

# Memorandum



CITY OF DALLAS

DATE August 28, 2009

TO Honorable Mayor and Members of the City Council

SUBJECT Single Family Rental Registration and Inspection Proposal

You will be briefed on the Single Family Rental Registration and Inspection Proposal on Wednesday, September 2, 2009. The briefing is attached for your review.

Please let me know if you have questions or need additional information.

A handwritten signature in black ink, appearing to read 'Forest E. Turner'.

Forest E. Turner  
Assistant City Manager

- c: Mary K. Suhm, City Manager  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E. Assistant City Manager  
David K. Cook, Chief Financial Officer  
Deborah A. Watkins, City Secretary  
Thomas P. Perkins Jr., City Attorney  
Craig D. Kinton, City Auditor  
Judge C. Victor Lander, Judiciary

# Single Family Rental Registration and Inspection Proposal

Presented to the Dallas City Council  
September 2, 2009

Dallas Code Compliance, what it all means  
**COMMUNITY**



# Outline

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- Purpose
- Background & History
  - Single Family Rentals
  - Commercial Residential Regulations
- Rental Registration Programs
  - Other Cities
  - Proposed Guidelines/Benefits
  - Proposed Program Impact
- Process Flow

# Purpose

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- ❑ To discuss the following elements of a proposed Single Family Rental Registration and Inspection (SFRRI) program:
  - ❑ Outline the clear need to address issues related to the single family rental properties
  - ❑ Capture expenditures already incurred related to the single family rental properties
  - ❑ Show the benefits to be gained from a SFRRI program by the property owners, the community and the City of Dallas

# Background

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- Approximately 56% of Dallas residents currently live in rental properties, including:
  - Single Family Rental (SFR)
  - Apartments
  - Fourplexes
  - Boarding Houses
  - Extended Stay Hotels
  - Group Residential Facilities
  
- All areas addressed above, except single family rental properties, are subject to various regulation programs

# Background

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- Data from the 2000 census estimates that as high as 26% of all Single Family Residences are designated as Single Family Rentals (commercial) which approximates 58,500 households



# Background

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- ❑ Established owner-occupied neighborhoods are impacted by a significant number of single family rental properties
  
- ❑ Since Single Family Rentals are prevalent in Dallas, Code Compliance expends a significant amount of resources to enforce code provisions related to these commercial properties
  - Bulky Trash
  - High Weeds
  - Litter
  - Alley/Sidewalk Obstruction
  - Overgrown Vegetation
  - Illegal Outside Storage
  - Noise
  - Graffiti
  - Substandard Structures
  - Open and Vacant Closure
  - Oversized Vehicles
  - Junk Motor Vehicles

# Commercial Residential Regulations

City Regulations related to Rental Properties	Multi-tenant	Single Family Rental
<b>Zoning and Land Use</b> location restrictions for commercial uses Chapter 51A of the Dallas Development Code Section 27-29 Most Recent Ord. No. 26920	✓	
<b>Minimum Housing Standards</b> Certificate of Occupancy, Safety requirements Chapter 27-11 of the Dallas City Code Most Recent Ord. No. 24481	✓	✓
<b>Annual Registration</b> Chapter 27 of the Dallas City Code Section 27-30 Most Recent Ord. No. 26455	✓	
<b>Graded License Inspection</b> Chapter 27 of the Dallas City Code Section 27-42 Most Recent Ord. No. 27185	✓	
<b>Safe Complex Requirements</b> Attendance at yearly Safe Complex Symposium Chapter 27 of the Dallas City Code Section 27-44(b) Most Recent Ord. No. 25522	✓	
<b>Crime Watch</b> Chapter 27 of the Dallas City Code Section 27-44(a) Most Recent Ord. No. 25522	✓	
<b>Crime Prevention Addendum</b> An addendum to a multi-tenant residential lease Chapter 27 of the Dallas City Code Section 27-44(a) Most Recent Ord. No. 25774	✓	
<b>Crime Statistics</b> Properties in high crime areas can be sent to remediation programs Chapter 27 of the Dallas City Code Sections 27-45 through 27-58 Ord. No 27458	✓	



# Commercial Residential Regulations

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- ❑ Multi-Tenant properties are regulated commercial structures requiring a certificate of occupancy (CO) to operate.
  - A single family residence whether owner-occupied or rented does not require a CO
- ❑ Since October 1, 2004 the City has required Multi-Tenant properties to register and be subject to a graded license inspection at least once every three years. The inspections are designed to measure quality standards related to:
  - Safety/Crime Prevention
  - Cleanliness
  - Occupancy Limits
  - ADA Requirements
  - Heating/Cooling Equipment
  - Maintenance

As our ordinances currently stand, all commercial residential rental housing is regulated except for single family rental properties

# Single Family Rental Registration & Inspection Proposal

# Single Family Rental Registration and Inspection Proposal

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- In developing the proposal for single family rental registration and inspection, City staff:
  - Reviewed programs established in other cities
  - Met with owners of large numbers of rental properties

# Single Family Rental Programs in Area Municipalities

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- Several local cities have implemented Single Family Rental Programs.

City	Registration	Inspection	Registration Fee	Comments
Richardson, TX	Yes	Yes	Free	Inspections at tenant change
Mesquite, TX	Yes	Yes	Free	Inspection automatically scheduled when tenant signs up for water service
Farmers Branch, TX	Yes	Yes	Free	Certificate of Occupancy identifies tenants
Garland, TX	Yes	Yes	\$55	Offers training program to property owner
Lewisville, TX	No	Yes	Free	Inspection when water department gets notice of tenant change
Carrollton, TX	Yes	Yes	\$50	Focuses on high amount of code violations at SFRs

# Single Family Rental Programs in Comparable Municipalities

- Several other cities have implemented Single Family Rental Programs.

City	Registration	Inspection	Registration Fee	Comments
Fort Worth, TX	Yes	Only properties with violations	\$200 for properties with violations, free otherwise	Mandatory registration for properties with code violations, voluntary otherwise
Austin, TX	No	No	N/A	
Houston, TX	No	No	N/A	Considering registration/inspection program
San Diego, CA	Yes	No	\$50	
Phoenix, AZ	Yes	Yes	\$10	State of Arizona Requirement
New York, NY	Yes	No	\$13	
Philadelphia, PA	Yes	Yes	\$50	
Chicago, IL	No	No	N/A	

# Proposed Program Guidelines

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- A Rental Registration and Inspection program would:
  - Require all owners of residential rental properties to annually register their properties regardless of whether the tenant is a family member
  - Require owners to attend a safe complex symposium annually
  - If a structural violation is confirmed on a rental property, an exterior/interior inspection will be conducted
  - Any subsequent inspections where previous identified violations were not corrected would result in a re-inspection fee
  - Place responsibility on tenants for premises violations (i.e., litter, high weeds, illegal outside storage)

# Program Benefits

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## □ Property Owner

- Expedite code violation abatement
- Expedite owner notification of structural issues
- Facilitate communication between Code Compliance and landlords to inform of tenant behavior
- Registration will provide Code Compliance the tool to enforce premises violations caused by tenants (litter, high weed, illegal outside storage, etc.)

## □ The Program would not

- Place an undue burden on rental operators
- Impede individuals from choosing where they would like to live



# Program Benefits

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## □ City

### ■ Crime Reduction

- Safe Complex Symposium for owners of single family rental property
- Facilitate removal of disruptive tenants
- Provide additional mechanism for crime prevention

### ■ Enhance the quality of affordable housing for low income individuals

### ■ Reduce compliance costs currently expending

### ■ Provide accurate owner information

# Program Benefits

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- Community
  - Neighborhood Stabilization
  - Provide residents the same level of protection that is provided to multi-tenant occupants
    - **Structural standards** - Maintenance of structure, repair of defects reasonably capable of causing injury, protection of exterior surfaces subject to decay, ensuring structure remains water and weather tight
    - **Utility standards** - Proper operation and maintenance of plumbing, electrical, heating and air conditioning equipment
    - **Health standards** - Elimination of rodents and vermin, keeping property free of trash and debris, cleanliness of structure, cleanliness of pools
  - Property values maintained
  - Enforce City codes for safety and cleanliness

# Proposed Program Impact

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- Cost To Rental Property Owner
  - Registration Fee \$25 per residential property
  - Re-inspection Fee \$50 – Charged if property owner failed to abate identified structural violation during the opportunity to cure period (45 days)
  - Fines
    - \$200 - failure to register (Owner)
    - \$600 - failure to attend Safe Complex Symposium (Owner)
  
- Cost to Rental Property Tenants
  - Fines – Various amounts depending on type of premises violations not abated (i.e. bulky trash, litter, etc.)

# Proposed Program Annual Impact

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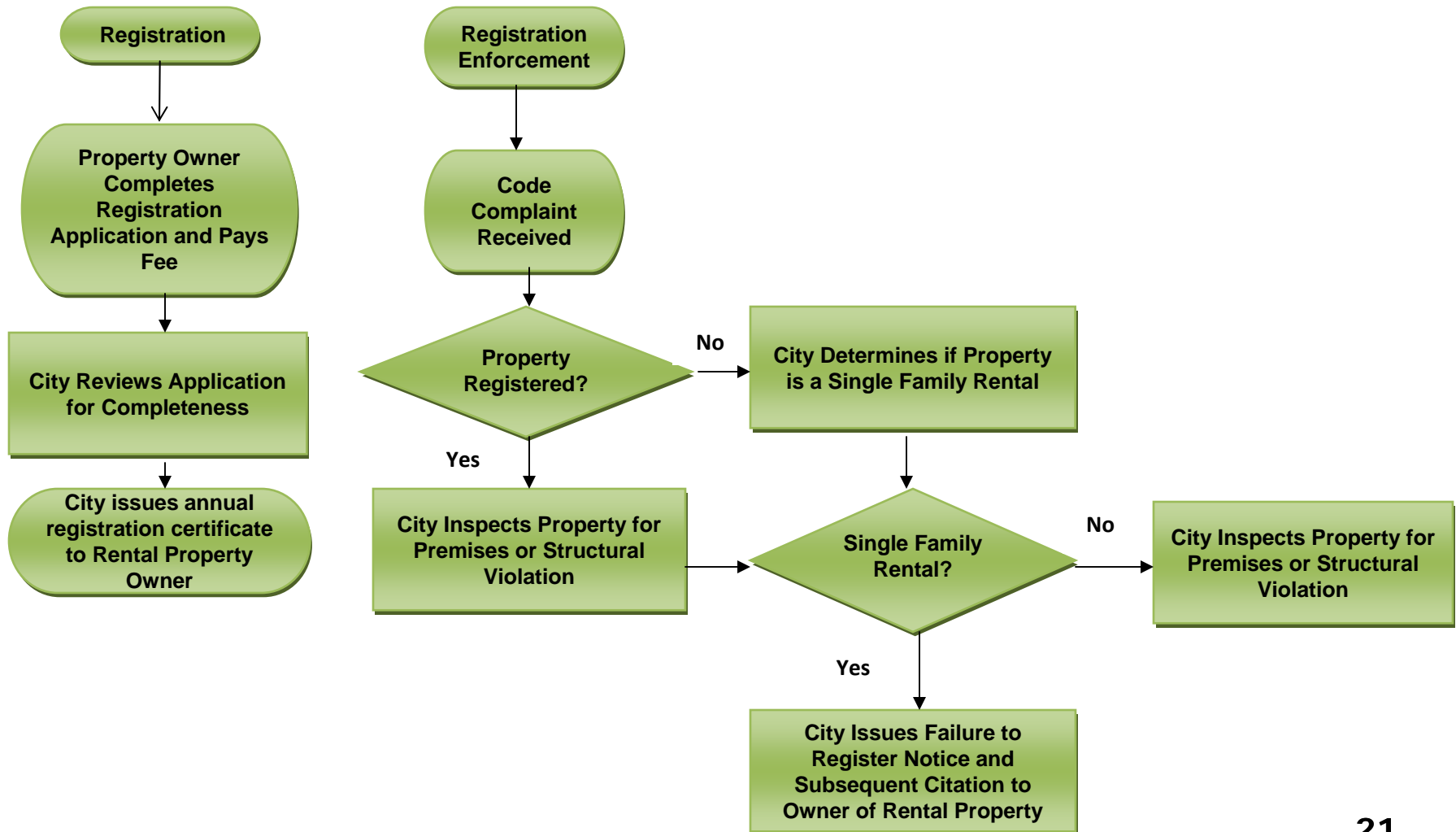
- City Fee/Fine Estimates – Total \$2M
  - Annual Registration Fees - \$1.45M
  - Re-inspection Fees - \$260K
  - Citation Fines Collected - \$290K
    - Owner – Structural Violations Not Abated
    - Tenant – Premise Violations Not Abated

# Proposed Program Impact

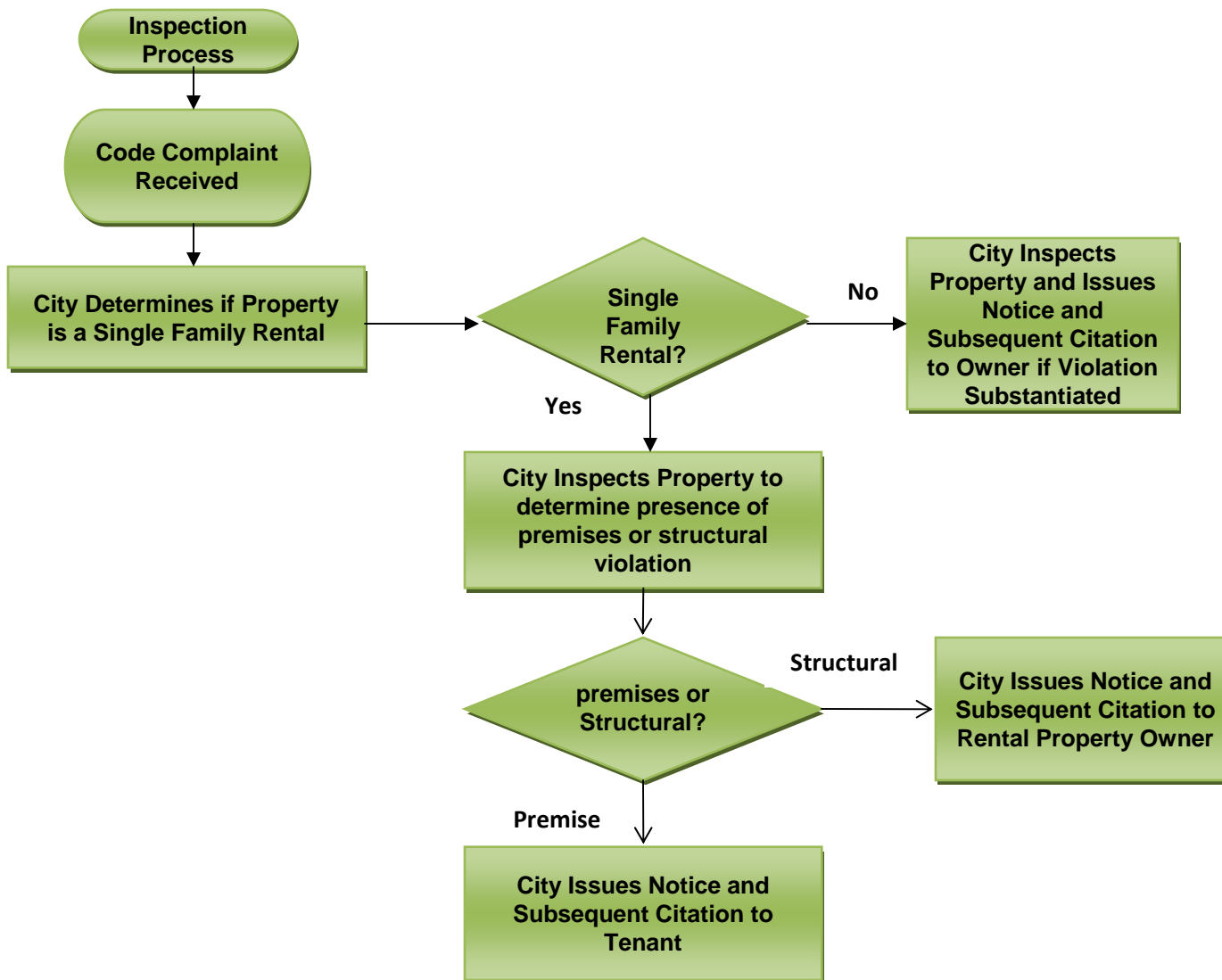
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- Amounts Currently Expensed Enforcing Code Provisions Related to These Commercial Properties (\$3.06M)
  - Neighborhood Code \$2.25M
  - Nuisance Abatement \$8.1K
- Projected Costs For Program Implementation – Total \$347K
  - 3 Code Officers
    - Salary – \$140K
    - Equipment/Vehicles- \$87K
  - 3 Office Assistants - \$120K

# Process Flow – Proposed Registration and Registration Enforcement



# Process Flow: Proposed Inspection Process



- Single Family Rental Inspections would occur once a structural violation is confirmed
- Any additional inspections will be initiated by a complaint through the 311 system
- A re-inspection fee will be charged for any subsequent re-inspections where violations are found and not corrected after the opportunity for cure has elapsed.

# Next Steps

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- Develop detailed implementation and communication plan
- Request draft ordinance from City Attorney
- Brief Council Committees with implementation updates/timelines