

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

**CITY COUNCIL
COMMUNICATION:**

02-551

AGENDA:

OCTOBER 21,
2002

SUBJECT:

RENTAL HOUSING
CODE FEES AND
LENGTH OF
CERTIFICATE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JIM GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

SYNOPSIS —

On October 7, 2002, the City Council passed the first reading of an amendment to the rental housing code, Chapter 26, Section IV. This amendment will raise the fees for rental housing inspections to better recover the costs of the service. This change will raise the revenue generated by inspections from approximately \$400,000 per year to close to \$1,000,000 per year. The length of the certificate is also being increased from 30 months for single-family and duplex structures to 36 months and from 18 months to 24 months for structures containing three or more units.

FISCAL IMPACT —

The increased revenues will constitute a net gain of approximately \$600,000 per year. This estimate is based upon the current number of inspections. If the number of re-inspections decreases, less new revenue will be generated.

RECOMMENDATION —

Approval, consistent with a general policy of having services paid by the users of the service.

BACKGROUND —

As a result of questions raised by the Council during the October 7 meeting and subsequent issues raised by Council Members, the following issues have been raised:

1) *Is the Neighborhood Inspections Division (NID) attempting to charge a fee to landlords that will supplement their other activities?*

No. NID is charged with 35 different responsibilities including rental inspections, junk and debris, parking in the front yard, mosquito abatement, sound and odor violations, graffiti, animal waste, and a number of other issues. The proposed fee increases are to cover only the costs directly attributed to rental housing.

The NID budget is \$2,000,000 per year from general fund. Rental inspections consume 60% of staff time and resources. 60% of \$2,000,000 is \$1,200,000 per year. The proposed fee increases will not cover the cost. The fees will generate approximately \$1,000,000 per year, leaving a shortfall of \$200,000 per year to be subsidized by the general fund.

2) *Do we have a large number of illegal rentals (rental housing without certificates) in the City?*

Illegal rentals are discovered at a rate of nearly two a week. Between October 1, 2001 and September 30, 2002, 102 illegal rentals were discovered. This number impresses on us our need to continue to be diligent in this area, insuring that all renters in this community have safe housing and that all the landlords are contributing to that effort.

This winter we will conduct a concentrated effort in a pilot area to determine the exact extent of the problem.

3) *Why are we eliminating the free re-inspection?*

Charging for re-inspection is the reward for a good landlord. If we continued to provide free re-inspections, we would need to charge more for the first inspection.

If this ordinance is adopted, NID will prepare a more simplified code book for landlords to use that will include a checklist that can be completed by the property owner prior to the NID inspection. If a pre-inspection is completed by the landlord, properties should pass on the first inspection.

4) *In reviewing 21 towns and cities in Iowa and comparing their certificate rates, the following information was found:*

Single Family Rate Per Year

Iowa City	\$90.00
Newton	51.96
Ottumwa	49.96
Des Moines	33.33
Davenport	30.00
Cedar Falls	26.64
Coralville	21.48
West Des Moines	20.00
Dubuque	18.48
Sioux City	17.52
Ames	17.28
Fort Dodge	17.04
Urbandale	16.68
Ankeny	15.00
Polk City	15.00
Van Meter	15.00
Windsor Heights	15.00
Marshalltown	12.24
Marion	8.28
Cedar Rapids	6.48
Burlington	5.04
Bettendorf	3.96

Duplex Rate Per Year

Iowa City	\$102.00
Newton	73.92
Ottumwa	60.00

Des Moines	50.00
Davenport	49.92
Cedar Falls	31.68
Dubuque	27.12
Ames	26.16
Coralville	25.44
Marshalltown	24.96
Ankeny	20.66
Polk City	20.66
Van Meter	20.66
Windsor Heights	20.66
West Des Moines	20.00
Sioux City	19.44
Fort Dodge	17.04
Urbandale	16.56
Marion	13.44
Cedar Rapids	8.64
Bettendorf	6.96
Burlington	6.96

Six Unit Building Per Year

Iowa City	\$149.76
Newton	162.00
Ottumwa	139.68
Des Moines	125.00
Urbandale	97.92
Ames	75.60
Marshalltown	74.88
Dubuque	61.20
Cedar Falls	51.84
Ankeny	42.50
Polk City	42.50
Van Meter	42.50
Windsor Heights	42.50
Coralville	41.76
West Des Moines	35.00
Marion	33.12
Sioux City	27.36
Burlington	18.00
Fort Dodge	17.28
Cedar Rapids	17.28
Bettendorf	16.00

12 Unit Building Per Year

Newton	\$293.76
Ottumwa	259.20
Iowa City	221.76
Des Moines	200.00
Marshalltown	154.08
Urbandale	145.44
Ames	144.00

Davenport	132.48
Dubuque	112.32
Cedar Falls	82.08
Ankeny	76.00
Polk City	76.00
Van Meter	76.00
Windsor Heights	76.00
West Des Moines	65.00
Coralville	64.80
Marion	63.36
Sioux City	39.88
Bettendorf	33.12
Burlington	28.80
Cedar Rapids	27.36
Fort Dodge	17.28

5) *Why are the rates going up at such a high rate?*

We are increasing the life of the certificate by 20% for single-family and duplex structures and by 33% for three unit structures and larger. Fees have not been raised for 11 years. These two factors couple to create what appears to be a large increase. If we had increased fees 3% per year and were now asking to extend the life of the certificates and increase the cost solely on that issue, we would have a smaller percentage increase and less of an issue.

NID will evaluate this fee increase at the beginning of the fiscal year and the beginning of the calendar year to insure that fees are appropriate and that this issue does not reoccur.