

PUBLIC NOTICE

PUBLIC NOTICE is hereby given that a special meeting of the Common Council of the City of Platteville shall be held on Tuesday, April 10, 2018 at 5:30 PM in the Police Department Conference Room, 165 N. 4th Street, Platteville, WI.

COMMON COUNCIL AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. WORK SESSION

- A. Tree Replacement Program
- B. Rental Licensing Program

IV. ADJOURNMENT

*If your attendance requires special accommodation, write City Clerk, P.O. Box 780,
Platteville, WI 53818 or call (608) 348-9741 Option 9.*



MEMO:

To: Common Council
From: Joe Carroll, Community Planning & Development Director
Date: March 30, 2018
Re: Impact of State Legislation on the Rental Inspection Program

Existing Inspection & Licensing Program

The rental inspection and licensing program is governed by Chapter 33, the rental code. The program is administered by the Community Development Staff, with the actual inspections conducted by MV Services. MV Services operates under a contract with the City, and gets paid for each inspection conducted. City Staff administers the program, collects the licensing fees and issues the permits.

The City currently has approximately 2,500 licensed rental housing units, although this number is constantly changing due to conversions and new construction. With a few exceptions, each housing unit in the City that is not owner-occupied is required to obtain a license. The number of units that are inspected and licensed varies from year to year. The rental license is generally good for 3 years, but there is a 1-year license option that is issued in cases where the unit is unable to meet the inspection requirements in a reasonable amount of time (typically due to the time of the year). For new construction, a unit is given a 3-year license at the time the occupancy permit is issued.

MV Services inspects each unit to determine if the requirements of Chapter 33 have been met. If a unit meets all the requirements, the inspector sends the inspection report to City Staff. Staff notifies the owner that the license can be issued after the required fee has been paid. For units that don't meet the requirements when inspected, the owner is given time (generally 30 to 60 days) to make the necessary corrections before a second inspection is conducted. Within the last 6 months, 302 rental licenses have been issued. Of those units, 291 (96%) passed after the initial inspection, and 11 (4%) passed after the second inspection.

Cost of the License & Program

The cost of the rental license is dependent upon the type of housing unit, and whether or not the unit passes the inspection on the first inspection, or if it requires a second inspection. The fee ranges from \$60 to \$95 for units that pass after the first inspection, and from \$80 to \$115 for units that require a second inspection.

The fee paid to MV Services mirrors the licensing fees. The amount they receive is also dependent upon the type of housing unit, and whether or not the unit passes the inspection on the first inspection, or if it requires a second inspection. The payment they receive ranges from \$48 to \$83 for units that pass after the first inspection, and from \$68 to \$103 for units that require a second inspection. Generally, the cost of the license is \$12 more than the cost of the inspection paid to MV Services. This additional fee helps

cover the City’s cost due to Staff time administering the program. Below is the cost and revenue information for the rental inspection program over the last three years:

	2015	2016	2017	Average
Revenue (100-44100-616)	\$88,150	\$58,415	\$49,858	\$65,474
Expenses (100-52400-210)	\$66,747	\$37,066	\$45,400	\$49,738
Difference	\$21,403	\$21,349	\$4,458	\$15,736

New State Legislation

On March 20th, the State Senate approved Assembly Bill 771, which will have some significant impacts on the City’s rental inspection and licensing program. The Bill is anticipated to be signed by the Governor and become effective in mid-April.

Bill Summary

The bill authorizes a city to establish a rental property inspection program in designated districts in which there is evidence of blight, high rates of building code complaints or violations, deteriorating property values, or increases in single-family home conversions to rental units.

No inspection of a unit may be conducted under the program if the occupant of that unit does not consent to allow access, unless the inspection is under a special inspection warrant.

Under such a rental property inspection, if no “habitability violation” is discovered during an inspection, or if such a violation is corrected within a period designated by the municipality (but generally not less than 30 days), then the city, village, town, or county may not inspect the same property again for at least five years.

If a habitability violation is discovered and is not corrected within the designated period, then the municipality may conduct annual inspections of the property. However, if no habitability violation is discovered during two consecutive annual inspections, then the city may not perform a program inspection of the property for at least five years.

A city is prohibited from inspecting rental property that is less than eight years old as part of that inspection program.

The bill generally limits the amount of a fee charged under the inspection program described above to \$75 for an inspection of a vacant unit or an inspection of exterior or common areas, \$90 for any other initial inspection, and \$150 for a second or subsequent inspection with an allowance for a 2% annual increase to those amounts. However, the bill prohibits a city from imposing any fee in either of the following circumstances:

- An owner voluntarily allows access for an inspection of exterior and common areas, and no habitability violation is discovered during the inspection, or, if a violation is discovered, the violation is corrected within a designated period (generally 30 days).
- No habitability violation is discovered during the inspection, or, if a violation is discovered, the violation is corrected within the designated period.
- The inspection does not occur because an occupant does not allow access to the property.

The bill preempts cities from taking any of the following actions:

- Requiring that a residential rental property owner register or obtain a certification or license related to owning or managing the residential rental property.
- Charging a fee for registration of a rental property, except for a one-time registration fee that reflects the actual costs of operating a registration program and does not exceed \$10 per building, and a fee for the registration of a change of ownership or - 4 - management of a building or change of contact information that reflects the actual and direct costs of registration and does not exceed \$10 per building.
- Enacting or enforcing an ordinance, or otherwise imposing a requirement that includes “aesthetic considerations,” defined to mean considerations relating to color, texture, and design that do not relate to health or safety, for purposes of inspection criteria for the interior of certain residential structures.

The Senate also approved AB 770, which prohibits municipalities from regulating the size of a bedroom in a rental unit. The current rental code requires a minimum of 70 square feet for a bedroom, and at least 50 square feet per person for bedrooms occupied by more than one person.

Impact of the Changes

Although the changes will still allow the City to conduct rental inspections, the changes will require significant modifications to the procedures if the program continues. The primary impact on the licensing program is related to the ability to charge a fee for the inspection/license. Currently the licensing fees that are collected pay for the cost of operating the inspection and licensing program.

The bill states that the City cannot charge a fee if there are no violations discovered during the inspection, or if the violation is corrected within a designated period of time (generally 30 days). Currently, the majority (96%) of units pass after the first inspection, and almost all of the other units pass after the second inspection. This means the City would not be able to charge for that inspection. Therefore, the City would need to find another source of funds to cover the costs of the inspections and operation of the program.

The bill references the ability to conduct inspections to determine if certain “habitability violations” are present. The rental code may need to be modified to maintain consistency with these requirements.

Options for the Rental Inspection & Licensing Program

- 1) Continue operating the inspection and licensing program similar to how it is currently done. This would require funds from another source, which would likely be the general fund. The cost would average approximately \$40,000 to \$50,000 per year.
- 2) Discontinue the licensing portion of the program and the scheduled inspections. We could maintain most of the rental code requirements, but only conduct inspections of the units on a complaint basis. These inspections would be conducted by the Building Inspector, rather than paying a contractor. The City would likely not receive any fees for these inspections. The City would continue to monitor the exterior of all the rental properties as part of the property maintenance inspections that are conducted City-wide.