



STAFF REPORT – CITY COUNCIL MEETING

March 01, 2023

TO: Honorable Mayor and City Council Members

FROM: Netra Khatri, City Engineer

PREPARER: Netra Khatri, City Engineer

DATE: February 19, 2023

TITLE: **Adopt Ordinance No. 1552, An Ordinance of the City Council of the City of Arcata Adding Chapter 5 (Residential Rental Inspection Program), to Title VIII (Building Regulations) of the Arcata Municipal Code; Waive Reading of the Text and Consent to Read by Title Only.**

RECOMMENDATION:

It is recommended that the Council adopt Ordinance No. 1552, An Ordinance of the City Council of the City of Arcata Adding Chapter 5—Residential Rental Inspection Program (RRIP), to Title VIII—Building Regulations, of the Arcata Municipal Code; waive reading of the text and consent to read by title only.

INTRODUCTION:

The purpose of the Residential Rental Inspection Program is to address the issue of substandard, long-term rental properties, promote greater compliance with existing health and safety standards, and preserve the quality of Arcata’s neighborhoods and available housing. The program provides greater oversight for compliance of health, safety and welfare code violations in/on residential rental properties that can become a threat to the occupant’s safety, a threat to the long-term structural integrity of the building, and have a negative impact on the surrounding neighborhoods.

BACKGROUND:

For many years there has been increasing concern about the City of Arcata’s aging housing stock. As well, there is concern about illegal units and unpermitted construction which could pose health and safety, and neighborhood compatibility problems. The current Housing Element adopted by the City Council in 2019 encourages the maintenance of existing housing to prevent deterioration and promotes dwelling lifespan. The Implementation Measures of the Housing Element calls for the City to identify neighborhoods with housing requiring rehabilitation, then offer financial assistance to lower income households for housing rehabilitation through code enforcement and a rental inspection program.

As part of efforts to address enforcement and nuisance property issues within the City of Arcata, a rental housing inspection program is seen as another tool to meet the City goal of providing housing that meets minimum health and safety standards.

Ordinance No. 1552 was first brought before the City Council on September 15, 2021. Upon the Council's second review of the ordinance on October 20, 2021, the Council directed staff to form a Working Group to ensure the ordinance had greater community input and better meets the needs of the City. The Working Group consisted of nine (9) community members, a mix of operators, tenants, and property owners. Over the course of five (5) meetings the Working Group provided staff with feedback that was used by staff to produce the latest draft of the ordinance as well as various supporting documents. A public meeting was held on May 23, 2022 at the D Street Neighborhood Center to update the public on the changes made to the ordinance. A public comment period was open until June 24, 2022. On August 3, 2022, the updated ordinance was presented to the Council for introduction. The updated draft ordinance incorporated prior City Council and public feedback. A summary of modifications to the original ordinance presented last year based on the comments from the working group, public and staff were depicted in Attachment A. At the August 3, 2022 council meeting, multiple council members requested further clarification from staff regarding whether the RRIP would be sustainable with the proposed fees and whether the RRIP fit within the City's General Plan. The Council also requested educational materials that could help explain the RRIP to the general community. The detailed responses by city staff to those questions can be found in the Attachment B. The attached RRIP Flyer and RRIP Trifold are examples of the types of educational materials city staff would use to provide a baseline level of understanding to members of the public.

DISCUSSION:

The proposed Residential Rental Dwelling Inspection Program requires owners of rental dwelling units within the City of Arcata to register their units with the City. The provisions of this ordinance apply primarily to properties with 1 – 2 rental units. With rare exception, all other properties with more than 2 dwelling units are inspected by the Arcata Fire Department. During the first three (3) years of the program, or Initial Phase, all eligible units will be inspected by City staff. After the Initial Phase, owners will be given a choice of signing up to have their units inspected every three years by the City, or to apply for the Self-Certification program.

We anticipate that most owners will apply for Self-Certification. To qualify for Self-Certification, a property shall not have existing violations of building, housing and sanitation codes or ordinances, nor past violations of building, housing and sanitation codes or ordinances within the last three (3) year period.

If a property does not qualify for Self-Certification, the properties/units will be required to have an inspection once every three (3) years to ensure they are being maintained. If the properties are maintained without violation for three (3) years, they will then qualify for Self-Certification.

For properties that are eligible for Self-Certification, the owner/operator will conduct an annual self-inspection of all the residential rental dwelling units, including exterior conditions and site conditions, and certify under penalty of perjury that the conditions at the property achieve the minimum standards listed on the Self-Certification Program Checklist. The City's rental inspector will review the checklist in the office and sign off on the Self-Certification. Properties under Self-Certification will have inspection on a reduced cycle of once every five (5) years, provided the residential rental dwelling units' conditions do not deteriorate during that five (5) year time period to the extent that the property would no longer meet the property eligibility standards. The tenant may at any time request an inspection by City staff.

When the City rental inspector visits properties/units, they will be inspecting for compliance with state and local laws involving housing, building and zoning codes and property maintenance. A checklist would be followed, similar to the Self-Certification checklist for consistency. Interior and exterior inspections would be conducted with the owner or operator, or their designee. The owner/operator will coordinate with tenants for access to the units. Tenants are welcome to be home for the inspection but are not required to be there unless they are fulfilling the role of designee. Once the inspection is completed, the owner/operator will be notified of any deficiencies found and asked to correct them in a timely manner. Structures and units will be required to be maintained at a level consistent with the codes of the period in which they were constructed. However, construction of new improvements or unpermitted construction must coincide with current codes as adopted by the City of Arcata. It is important to note that existing codes allow for certain exceptions for qualifying projects under the Historic Building Code.

If the inspection reveals no building, housing or sanitation code or ordinance violations, a rental housing inspection certification will be issued. If the inspection reveals there are building, housing or sanitation code or ordinance violations, the property owner will be notified of the specific code violations which prevent the City rental inspector from issuing a rental housing inspection certification. The notification will provide a specific time period in which the violations are to be corrected. The City rental inspectors will be available to answer any questions of the owner/operator to help them successfully complete the repairs. The City rental inspectors will return on the stated correction date to re-inspect the property and to verify compliance. If the corrections have not been made, the owner/operator will be charged for the additional staff time and expense in handling the violations.

Upon the successful completion of the initial inspection, subsequent inspection or re-inspection of the residential rental dwelling unit establishing that the property and its occupancy are in compliance with all applicable building, housing and sanitation code and ordinance requirements, the City will issue to the owner/operator a rental housing inspection certification. The certificate indicates code/ordinance compliance and specifies the time period during which the certification will remain valid and during which the residential rental dwelling unit will not be scheduled for a subsequent inspection. The rental housing inspection certification shall not preclude code enforcement or investigation on the property if during the rental housing inspection certification period a code violation on the property is reported to the City or otherwise observed by the City on the property.

To help the program have a successful start, and to address some of the concerns of property owners, during the first three (3) years of the Residential Rental Inspection Program compliance inspections by the City rental inspectors will be conducted on all rental properties/unit subject to the program and not inspected by another governmental agency. During this three (3) year initial phase of the program, most provisions of the program, including but not limited to registration requirements and program fees shall be in effect. The exception being the Self-Certification procedures. The intent for this three (3) year program initial phase roll-out is to develop a complete and accurate database of the relevant rental properties in the City, and to focus on the properties that do not qualify for Self-Certification and that currently are known problem properties.

Many cities throughout California have rental inspection programs with no sign of excessive rent increases and loss of property values. Some California cities have had inspection programs for 20 years, and the programs have been a success for tenants, property owners, and the City.

The proposed program takes the City of Arcata to the next level of protection and promotion of public health, safety, and welfare. The program will also provide a local layer of oversight in maintaining compliance with existing state and federal regulations as well as educating operators

and tenants on their rights and responsibilities. A well-run program will enable the City to maintain safe housing stock and increase the quality of life in neighborhoods and the community.

BUDGET/FISCAL IMPACT:

The proposed fees for the program are outlined as follows:

Residential Rental Unit Inspection Fee schedule

Implementation Period (First three years after adoption) & Non-Self Certifications (Three-year cycles)

Year 1

Residential Rental Dwelling Unit	Registration fee /year	Inspection Fee.	Self-Certification	Fee Calculation for No Self Certification
1-2 Units per property	\$ 20.00	\$ 73.29	\$ -	$(\$20+\$73.29) = \$93.29$
3 or more Units per property	\$ 25.00	\$ 83.76	\$ -	$(\$25+\$83.76) = \$108.76$

Year 2

Residential Rental Dwelling Unit	Registration fee /year	Inspection Fee	Self-Certification	Fee Calculation for No Self Certification
1-2 Units per property	\$ 20.00	\$ -	\$ -	\$ 20.00
3 or more Units per property	\$ 25.00	\$ -	\$ -	\$ 25.00

Year 3

Residential Rental Dwelling Unit	Registration fee /year	Inspection Fee	Self-Certification	Fee Calculation for No Self Certification
1-2 Units per property	\$ 20.00	\$ -	\$ -	\$ 20.00
3 or more Units per property	\$ 25.00	\$ -	\$ -	\$ 25.00

Self-Certification Program

Year 1

Residential Rental Dwelling Unit	Registration fee /year	Inspection Fee	Self-Certification	Fee Calculation for Self Certification
1-2 Units per property	\$ 20.00	\$ 73.29	\$ 40.00	$(\$20+\$40+\$70) = \133.29
3 or more Units per property	\$ 25.00	\$ 83.76	\$ 40.00	$(\$25+\$40+\$80) = \148.76

Every Year Thereafter

Residential Rental Dwelling Unit	Registration fee /year	Inspection Fee	Self-Certification	
1-2 Units per property	\$ 20.00	\$ -	\$ -	\$ 20.00
3 or more Units per property	\$ 25.00	\$ -	\$ -	\$ 25.00

The Residential Rental Dwelling Unit inspection fee will be \$73.29 per each property inspected by the program. With the initial annual registration fee payment property owners may apply for the Self-Certification program, if eligible. The one-time Self-Certification fee of \$40 per parcel with 1-2 dwelling units, covers review of the self-inspection form(s) and maintenance of those records. If further re-inspections are required, the fee will be approximately \$73.29 per half hour. Continued failure to correct any noticed violations will be dealt with through administrative civil penalties found under Arcata's Municipal Code. A resolution to adopt the fee schedule will be presented to the City Council during the mid-year budget approval scheduled for March 15, 2023.

ENVIRONMENTAL REVIEW (CEQA):

The proposed program has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines Sections 15321, 15301, and 15309 (*Apartment Association of Greater Los Angeles v. City of Los Angeles* (2001) 90 Cal.App.4th 1162).

ATTACHMENTS:

- A. Summary of Changes Since October 2021 (PDF)
- B. RRIP Response to Council Questions (PDF)
- C. RRIP Flyer and Trifold (PDF)
- D. RRIP FAQs (PDF)
- E. RRIP Inspection Checklist (PDF)
- F. Ord. No. 1552, Rental Inspection Program, 2-15-23 (PDF)