

**CITY COUNCIL
COMMUNICATION:**

02-520

AGENDA:

OCTOBER 7, 2002

SUBJECT:

RENTAL HOUSING
CODE FEES AND
LENGTH OF
CERTIFICATES

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JIM GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

ITEM 50

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Raise the fees of rental housing inspections to better recover the costs of services rendered and expand the length of certificates from 30-36 months for single-family and duplex structures and from 18-24 months for all multiple structures, three units or more.

FISCAL IMPACT —

Net gain of approximately \$600,000 per year.

RECOMMENDATION —

Approval.

BACKGROUND —

Currently, 28,800 rental units generate approximately \$400,000 per year in inspection fees, which recovers approximately 33 percent of the cost of the service. The proposal is a new fee schedule that would generate an estimated \$1,000,000 in 2003, approximately 89 percent of the cost of providing the service. The proposal will also expand the life of certificates from 30 months for single-family and duplex structures to 36 months. Multiple structure certificates would be extended from 18 months to 24 months.

The proposed fees would increase to \$100 for the first unit, \$50 for the second, and \$25 for all subsequent units.

Currently, the City does not charge for the first re-inspection of a property that does not comply. In essence, with the current practice, the City has taken on the practice of managing the physical integrity of rental properties for landlords. Often landlords have not been in their properties between inspections. The inspection and notice is the first they know of the deficiencies in their properties. A contributing cause to this problem is that there are no consequences for failure to pass an initial inspection. If a property fails, staff currently re-inspects for free. This ordinance change suggests this practice should stop and owners should pay for the services necessary to receive a rental certificate. The ordinance would permit the City to charge at the same rate for a re-inspection as for the initial

inspection. The intent of this change is to encourage landlords to self inspect their properties prior to the inspector's arrival so that the property complies on the first inspection. This change in policy would also be in line with the recently adopted policy used in the cleanup of junk and debris, of charging the cost of providing the service.

This means that when the City re-inspects a single-family house the re-inspection fee will be \$100. If it is necessary to re-inspect both sides of a duplex, the fee will be \$150; if only one side is re-inspected the fee would be \$100. If the City re-inspects one unit in a 24-unit structure, the fee would be \$100. If it is necessary to re-inspect eight units in the structure, the fee would be \$300 (\$100 for the first unit, \$50 for the second, and \$25 each for the six other units).

Rental inspection fees have not been increased since 1992. If fees had been raised for inflation at the rate of 3 percent per year, the 2003 rates would be \$100.80 for a single-family home (proposal is for \$100), \$152.64 for a duplex (proposal is for \$150), and \$372.75 for a 12-plex (proposal is for \$400).

Revenue at the proposed fee structure will generate approximately \$600,000 in initial certification fees. Currently, approximately 50 percent of all inspections require a first re-inspection. If that number holds true, first re-inspections will generate approximately \$300,000. Second and subsequent re-inspections, coupled with complaint inspections, should generate an addition \$100,000 for a total of \$1,000,000 per year.