



City of Seattle

Department of Planning and Development
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PROPOSED REGISTRATION AND INSPECTION PROGRAM FOR RENTAL HOUSING MAR. 28, 2012

I. INTRODUCTION

Safe, habitable, and affordable housing is a fundamental human need recognized in Seattle's Comprehensive Plan. The City has articulated an interest in safeguarding the condition and quality of the housing stock and in maintaining attractive and livable neighborhoods. Through the Comprehensive Plan the City of Seattle adopted a policy to:

Encourage safe and healthy housing free of known hazardous conditions.
Require that renter-occupied housing be maintained and operated according to minimum standards established in the Seattle Housing and Building Maintenance Code and other applicable codes. Actively encourage compliance with the codes and seek to inspect on a regular basis multifamily rental structures most likely to have code violations.

To implement this policy and respond to a request from the City Council, the Department of Planning and Development (DPD) is proposing a program for registering and inspecting rental housing. Proposed program elements include: (1) registering most rental housing and inspecting the properties on a randomly-selected basis; (2) inspecting properties with a history of code violations; (3) engaging in significant outreach and education effort for tenants, landlords and property managers to promote knowledge of the proposed registration requirement and standards for maintaining rental properties; (4) engaging in outreach to other organizations and public agencies to identify poorly-maintained rental housing; (5) and providing relocation assistance to mitigate negative impacts on displaced tenants. These elements are described more fully below.

II. BACKGROUND

According to the U.S. Census Bureau and King County Assessor's data, there are approximately 147,000 rental housing units located in over 42,000 properties within the City of Seattle, and 53% of the City's residents are renters. The City has determined that substandard and unsanitary residential building and dwelling units exist within the City,



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and for many years has had a program of inspecting in response to complaints of substandard rental housing conditions. The primary purpose of the City's complaint response is to have the owner correct the code violation and bring the property into compliance with the City's Housing and Building Maintenance Code standards. It is well known, however, that a complaint response program does not result in all rental units meeting health and safety standards because not all substandard units are reported to the City. There are a variety of reasons why substandard rental housing isn't always reported, including language and cultural barriers and the fact that some renters are afraid of the potential consequences of reporting problems such as a rent increase, or a worsened relationship with the landlord.

Taking advantage of an option available under state law to enact a local requirement for rental housing licensing and inspection, in 2010 the City Council passed Ordinance No. 123311 establishing a Residential Rental Business License and Inspection Program as a placeholder ordinance. Recognizing that the speed of this legislative process did not allow for a full consideration of program details and policy issues, the Council also adopted Resolution No. 31221 requesting DPD to develop recommendations for a rental housing licensing and inspection program and listing twelve specific areas for consideration. For comparative purposes, Appendix 2 compares the proposed program to Ordinance 123311. Appendix 3 provides detailed information on the Resolution and extensive stakeholder input, including a review of areas of stakeholder agreement and disagreement.

III. SUMMARY OF PROPOSAL

The proposal includes:

- registering most rental housing;
- engaging in outreach and education for tenants, landlords and property managers;
- engaging in outreach to public agencies and community organizations to identify poorly-maintained rental housing;
- inspecting properties with a recent history of repeat violations on a more-frequent basis;
- inspecting multi-unit properties where violations are observed in some units that are likely to be widespread throughout the building;
- inspecting rental properties on a randomly-selected basis;
- using private-sector inspectors for many inspections;
- reviewing work of private inspectors to assess for quality control and prevent fraudulent inspections;
- linking rental housing inspections to health and safety issues;

- enforcing registration by using penalties; registration suspension and revocation, and a possible prohibition against re-renting a unit that becomes vacant until the unit complies with rental inspection requirements;
- limiting tenant displacement to only those circumstances where physical conditions pose an imminent threat to health or safety which cannot be quickly remedied. Under these circumstances the property owner would be responsible for paying relocation assistance; and
- evaluating program effectiveness on a periodic basis.

A. Outreach and Education

The program would begin with intensive outreach and education to landlords, tenants, property managers, and real estate professionals. It would cover City requirements for rental housing, including the registration requirement and maintenance standards rental housing must meet to be registered, when the City requires the landlord to have an inspection performed, City complaint-response inspections, and landlord and tenant rights and responsibilities.

Getting the word out will be important to reach tenants and landlords who are not members of rental housing-related organizations. Outreach and education activities should begin in the three to six months before the start of property registrations; program content and materials development thus would need to be completed before that time.

B. Registering Rental Housing

Most properties with rental housing units would have to be registered. Exceptions would include shelters and transitional housing; units not available for rent; owner occupied units; short term vacation rental units, hotels and motels; retirement and nursing homes; housing managed by a government unit and already subject to periodic government inspection; housing occupied by a religious order; owner-occupied units rented for no longer than 1 year while the owner is temporarily living elsewhere, for a work sabbatical, for example. The sabbatical exception would be limited to once in a five year period.

In registering, the property owner will be required to make a written declaration that all units and common areas comply with a list of specific standards. The standards would be a subset of the full requirements in the Housing and Building Maintenance Code and include things most important for tenant health and safety. For example, to meet these standards the owner would have to declare that all units have: working smoke detectors, adequately-functioning and permanently-installed heat source, hot and cold

water, and adequate locks on doors and windows. The specific standards would be specified in a Director's Rule. Further discussion of inspection standards is found on page 6.

DPD proposes phasing the registration requirement in over 3 years.

- In the first 6 months, registration would be required for buildings with 7 or more units (about 3407 properties).
- In the second 6 months, registration would be required for buildings with 3 to 6 units (about 3613 properties).
- In the second and third years, buildings with 1 to 2 rental units (an estimated 35,000 properties)

Phasing provides additional time to identify smaller rental properties; this will be a difficult and ongoing effort for many years. Programming problems that might be found with initial use of new data systems would be easier to correct when there is a lower data and usage level. Phasing also spreads out the administrative work both at initial registration and at time of renewals. Late registrations would incur an additional fee.

This proposal includes a significant effort to find rental properties that are not registered. In order for the proposed program to be credible and fair, it is critical that this effort be robust. This work will require using a wide variety of information sources: for example, county property assessor records; prior code enforcement records; other public records; referrals from DPD code enforcement staff and other agencies such as Public Health, SPD and SFD; and complaints from the public.

A registration could be suspended or ultimately revoked for a unit or building under certain circumstances. For discussion of consequences of not complying with registration and inspection requirements, see page 7.

C. Required Inspections

History of prior violations. Owners of properties that have had two or more enforcement notices for violations or emergency orders under the Seattle Housing and Building Maintenance Code (HBMC) during a prior 3-year period, starting with the commencement of the registration program, would be notified that they must demonstrate that the property complies with standards required for property registration. The owner would have 60 days to pass an inspection by a City inspector. Because of the history of violations, there would not be the option of having this inspection performed by a private sector inspector. Fewer than 80 properties currently fall into this category, based on enforcement records from 2009 through 2011. If the inspection reveals violations, our usual code enforcement procedure would be followed

to obtain compliance, and the rental registration could be suspended and then revoked, if necessary. After passing an inspection under this provision, if the property was again subject to two more enforcement violation notices or emergency orders in a subsequent 3-year period, another inspection would be required.

Complaint response inspection indicates likely building-wide violations. Owners of multi-unit properties where only some units are inspected in response to a complaint would be required to demonstrate compliance throughout the building if violations found in the inspected units indicate likely widespread maintenance deficiencies that are significant to health and safety. For example, if a complaint response inspection of one unit found seriously deteriorated window assemblies (which could indicate moisture penetration, potential structural decay and poor indoor air quality), or multiple electrical outlets and/or switches with faulty wiring, the property owner would have to have 20%, or at least two other units inspected if there are ten or fewer units (the specific units would be chosen by DPD) and submit an Inspection Certificate showing compliance within 60 days. If there are deficiencies that require longer to correct, additional time could be allowed to pass inspection if the owner submits the detailed inspection findings and a plan and schedule for repairs that DPD approves. The owners of these properties would obtain inspections by hiring a qualified private inspector. The inspection standards would be the subset of the full HBMC standards; see page 6 for more detail on inspection standards.

Referrals from other agencies and organizations. DPD would regularly reach out to a variety of public agencies and community organizations for referrals of rental properties with significant poor conditions. These would be processed as violation complaints; DPD would request access to inspect and respond to observed violations according to its normal business practices. DPD would also leave on the premises or mail to each unit information about maintenance standards, complaint response inspections and the code enforcement process.

Random inspection of rental properties. After the database of known and registered rental properties is sufficiently large, every year DPD would randomly select a list of rental properties for inspections. New buildings less than 5 years old would not be included in the selected properties. The owners would be required to provide an inspection report to DPD within 60 days that demonstrates the properties comply with selected health and safety requirements. In multiple-unit buildings, 20% of units (or at least 2 units when there are fewer than ten), selected by DPD, would be inspected, as well as common areas such as laundry rooms and hallways. Properties that pass inspection would be removed from the random-sampling inspection pool for 5 years and would not be selected again for a required inspection for at least that period of time. A property could be placed back in the random-selection pool during the 5 year

exclusion period if it is found to have developed significant maintenance deficiencies in those specific areas that a property must meet to be registered as a rental property.

D. Private Sector Inspectors, Quality Control by DPD

In order to perform inspections under this program, private inspectors would be required to have certain credentials as listed in Ordinance 123311 and complete training on City codes and inspection protocol. DPD would confirm private sector inspector credentials. DPD would maintain a list of qualified private inspectors that would be available online and also sent to property owners when notified that they must submit a Certificate of Inspection showing compliance with maintenance standards. We believe there are sufficient inspectors with applicable credentials to be able to meet the demand this program would generate. For example, currently there are 241 Washington State licensed home inspectors in King and Snohomish Counties, one of the relevant professional credentials.

The required private inspector training class would cover the selected HBMC standards to be used for these inspections. It would highlight the differences between the Seattle standards and the International Property Management Code, the model code used by many other jurisdictions and that is used in inspector credentialing by organizations like the American Association of Code Enforcement and the International Code Council.

DPD would perform ongoing quality control audit on a sample of inspection Certificates prepared by private inspectors. In the audit DPD would look at recent complaint response enforcement records and inspect exterior conditions at a property. The review also could include examining inspection records held by the private inspectors, and contacting tenants or the property owner to request interior access. The details of this audit concept were not discussed by the stakeholder group, but the opinion was widely shared that the City would need to have an audit system to promote consistency and assure quality.

If DPD finds a property with significant maintenance deficiencies that were not reflected in a private inspector's Certificate of Inspection that showed compliance, and that would have existed at the time of that inspection, there would be potential sanctions for the private inspector, up to being dropped from list of qualified inspectors. (Details and due process provisions will be adopted by administrative rule if this program is implemented.)

E. Inspections: Rating Deficiencies

Some property maintenance deficiencies are potentially more damaging to health and safety than others. This proposal distinguishes between relatively minor deficiencies

and those with a significant potential health or safety impact by giving certain types of deficiencies more weight in evaluating whether a rental housing unit should not be occupied.

In a required inspection, specific health and safety-related deficiencies would be identified, and points assigned depending on the seriousness of the deficiency. Deficiencies with significant health or safety implications, such as lack of working smoke detectors, or electrical or plumbing system hazards, would receive a high number of points. A property would not pass inspection if even one of these serious conditions were present. Lesser issues such as a minor plumbing leak would be assigned a low number of points, and by itself would not cause the inspection to fail. However, if there are enough minor violations, the sum of their assigned points could cause the property to fail the inspection. The details of the point system would be adopted by administrative rule. We expect most property owners will usually cure deficiencies.

F. Inspection Standards for Required Inspections

The standards used for the owner declaration when registering rental housing and required inspections performed by private inspectors would include provisions of the Housing and Building Maintenance Code that are most relevant to the health and safety of tenants, as is the case under Ordinance 123311. The training for private sector inspectors would be designed to help the inspectors to have a consistent approach to evaluating building and unit conditions against these standards.

The standards included in Ordinance 123311 that would continue to be included under this proposal include provisions for minimum floor area for habitable rooms; sanitation, structural and shelter requirements; maintenance requirements; heating and ventilation requirements; electrical system requirements; emergency escape windows and doors; removal of garbage, debris and rubbish and provision of garbage cans; pest extermination; and smoke detectors. To these standards DPD proposes adding the standards listed below.

<u>Code section</u>	<u>Topic covered</u>
22.206.020 C	minimum floor area for sleeping rooms
22.206.040 A, B and C	light and ventilation
22.206.050 C and H	common bathrooms and toilet rooms, fuel shutoff valves
22.206.080 B	condition of floors, interior walls, ceilings
22.206.110 C and D	electrical receptacles in kitchens and light fixtures in public hallways, stairs, laundry rooms

22.206.120	mechanical facilities and equipment
22.206.130 A.3, B.1, C, E.3 and 4, and K	fire and safety standards (e.g. stairs, handrails, exits)
22.206.140 A.1, 5, 6, 8, 10 and 11	security related features of building and housing unit entrance doors and openable windows
22.206.140 B.1, 4 and 5	entrance door security in detached single family dwellings
22.206.160 A.4 and 8	materials posing an imminent hazard or threat to health or safety, display of street numbers to aid emergency response

G. Violations and Enforcement of Requirements

There are two likely types of violations that we expect if the proposed program is implemented: failure to register a rental property when registration has been required, and failure to submit a required Certificate of Inspection showing compliance with standards.

If DPD discovers that a rental property owner has not complied with the requirement to register, DPD would initially seek voluntary compliance—many rental property owners might not be aware of the new requirement. If we did not get compliance after sending information and a warning, then a violation notice for failure to have a valid registration would be issued. The notice would set a compliance date after which penalties would accrue on a daily basis. DPD proposes using the same penalty structure used in Ordinance 123311 and in the HBMC: \$150/day for the first ten days after a compliance date, then \$500/day. We would initiate a civil lawsuit in Municipal Court to seek to gain compliance and collect penalties.

If a property owner failed to provide a Certificate of Inspection to DPD when required, they would be notified that the registration for the property will be suspended, and ultimately revoked if the owner continues to fail to comply. There would be due process provisions for an owner to challenge a pending registration suspension or revocation. If the owner failed to respond to notification of suspension of the rental housing registration, revocation would follow. A violation notice for not having a valid rental housing registration would be issued, as described above, and DPD would pursue penalties for not having a valid rental housing registration.

If a registration is revoked because the owner failed to provide a required Certificate of Inspection showing compliance with standards, the owner would be prohibited from re-renting any units lacking a valid registration until a valid registration is obtained. Under these circumstances, in order to re-register, the owner would have to have the property

inspected, submit an inspection Certificate showing compliance and would pay an additional registration reinstatement fee.

There is another type of violation that is possible: submittal of an inspection Certificate that reports that the property did not meet maintenance standards. We generally would not expect this to occur: in most cases, we anticipate a failed inspection would not be reported at all, in which case we would be dealing with the scenario described in paragraph B above.

H. Mitigating Negative Impacts

The enforcement focus will be to obtain compliance with the registration requirement, required inspections, and maintenance standards in order to register properties in the program and make health and safety related improvements to deficient properties. We do not expect a great deal of displacement of tenants, however, there are likely to be some tenants who will have to move. If a property is found to have significant health or safety deficiencies and is not or cannot be quickly made safe, then it must be vacated because of the risks to tenant health and safety. The property owner would be required to pay relocation assistance for tenants who must move, as is currently the case under existing HBMC provisions. The current amount of relocation assistance required under these circumstances is \$3321. The City would enforce this requirement. When a property owner refuses to pay required relocation assistance to a low-income tenant household, the City would advance money for relocation assistance to renter households that qualify as low-income. Funds to advance relocation expenses need to be provided as part of the program. The City would take legal action to obtain reimbursement and penalties from the property owner of any funds advanced to a displaced household.

I. Evaluate Program Design and Effectiveness

At this time, this proposal does not suggest that the city adopt a policy requiring all rental housing properties to pass periodic inspections. We do not have a comprehensive list of all rental properties in Seattle. We believe we first need to gain a better understanding of the condition of the rental housing stock. How big is the problem of substandard rental housing? Information obtained from experience with the proposed program may later show that it is necessary to adopt a comprehensive, periodic inspection requirement. The proposed outreach and education program may result in significantly more housing violation complaints. In addition, DPD will learn from comprehensive inspections performed in properties with known violations; from the experience of obtaining inspection Certificates from private inspectors; and from auditing their work. The additional information will allow the City to better evaluate the condition of rental housing in Seattle, to assess the impact of the proposed program,

and to evaluate whether the program should be restructured. Periodic evaluation of the results of the program and its effectiveness is critical. We also recommend considering having this evaluation performed by an independent party or agency.

IV. EXPECTED COSTS

A. Cost of Private Inspections

The City of Tukwila in December 2011 completed its first year of required systematic code inspections using private sector inspectors. DPD believes the inspections conducted by private sector inspectors under the Tukwila program are comparable to the inspections that would occur under this proposal, and that the costs in Tukwila are a reasonable indicator of likely inspection costs under this proposal.

The architects qualified to perform inspections in Tukwila charge \$100 per hour. They report that it takes approximately an hour to inspect a single family home, plus additional time for travel and documentation. The total charge for a single family home is usually between \$150 and \$200. Inspection of multi-unit buildings takes approximately 15 to 20 minutes per unit and costs from \$25 to about \$33 per unit, plus the costs of travel time and documentation time.

The licensed home inspectors charge from \$160 to \$250 for a single family home. For multi-family buildings, some charge a base fee of up to \$250 plus a per unit charge running from \$25 to \$35 per unit; some do not have a base charge but charge for travel and documentation as well as by the unit.

B. Program Start up Costs

Some program start-up costs will need to be funded up front, before the registration fee income stream starts. It will take several years before fees will repay up-front expenses. Total start-up costs are estimated to be approximately \$462,000. Included in this figure are design and development of data systems, research to collect data identifying rental housing, development of content and materials for the outreach and education program, outreach and education materials costs, and development of an outreach and education plan.

1. Design and development of data systems and applications to support registration of rental housing is one of the significant start-up costs. Design and development for two additional components, for inspections and qualification of private inspectors, could occur concurrently, or somewhat later if those functions are phased in at a later time. The registration component will require nine months to a year. Successful system design depends on detailed understanding of business workflow and

processes. A rough estimate of the IT cost for only the housing registration component is approximately \$100,000; however, this figure could change significantly depending on program design decisions. Full development of all three components (registration database, inspections, inspectors), plus the addition of web functionality allowing online renewals, database research, and other like functions, would require a total of 12 to 18 months and is estimated to cost approximately \$222,000. Again, this figure could change significantly.

2. Development of a strong outreach and education program would include these elements:

- Content development,
- Materials design and printing, and
- A plan for conducting outreach and delivering education services. Outreach and education service delivery could be contracted to community-based organizations and/or to a consultant, as an alternative to City staff performing these tasks. These organizations may be better able to reach tenants and landlords not ordinarily in touch with local agencies.

Total start-up cost estimates include:

IT/data systems design, development	\$222,000
Staff (non-IT)	\$204,000
Outreach/education materials	\$25,000
Paper, postage, envelopes	\$11,400
Total	\$462,400

C. Workload Impact on Existing City Staff

DPD believes the volume of rental housing complaints will increase as a result of this program, at least in initial years, due to more widespread knowledge about rental housing maintenance standards and the availability of inspection services, and due to required City inspections of properties with recent known violation histories. We do not have an estimate of the impact at this time; we would monitor workload impacts and report back on additional enforcement staff resources that would be needed.

Similarly, we expect there to be a workload impact for the Law Department from increased code enforcement cases under the complaint response system and from violations involving failure to register rental housing or failure to submit a required Certificate of Inspection.

APPENDIX 1. ADDITIONAL DETAILS ON REGISTRATION OF RENTAL HOUSING

- A. Owners of properties with rental housing units would be required to register rental properties and renew the registration every 3 years. Registration would be transferable to new property owners. The seller would have a duty to report the sale and identity of a new owner to DPD. The new owner would have 30 days to pay the fee for transfer and issuance of a new registration or be subject to fines.
- B. A registration would be obtained for each property, identified by tax parcel number, containing one or more buildings with rental housing units. The registration would:
- identify each building, list all addresses, and list units within a building;
 - list names and contact information for all persons or legal entities with an ownership interest;
 - identify an owner's representative such as a property manager and provide associated contact information, if the owner designates a representative; and
 - identify whether the property had been inspected by a 3rd party or by a city inspector.
- C. The owner would give a copy of the registration and renewed registrations to the tenants of each unit. The registration would provide information on:
- who to contact for repairs;
 - how to learn about City maintenance standards that have to be met in order for a registration to be valid; and
 - how to request a City code enforcement inspection.
- When a property is sold the new owner would be required to distribute the new registration to tenants.
- D. There would be an online database to allow the public to confirm whether a building has registered rental units, showing a list of units; registration status and expiration date; the owner's names; the name, address and phone number for contacting a designated property representative (property manager) to address property-condition issues. If an inspection had been required, information about when the inspection occurred and its outcome would be available.

APPENDIX 2 COMPARISON OF ORDINANCE 123311 WITH PROPOSED PROGRAM FOR RENTAL HOUSING REGISTRATION AND INSPECTIONS

Issue	Ordinance 123311	Proposal
Requirement to obtain a rental housing license	<ul style="list-style-type: none"> • License requires a third party inspection for compliance with code provisions related to health and safety • Inspector fills out Certificate of Compliance • Certificate valid for 3 years and 90 days from date of issuance unless there are code violations in the future 	<ul style="list-style-type: none"> • Registration of rental housing, renewable every 3 years • Owner provides a declaration that registered housing units comply with specified health and safety standards. • Registration document and online system provide information on health and safety maintenance standards that are required to be met. • When an inspection has occurred, the renewed registration will provide information on inspection date and whether it was passed or failed.
Inspections	Interior inspections limited to health and safety issues.	<p>Interior and exterior inspections for health and safety issues required:</p> <ul style="list-style-type: none"> • For known properties with history of 2 or more housing code violations within prior 3 years. DPD inspector performs inspection within 60 days. (Estimate 80 properties would be included.) • For multi-family properties inspected in response to a complaint where inspection of only some units indicates maintenance problems that are likely to be widespread and, if so, pose health or safety concerns. • For a random selection of rental properties. In multi-unit buildings, 20 % of units, selected by DPD, would be sampled. Landlord must provide Certificate of Compliance from third party inspector within 60 days. Extension possible with DPD approval of work plan to correct violations. New buildings less than 5 years old would not be included in selection of

		buildings to be inspected.
Parameters of inspections	<ul style="list-style-type: none"> • Inspection of specific code sections related to health and safety • Third party inspectors • Property owners choose to inspect all units, or only a sample • Notice to tenants of inspection 	<ul style="list-style-type: none"> • Notice to owner • DPD inspector for properties with history of multiple violations in past 3 years; all units included. • Third party inspectors in other circumstances; a sample of units chosen by DPD. • Notice to tenants of inspection
Phase in of licensing or registration	<ul style="list-style-type: none"> • Report from DPD on advisability of effective implementation dates 	<ul style="list-style-type: none"> • Registration phased in over 3 years. • Known properties with multiple violations inspected in first year. • Random selection of rental properties starts when database of rental properties is large enough.
License database	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Online publicly accessible database to confirm registration; landlord/manager contact information; whether inspection ever required; inspection results.
Types of units licensed	<ul style="list-style-type: none"> • Exempts owner occupied rental units, units unavailable for rent, transient lodging, institutions, units already subject to government inspection, mobile homes, accessory units, shelters, transitional housing 	<ul style="list-style-type: none"> • Would still exempt owner occupied rental units, units unavailable for rent, transient lodging, institutions, units already subject to government inspection, shelters, transitional housing. Would not exempt ADUs, rented mobile homes. Would add exemption for “sabbatical” leaves for owner-occupied units that are rented for no more than 1 year.
License contents and placement	<ul style="list-style-type: none"> • License and Certificate of Compliance posted in common area visible to all tenants • List compliance standards, date of inspection • Contact information for inspector • Contact information for property owner/agent 	<ul style="list-style-type: none"> • Registration would be provided to all tenants (does not have to be posted). • List compliance standards that owner must declare are in compliance. • Contact information for owner or agent. • If inspection had occurred, list date and result of inspection. • List information on complaint response code enforcement.

<p>Enforcement of licensing requirement</p>	<ul style="list-style-type: none"> • If unit fails inspection then penalties for code violations apply • Use denials, suspensions and revocations • Monetary penalties of \$150 per day for first 20 days then \$500 per day • \$1,000 for submitting false information 	<ul style="list-style-type: none"> • If owner fails to submit a Certificate of Compliance then penalties for code violations apply • If failed inspection report submitted, DPD would seek to inspect and follow normal enforcement process to get violations cured; could seek civil warrant to gain access to inspect if access is not granted • Use suspensions and revocations; owner could ultimately be prohibited from re-renting unit(s) that become vacant with revoked registration • To reinstate registration, owner would have to demonstrate compliance with standards and pay an additional fee • Suggest same penalty amounts and structure for violation of requirement to have registered units
<p>Public outreach and education</p>	<ul style="list-style-type: none"> • Notice to tenants about upcoming inspections • Director to make rules 	<ul style="list-style-type: none"> • Significant outreach and education targeted for tenants, landlords, property managers would begin at least 3-6 months prior to registering any properties, and would continue for a number of years. • Director would make rules to define specifics that do not need to be codified and that may need to be adjusted, based on experience.
<p>Tenant Relocation Assistance</p>	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Tenant displacement would occur only when conditions pose an imminent threat to health or safety, not merely because of lack of registration compliance. • Property owner would be responsible to pay relocation assistance, as is currently the case. City would need to establish additional funds to advance to tenants if owner refuses to pay; city would sue owner to get advanced funds reimbursed.

Private inspectors	<ul style="list-style-type: none">•Private inspectors must have specified professional credentials, register and complete examination.	<ul style="list-style-type: none">• Private inspectors must have specified professional credentials, register and complete training class on city codes and inspection protocol and reporting.
Current DPD complaint process	<ul style="list-style-type: none">•Continues	<ul style="list-style-type: none">• Continues. Anticipates potential increase in complaint workload.
Program evaluation	<ul style="list-style-type: none">•Left to DPD	<ul style="list-style-type: none">• Recommend having program evaluation completed by another party other than DPD.

APPENDIX 3 RESOLUTION 31221 AND STAKEHOLDER INPUT

In Resolution No. 31221 the Seattle City Council requested the Department of Planning and Development (DPD) to develop a written report offering its recommendations for a rental housing licensing and inspection program. The requested report was to include the consideration of the following:

1. The advisability of a program implementation date of October 1, 2011 for testing and registration of rental housing inspectors;
2. The advisability of a program implementation date of April 1, 2012 for licensing of rental housing businesses;
3. The scope and focus of a proposed rental housing inspection program, including whether it should be city-wide, geographically focused, limited to buildings with a certain number of units or with a certain type of units, etc.;
4. The appropriate inspection standards to be included in a proposed rental housing inspection program;
5. The advisability of inspecting all units in buildings versus inspecting a sampling of units, and if sample is advised, the appropriate method of and procedures for sampling;
6. The appropriate inspection interval, e.g., annually, every 2 years,, every 3 years, before renting to a new tenant, etc.;
7. The applicability of the rental licensing and inspection program to new rental housing units, either constructed or converted to residential rental housing after the effective date of the program;
8. The appropriate inspection method, whether by private or public inspectors, or by self inspections by landlords, and the appropriate credentials for any inspector making the inspections;
9. The advisability and cost of registering inspectors;
10. The proposed cost of a rental housing business license;
11. What additional landlord and tenant protections/provisions might be needed to ensure its successful implementation; and
12. If the exemptions proposed under Council Bill 116857 are appropriate or should be expanded.

The Council asked the Department to seek the input of stakeholders in developing its written recommendations.

In response to the Council's resolution, the Director of the Department appointed a stakeholder group representative of the many interests affected by the program. The Stakeholder Group met thirteen times in the period December 16, 2010 to January 11, 2012. The group included the following members:

- Randy Bannecker : President, Bannecker Public Affairs and advisor to the Rental Housing Association of Puget Sound
- Christopher Benis: Landlord, real estate attorney, and advisor to the Rental Housing Association of Puget Sound
- Merf Ehman: Former Managing Attorney, Housing Justice Project and currently Managing Attorney, Columbia Legal Services
- Jonathan Grant: Executive Director, Tenants Union of Washington State
- Hugh Kelso: Owner, HKI Building Inspections
- Paul Lambros: Executive Director, Plymouth Housing Group
- Andrew Lewis: Assistant Director, Associated Students of the University of Washington
- Paul Mar: Director of Real Estate, Seattle Chinatown International District Preservation and Development Authority
- Laura O'Connell: Housing Counselor, Solid Ground
- Jim O'Halloran, Jr.: Chair, Land Use Committee, Roosevelt Neighborhood Association
- Joseph Puckett: Government Affairs, Washington State Multi-Family Housing Association
- Nichole Thomsen: Health and Environmental Investigator, Public Health, Seattle-King County
- Karen White: Director, Code Compliance Division, Department of Planning and Development

Commonly Held Interests Among Stakeholder

The stakeholders agreed that any proposal for a licensing and inspection program must be evaluated using the following criteria:

- Inexpensive
- Useful
- Practical
- Targeted

Summary of Stakeholder Input

The stakeholders expressed a range of opinions on most of the topics; the major themes and opinions expressed by stakeholders are summarized below. Please refer to Appendix A for detailed notes on stakeholder input.

1. The advisability of a program implementation date of October 1, 2011 for testing and registration of rental housing inspectors.
 - There was no consensus among the stakeholders that the city should adopt a mandatory rental housing inspection program. However, were the city to do so, the Stakeholder Group largely agreed that the October 1, 2011

implementation date for testing and registering private rental housing inspectors was not realistic given the complexity of any licensing and inspection program. The Group did not specify an alternate date.

2. The advisability of a program implementation date of April 1, 2012 for licensing of rental housing businesses.
 - There was broad agreement among the stakeholders that rental housing should be licensed, permitted, or registered. However, the Stakeholder Group thought an implementation date of April 1, 2012 too optimistic. The Group did not offer a different date.

3. The scope and focus of a proposed rental housing inspection program, including whether it should be citywide, geographically focused, limited to buildings with a certain number of units or with a certain type of units, etc.
 - A licensing and inspection program should be inexpensive, useful, practical to administer, targeted, and consider the impact on potential tenant displacement. The program could license tax parcels, buildings, premises, individual units, property owners, or representatives of property owners, bearing in mind that a license is time limited to one year by state law. The program should be city-wide in scope (with an appropriate phase in period) with very few rental units exempted from inspection.
 - Most stakeholders agreed that it is not necessary to inspect all rental housing units in the city. However, special attention should be give identifying and licensing illegal units, and finding the worst landlords or worst properties and bringing their properties into compliance with established standards of the program.
 - Any program initiative should develop a useful database of the city's rental housing stock and have a robust community outreach and education component.
 - The Department's current complaint-based program should continue.

4. The appropriate inspection standards to be included in a proposed rental housing inspection program
 - Stakeholder opinion was divided on the appropriate inspection standards. Some thought the program should only inspect for life/safety violations (similar to those listed in state law), others thought the currently adopted standards were sufficient. And there was some support for using the current Housing and Building Maintenance Code standards.
 - The standards adopted needed to be cost effective and not be overly burdensome or intrusive for either landlords or tenants.

- However, there was broad support for using a weighted approach similar to that used by the City of Tukwila, which gives greater weight to the most important deficiencies, tailored to the needs of Seattle.
5. The advisability of inspecting all units in a building versus inspecting a sampling of units, and if sample is advised, the appropriate method of and procedures for sampling.
 - Most stakeholders believed it is not necessary to inspect all rental housing units in the city, since most units are believed to be in good repair. Additionally, it is probably impractical to inspect all units over a reasonable period of time. The group was agreed that any inspection program must identify the worst rental properties.
 - The stakeholders agreed that if random sampling is employed it needed to be informed by a good sampling methodology. A sample of a multi-unit building should take into account the different types of units in the building, i.e., studio, one-bedroom, two-bedroom, single room occupancy, etc.
 - The stakeholders did not discuss sampling methodologies.
 6. The appropriate inspection interval, e.g., annually, every 2 years, every 3 years, before renting to a new tenant, etc.
 - There was generally agreement that it would be too expensive and impractical to inspect all rental housing annually. Opinions ranged from allowing landlords to self-certify that their housing units met program inspection standards, to focusing on those units or those property owners with a history of violations, to having a tiered program where housing units were inspected less and less often when no violations were found (i.e., every 3 years, every 5 years, every 10 years). Most stakeholders believed that good landlords should be rewarded with fewer inspections for repeatedly demonstrating their property is in good condition.
 7. The applicability of the rental licensing and inspection program to new rental housing units either constructed or converted to residential rental housing after the effective day of the program.
 - The stakeholders generally agreed that new rental housing and rental housing converted to condominiums should be licensed, but exempt from inspection for a period of years. There was no agreement as to the exemption period, but there was support for a 5 year period and for as long as a 10 year period.

- 8.** The appropriate inspection method, whether by private or public inspectors, or by self inspections by landlords, and the appropriate credentials for any inspectors making the inspections.
 - There was general agreement among the stakeholders that any mandatory inspection program would need to draw from a deep pool of people. The fear was expressed that there were not enough public and private inspectors to do the number of anticipated inspections.
 - The stakeholders believed that if private inspectors were to be used in the program that they should have at least the same training as state licensed home inspectors and that they should in some way be vetted by DPD.
 - The stakeholders expressed concern over the cost of using private inspectors and that their inspection protocols might vary greatly among themselves and from those of the DPD complaint-base program. Most stakeholders felt that it was not possible to establish qualifications for private inspectors without knowing the specific program standards to which they were to inspect.

- 9.** The advisability and cost of registering inspectors.
 - The Stakeholders did not discuss the cost of registering inspectors, indicating that they did not have enough information or experience to do so.

- 10.** The proposed cost of a rental housing business license.
 - Although the Stakeholders did not attempt to establish the cost of a rental housing business license, they were concerned with affordability. They felt the program design needed to be more fully developed before they could express an opinion as to cost. There was some discussion about a sliding fee schedule depending upon the number of housing units licensed.

- 11.** What additional landlord and tenant protections/provisions might be needed to ensure its successful implementation.
 - Licenses should be posted in a common area for all tenants to see and list all of the rental units covered by the license. Each unit should have a notice posted in it indicating that the unit has passed inspection. Alternatively, license copy should be given to tenants of each unit.
 - Educational materials should be developed for both property owners and tenants that outline the requirements of the licensing and inspection program, their respective rights and responsibilities pursuant to state law and city code, and a comprehensive move in-move out check list to document the condition of the housing unit. DPD could develop a free assessment and counseling program to assistant landlords in assuring their housing units fully comply with all required inspection standards.

- There should be a process through which a property owner can challenge an inspection report. A landlord whose housing unit fails to pass an inspection should be allowed a certain amount of time to correct deficiencies. The goal should be to bring a housing unit into compliance, not penalizing a responsible landlord. However, failure to bring one housing unit into compliance should not result in the loss of a license for an entire building, only the ability to rent that deficient unit.
 - License revocation should be a last enforcement alternative. A property owner subject to license revocation should have a way to appeal the loss of the license.
 - DPD should coordinate its program with other agencies such as Public Health Seattle-King County, the Seattle Fire Department, and the American Lung Association.
 - License renewal should be staggered so that all licenses are not renewed at one time. There should be a mechanism for transferring a license and any current inspection certificate when a property is sold.
 - The stakeholders recognized that the licensing and inspection program would evolve over time. The group as a whole believed that it must be phased in over time and that program adjustments be made based upon experience. They believed the program should have a robust data gather component right from the beginning and this data should help inform future program adjustments.
 - All inspection reports completed by private inspectors and all information provided to secure a license should be subject to audit by DPD. This would include random inspection of privately inspected units by DPD Code Compliance staff. Alternatively, there was some support for making all licensing and inspection information readily available to the public on request.
- 12.** If exemptions proposed under CB 116857 are appropriate or should be expanded or contracted.
- The majority of stakeholders recommended that the licensing and inspection program have very few exemptions. Especially, they found no reason to exempt single family residences (whether owner occupied or not) and accessory dwelling units.
 - Consideration should be given to exempting housing providers such as the Seattle Housing Authority or other public or non-profit organizations subject to inspection based upon standards similar to those adopted for the licensing and inspection program. However, such organizations should lose their

exemptions if they show a pattern of violations issued by the DPD complaint-based program.

- Most stakeholders believed that exemptions should be revocable.

Areas of Stakeholder Agreement or Broad Support

- There should be a residential rental licensing (or registration) program
- Licenses (or registration) should be issued to specific locations
- Licenses (or registration) should be good for more than one year
- Contact information should appear on each license (or registration)
- All housing units covered by a license (or registration) should be listed by a unique identifier
- Very few rental housing units should be exempted from licensing (or registration)
- There should be robust education programs for landlords, tenants, and the greater community about rights, responsibilities, and the specifics of the licensing program
- Complaint-based housing code enforcement should continue
- A database documenting the condition of the rental housing stock should be included in the licensing program
- Licenses should be revocable under certain special conditions
- A licensing program should be transparent, creating an auditable paper trail.
- A licensing program should be phased in and licenses renewed on a staggered basis
- There is a desire to identify and correct the worst housing conditions and illegal units
- If a rental housing inspection requirement is implemented:
 - A weighted inspection system should be utilized (to reflect that some deficiencies are of greater concern than others)
 - Good landlords should be rewarded by having their housing units inspected less often than housing units where violations were found
 - Very few rental housing units should be exempted from inspection

Areas of Disagreement or Significant Divergence of Opinion

- Whether or not there should be a residential rental housing inspection requirement
- Whether or not a property owner should be allowed under certain circumstances to self-certify the condition of his/her rental housing units
- The standards to which a housing unit should be inspected

