lease termination if nuisance threshold reached.</li> <li>Rental permits can be revoked for up to 6 months for violations.</li> <li>Public nuisance abatement allowed if violations not stopped.</li> <li>Also had limit on number of unrelated people.</li> </ul>	\$185.75 per year	<a href="http://www.gainesvillepd.org/Bulletins/Landlordpointsbrochure.pdf">http://www.gainesvillepd.org/Bulletins/Landlordpointsbrochure.pdf</a>
Glendale, CA	<ul style="list-style-type: none"> <li>Requires properties with 2 or more units to be inspected in certain areas.</li> <li>Inspections cover building condition and maintenance, and for exterior problems including junk vehicles, graffiti, yard setbacks, and garbage.</li> <li>City may provide property rehab loans and grants for owners who rent to low income tenants.</li> <li>Certificate of Compliance issued for 4 years unless violations become known to the city.</li> <li>Inspections are conducted in certain geographical areas of the city, which may be changed from year to year.</li> </ul>	No fee	<a href="http://www.ci.glendale.ca.us/cdh/project2.asp">http://www.ci.glendale.ca.us/cdh/project2.asp</a>
Iowa City, IA	<ul style="list-style-type: none"> <li>Inspection for conformity with Iowa City housing code, including various exterior nuisances.</li> <li>Buildings with 3+ units are inspected on a two-year cycle. Single family and duplexes are inspected every three years.</li> <li>5 inspectors inspect about 8,800 units annually.</li> <li>Inspection includes determination of habitable space and over-occupancy. Occupancy regulated by zoning, floor area, and</li> </ul>	\$40 for one-time certificate of structural compliance. Rental permit fees assessed every two years, on the following manner:	<a href="http://www.icgov.org/default/?id=1843">http://www.icgov.org/default/?id=1843</a>

	<p>parking requirements.</p> <ul style="list-style-type: none"> <li>▪ City requires that tenants and landlord sign disclosure form outlining City rules, allowed numbers of tenants, and parking and nuisance rules.</li> <li>▪ City has web site where registered properties can be identified [<a href="http://www.iowa-city.org/icgov/apps/gen/rentals.asp">http://www.iowa-city.org/icgov/apps/gen/rentals.asp</a>]</li> </ul>	<p>\$120.00 for each structure; \$16.00 for each unit; \$6.00 for each bedroom</p>	
Lancaster CA	<ul style="list-style-type: none"> <li>▪ Rental housing certificate of compliance required, as well as business license, renewed annually. Enforces city/state Building, Housing Code and Health and Safety standards.</li> <li>▪ Regulates hazardous building conditions (e.g. systems, water infiltration, structural damage).</li> <li>▪ Application requires granting of permission to inspect.</li> <li>▪ Frequency of inspection varies according to number/magnitude of violations (from 1 to 3 years).</li> <li>▪ Larger buildings must participate in the City's crime-free housing program.</li> <li>▪ Violations of provision, or the presence of criminal and nuisance violations on the property, are grounds for revoking the license.</li> <li>▪ Abatement proceedings allowed if property declared a nuisance.</li> </ul>	<p>Business license fee: \$62 for new app., \$26 for annual renewal. Inspections, \$100 for first unit, \$25 for each additional unit.</p>	<p><a href="http://www.cityoflancasterca.org/ln dex.aspx?page=527">http://www.cityoflancasterca.org/ln dex.aspx?page=527</a></p>
Lauderdale, MN	<ul style="list-style-type: none"> <li>▪ Requires license for every rental unit (2 or more can be covered by the same license)</li> <li>▪ License is for one year. Must be posted in building. Taxes and utility bills must be current for issuance/renewal.</li> <li>▪ Enforced by building department. Inspections every other year (uses odd and even addresses). Uses International Property Maintenance code. Violations must be corrected or licenses can be revoked.</li> <li>▪ Also sets responsibility of tenants (maintaining cleanliness of property, allowing access, removing rubbish, keeping plumbing unobstructed).</li> <li>▪ Buildings with 5+ units must have a resident manager.</li> <li>▪ Registry of occupants (number and age of residents) required.</li> <li>▪ Repeat violations of city ordinances by tenants can result in license revocation.</li> </ul>	<p>Annual license fees for Single family: \$30. For multi-family, \$30 plus \$2 per unit. Inspections are \$34 per unit.</p>	<p><a href="http://www.ci.lauderdale.mn.us/vertical/Sites/%7B5F73237E-9F78-407B-A785-DA0D9F5C945F%7D/uploads/%7B6F54B54B-E2E6-428C-8669-67E946D69B18%7D.PDF">http://www.ci.lauderdale.mn.us/vertical/Sites/%7B5F73237E-9F78-407B-A785-DA0D9F5C945F%7D/uploads/%7B6F54B54B-E2E6-428C-8669-67E946D69B18%7D.PDF</a></p>
Minneapolis, MN	<ul style="list-style-type: none"> <li>▪ Requires annual licensing of rental units</li> <li>▪ Requires tenant register</li> <li>▪ Property contact person/manager required to live in metro area. Owners name and street address must also be supplied.</li> <li>▪ License requires conformity with land use and maintenance codes, and with occupancy limits as set by zoning and type of property. Property taxes must be up-to-date.</li> <li>▪ Landlord must allow access for inspections. Inspection frequency is not set by code.</li> <li>▪ Owners/managers must not have arrest warrant for criminal</li> </ul>	<p>Annual license fees are \$61 for the first unit in a building and \$19 for each additional unit.</p>	<p><a href="http://www.ci.minneapolis.mn.us/inspections/landlords-home.asp">http://www.ci.minneapolis.mn.us/inspections/landlords-home.asp</a></p>

	<p>land use of property maintenance violations at ANY property.</p> <ul style="list-style-type: none"> <li>▪ Having rental license revoked 2+ times bars person from getting new license for 5 years.</li> </ul>		
Montgomery County, MD	<ul style="list-style-type: none"> <li>▪ Requires that all rental properties be licensed.</li> <li>▪ A room rented out by an owner-occupier is not required to be licensed, and renting to relatives is also exempt</li> <li>▪ Apartments rented before 1950 must be inspected for lead contamination.</li> <li>▪ Apartment fees are assessed per unit.</li> <li>▪ A Maryland resident must be designated as legal representative</li> <li>▪ Unlicensed rentals are charged \$500, and \$750 for repeated failure to license the unit.</li> </ul>	Annual fees range from \$38 for apartment units, \$56 for a condominium, and \$98 for a townhouse, duplex, or single-family rental.	<a href="http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/DHCA/Licensing/licensing_landlord_tenant.asp">http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/DHCA/Licensing/licensing_landlord_tenant.asp</a>
Pasco, WA	<ul style="list-style-type: none"> <li>▪ Program requires a business license for each rental property, and an inspection every two years for building and fire code violations using standards of the International Property Maintenance and Housing Code.</li> <li>▪ Landlord can use either government or private inspector</li> <li>▪ City inspections are free of charge.</li> <li>▪ A fine of \$500 for failure to license a rental can be assessed per day.</li> <li>▪ Submission of a false certificate of inspection can result in misdemeanor charges and a possible fine of \$5000.</li> </ul>	Annual fee of \$30 for first unit, additional \$3 for each additional unit.	<a href="http://www.pasco-wa.gov/GeneralInfo/CommunicationsCityPublications">http://www.pasco-wa.gov/GeneralInfo/CommunicationsCityPublications</a> see "AWC Rental Licensing Program Presentation"
Sacramento, CA	<ul style="list-style-type: none"> <li>▪ Passed in March 2008.</li> <li>▪ Exteriors of buildings are inspected. If violations found, property is formally inspected. Violations must be corrected within 30 days.</li> <li>▪ Properties in compliance can be placed in self-certification program (self-inspection allowed), w/ random city inspections (5% per year).</li> <li>▪ For larger complexes a sample of units may be inspected. If violations are found, inspected can inspect additional units.</li> <li>▪ Exemptions are made for units that are regularly inspected by another agency or rental properties that are less than 5 years old.</li> <li>▪ Properties must have local contact.</li> </ul>	\$140 per unit for a 5 year period, billed annually in five installments of \$28/unit. No cost for the initial inspection or 30 day re-inspection. \$150 re-inspection fee if repairs not timely.	<a href="http://www.cityofsacramento.org/cod/Residential-Housing-Inspection-interim.html">http://www.cityofsacramento.org/cod/Residential-Housing-Inspection-interim.html</a>
Shoreview, MN	<ul style="list-style-type: none"> <li>▪ Requires annual licensing.</li> <li>▪ One-third of properties are inspected every year for compliance with property maintenance code.</li> <li>▪ Buildings must be up to date for taxes and utility bills.</li> <li>▪ Failure to license properties is a misdemeanor (\$1000 fine and/or 90 days in jail).</li> <li>▪ Property agent must reside in the local metro area.</li> <li>▪ Property taxes and utilities must be up to date.</li> </ul>	Annual fee of \$100 plus \$7.50 per unit (\$5.00 if participate in anti-crime program). Reinspection fees if city cannot access units for inspection.	<a href="http://www.ci.shoreview.mn.us/ZoningAndInspections/rental%20housing/MFD%20Complete%20App12-28-06.pdf">http://www.ci.shoreview.mn.us/ZoningAndInspections/rental%20housing/MFD%20Complete%20App12-28-06.pdf</a>

## Notes

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- <sup>1</sup> Bob Karrow, "Licensing rentals – Trends and breaking news in the USA," TownGown World, Feb 2008, <http://www.towngownworld.com/karrow.html>
- <sup>2</sup> See Nick Licata, Seattle City Council, "Urban Politics" newsletter, November 5, 2007, <http://www.seattle.gov/council/licata/up/241.htm>; Scott Guterrez and Casey McNerthey, "5th blaze worries neighbors; Landlord owns dozens of dilapidated homes," *Seattle Post-Intelligencer*, September 21, 2007, [http://seattlepi.nwsource.com/local/332612\\_sisley21.html](http://seattlepi.nwsource.com/local/332612_sisley21.html); Sara Jean Green, "Rooming house burns; 5 injured," *Seattle Times*, December 30, 2005, <http://community.seattletimes.nwsource.com/archive/?date=20051230&slug=fire30m>; *Seattle Times*, "Woman injured in fire dies," January 5, 2006, <http://community.seattletimes.nwsource.com/archive/?date=20060105&slug=dige05m>
- <sup>3</sup> City of Pasco, Rental Licensing Program, AWC Convention presentation, June 2008.
- <sup>4</sup> Enrollment in 4-year institutions increased by 14 percent over the 2000-2008 period. According to the State Office of Financial Management, the rate of growth in the student age population may subside after 2012, however, perhaps providing some "breathing room" for universities to increase the percentage of students living on campus.
- <sup>5</sup> [http://www.collegetownlife.com/college/CT\\_Student\\_Housing\\_OncampOffcamp.htm](http://www.collegetownlife.com/college/CT_Student_Housing_OncampOffcamp.htm)
- <sup>6</sup> Campus Explorer, <http://www.campusexplorer.com/colleges/0F3BEA2C/Washington/Pullman/Washington-State-University/>
- <sup>7</sup> Jared Paben, "New tower at WWU to house 100: Dorm won't shift students out of off-campus rentals," *Bellingham Herald*, May 31, 2008. <http://www.bellinghamherald.com/growth/story/426752.html>
- <sup>8</sup> Nick Perry, UW has a huge plan for housing, *Seattle Times*, March 18, 2008, [http://seattletimes.nwsource.com/html/education/2004289339\\_uwdorms18m.html](http://seattletimes.nwsource.com/html/education/2004289339_uwdorms18m.html); Amy Rolph, UW wants more living room for students," *Seattle Post-Intelligencer*, March 19, 2008, [http://seattlepi.nwsource.com/local/355514\\_dorms19.html](http://seattlepi.nwsource.com/local/355514_dorms19.html).
- <sup>9</sup> See City of Burlington, [http://www.ci.burlington.vt.us/planning/mdp/2006/mdp\\_2006\\_housing.pdf](http://www.ci.burlington.vt.us/planning/mdp/2006/mdp_2006_housing.pdf).
- <sup>10</sup> Genevieve Bookwalter, "Suits over UCSC growth settled: City, county, neighbors reach deal; university agrees to concessions over roads, water and housing," *Santa Cruz Sentinel*, August 9, 2008, [http://www.santacruzsentinel.com/ci\\_10150203](http://www.santacruzsentinel.com/ci_10150203).
- <sup>11</sup> City of Des Moines, Washington web site, Crime Free Housing Program, <http://www.desmoineswa.gov/dept/police/crimefree.html>; City of Des Moines, "Rental of Real Property Business License Application and Crime Free Rental Housing Registration," [http://66.175.4.144/dept/city\\_clerk/pdf/ClerkRentalPropertyLic.pdf](http://66.175.4.144/dept/city_clerk/pdf/ClerkRentalPropertyLic.pdf)
- <sup>12</sup> Minutes of the August 23, 2003 regular meeting of the Bellingham City Council.
- <sup>13</sup> Minutes of the January 22, 2004 regular meeting of the Bellingham City Council.
- <sup>14</sup> City Council Agenda Bill No. 016189, presented to Bellingham City Council August 23, 2004.
- <sup>15</sup> Nuisance laws on the books include those regulating yard parking (BMC 11.33.185); Noise (BMC 10.24.120) Fireworks (BMC 10.24.130); Disorderly conduct (BMC 10.24.010); Garbage and waste (BMC 10.24.010); and a general nuisance law, (BMC 10.28) which includes a wide variety of infractions including overgrown landscape plants, storage of junk vehicles in yards, gathering of crowds that obstructs sidewalks, etc.
- <sup>16</sup> Memo from Malcolm Fleming to Bellingham City Council, September 23, 2005.
- <sup>17</sup> Office of the Mayor, "Summary of Actions to Address Disruptive Tenant/Occupant Behavior in Residential Neighborhoods, January 23, 2006.
- <sup>18</sup> Bellingham-Western Washington University, Campus Community Coalition Meeting minutes, Friday, November 3, 2006, [http://www.wvu.edu/chw/preventionandwellness/grantpages/CCC\\_Website/pdfs/Bellingham.WWU.CCC.meeting.minutes.11.3.06.pdf](http://www.wvu.edu/chw/preventionandwellness/grantpages/CCC_Website/pdfs/Bellingham.WWU.CCC.meeting.minutes.11.3.06.pdf)
- <sup>19</sup> Minutes of the October 08, 2007 regular meeting of the Bellingham City Council.
- <sup>20</sup> Memo from staff to the City Council, February 4, 2008.
- <sup>21</sup> A Staff memo to the City Council reviewed options for changing the definition of family, and also reviewed landlord accountability activities. See Memo from Staff to the Bellingham City Council, June 9, 2008.
- <sup>22</sup> Duncan and Associates, *Analysis of Issues Regarding Student Housing near the University of Florida*, April 2002, p. 3.
- <sup>23</sup> For background on some of the decisions see <http://www.foster.com/newsdetail.aspx?newsType=1&newsID=257>
- <sup>24</sup> See City of Boulder, [http://www.bouldercolorado.gov/index.php?option=com\\_content&task=view&id=185&Itemid=758](http://www.bouldercolorado.gov/index.php?option=com_content&task=view&id=185&Itemid=758).
- <sup>25</sup> Ian Crichton, Matt Rosenberg, and Joe Thompson, *Rental Unit Licensing: Applicability to Milwaukee*, Robert M. La Follette School of Public Affairs, Workshop Paper, Spring 2003, p. 11.
- <sup>26</sup> Crichton, Rental Unit Licensing..., p. 17.
- <sup>27</sup> Interview with Mitch Nickolds, Inspection Services Manager, City of Pasco, October 15, 2008.
- <sup>28</sup> Robert Swift, Research on Rental Inspection Programs, City Commission Agenda Memo, July 15, 2008.
- <sup>29</sup> For another comparison, a review of program documents for a program in Iowa City indicates that five inspectors inspect about 8,800 units annually.
- <sup>30</sup> Median rent is derived from the 2007 American Community Survey.