



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Building Safety Division*

### **m e m o r a n d u m**

**TO:** Laurel Lunt Prussing, Mayor

**FROM:** Elizabeth H. Tyler, FAICP, Director, Community Development Services

**DATE:** September 5, 2013

**SUBJECT:** Amendment to Schedule of Fees for Annual Rental Property Registration

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### **Description**

On the agenda of the September 9, 2013 meeting of the Urbana Committee of the Whole is continued discussion of an Ordinance Amending Urbana City Code Chapter 14, Section 14-7, Regarding the Schedule of Fees (annual rental property registration). The proposed amendment would increase fees for registering rental property in the City in order to fund the addition of a code enforcement supervisor who can provide additional inspection manpower along with expertise in the area of problem property enforcement.

As described in the previous Case Memorandum, the City's two housing inspectors are no longer able to provide an acceptable cycle of inspection for rental properties due to the increased demands of problem properties, vacant properties, neighborhood complaints, and other factors. When the City adopted Rental Registration in January 2007, it stated a goal of providing an inspection cycle of once every three to five years to ensure the safety of its stock of 8,900 rental units. This cycle is now well in excess of 10 years. The addition of another inspector will allow the City to approach or meet its inspection cycle goal and to achieve improved compliance for problem properties, thereby providing better protection against blight and destabilizing conditions in Urbana's neighborhoods. The staff addition would also raise Urbana from a sub-average staffing level on a per unit basis compared to peer communities.

During discussion at the August 26, 2013, Councilmembers asked about the housing inspectors' use of time, fees and practices in other communities, and offered suggestions for property owner incentives.

### **Inspector Productivity**

As reported in the Building Safety Division Annual Report for 2012 found at [http://urbanaininois.us/sites/default/files/attachments/2012-annual-report-city-urbana\\_0.pdf](http://urbanaininois.us/sites/default/files/attachments/2012-annual-report-city-urbana_0.pdf) And shown in the attached spreadsheet, in 2012, a total of 436 multi-family and 230 single and duplex units were systematically inspected by the two inspectors, requiring a total of 1,436

inspections. There were also 43 tenant complaints, requiring 150 inspections. In all, there were 1,586 inspections in 2012 related to systematic inspections and tenant complaints.

In addition, there were a total of 1,915 inspections conducted related to other activities, including 68 inspections completed for 24 certified housing under contract to the University of Illinois, 898 hotel/motel rooms inspected under our Hotel/Motel licensing program, 295 miscellaneous requests from neighbor complaints and other referrals, 234 security checks of vacant buildings, 192 problem property inspections, 82 rental registration verifications, 53 personal posting of notices, 39 new construction inspections, 19 re-inspections for fire department inspection results, 18 grants program housing rehab inspections, 9 mobile home park inspections, 6 fire damage assessments, and 2 occupancy complaints.

Altogether, there were **3,501 inspections** completed in 2012, or 1,750.5 per inspector. Of this total, 1,586 inspections (45%) were related to systematic or tenant complaints and 1,915 inspections (55%) pertained to other categories.

In a 52-week year, there are 260 possible work days, less 10 City holidays, an average of 17 vacation days, and an average of 5 sick days, leaving 230 days for inspecting. In 2012, one of the inspectors was off for 200 hours on medical leave, resulting in a total of 435 actual inspector days in 2012. Taking the 3,521 inspections and dividing it by 436 inspector days yields **8.03 inspections per day per inspector**. Please see the attached spreadsheet for a tabular breakdown.

In addition to the actual inspections, inspectors must complete a number of related activities, including pre-arranging for inspections with proper written notice and telephone or e-mail follow-up, writing up each violation notice after the initial inspection, arranging the re-inspection, writing up each uncleared violation for a second notice (if necessary), arranging a second re-inspection (if necessary), writing up a ticket for each missed deadline, conducting property research, responding to citizen inquiries, assisting tenants who are filing complaints, compiling information for legal cases and appeals, preparing and testifying in legal and appeal cases, coordinating with fire and other community development staff, writing up reports, etc. Problem properties, such as those located in the Lierman Avenue and Silver/Vawter area, require additional time in that the violation notices may be very extensive (citing dozens of violations) and lack of compliance requires multiple additional notices, tickets, appeals, and coordination with legal staff.

The inspectors report that they spend an average of two hours per day per inspector in the office reviewing files, preparing reports, citing violations, etc. In addition, the inspectors spend up to two hours per day on special projects, including problem properties (e.g., Urbana Townhomes), board-ups, complaints, and vacant structures. The Certified Housing program which is conducted each fall under contract to the University takes a total of about 130 hours, including initial inspections, re-inspections, and filing of reports.

In conclusion, Urbana housing inspectors are working at maximum capacity. They perform a wide variety and volume of tasks requiring technical and administrative skills. Their responsibilities have grown since the inception of rental registration in 2007, due to economic

forces that have strained the local housing stock, the addition of new programs, increased problem properties, increased neighborhood complaints, and other factors. In addition, Urbana's stock of rental units is very high at 8,900 units registered. The housing inspection program is understaffed and is in need of an additional inspector if its goals are to be achieved.

## **Other Communities**

The City of Urbana conducted an extensive survey of other communities when it was first considering implementation of a rental registration program in 2006. The 2006 survey included questions about population, number of rental units, building inspection staff, and fees charged for inspection programs. Thirteen cities responded to the survey, with populations ranging from 22,000 to 115,000. A summary of the survey results are attached. Overall, most cities had some sort of licensing or registration program, and most cities charged fees for either rental registration, rental inspections, or both. Responding cities averaged 5.5 full-time and 2 part-time inspection staff, and inspected over 12,000 units in less than 2.5 years.

Staff contacted some of the communities that were previously surveyed that are most similar to Urbana to obtain updated numbers. The results of these surveys are shown on the attached table. The Town of Normal is very similar to the City of Urbana in its population size and its status as both a host community to a major university and as the smaller of a twin city. The Town's rental registration program covers 9,000 units, including single family, apartments, hotels/motels, and mobile homes. They have three full-time inspectors and conduct life safety inspections annually in all units along with ongoing exterior inspections. Their registration fees are \$50 for single family units, \$75 for duplexes, and \$40 per building for multi-family plus \$7 per unit.

Bloomington is another Illinois city with a rental registration program. Their program covers approximately 12,000 apartment units and single family homes. Due to recent retirements, they are down to one full-time and one half-time inspector. They grade the inspected units and the cycle is based upon the grade, ranging from 1 to 5 years. Their current charge is \$30 per building, plus \$7.50 per unit for multi-family. They also charge an additional \$50 for second re-inspections. They are currently looking at increasing the fees, possibly to \$100 per building and \$25 per unit, and implementing other changes so that they can achieve better compliance with their program.

The City of West Lafayette, Indiana is another college town with a rental registration program. They have a total of about 9,000 units in their program, including single family, duplexes, and apartments. They have one full-time inspector and two part-time contract inspectors. Their cycle for inspection ranges from two to four years. Their charges range from \$150 per year per unit for a sabbatical home to \$1,000 per year for first time registrants. Purpose-built apartments are charged \$150 per building and \$2 per unit every two years. Second re-inspections are charged \$150 per trip.

The City of Macomb inspects a total of just under 3,800 dwelling units, including single family and apartments. Every unit is inspected at least once every three years and any time there is a

tenant complaint. There is one full-time inspector who is supported by the electrical/plumbing inspector and fire department personnel. The registration fee is \$18 per year per apartment unit.

Since the 2006 survey was conducted, rental registration programs have been implemented in Rantoul and in Carbondale, using the Urbana program as a model. Rantoul has 2,500 registered rental units in its program, including single family, duplexes, multi-family, mobile homes, and condominiums. Inspections are rotated on a three-year basis, unless a complaint is received. The program is staffed by one inspector and one rental property assistant. The charge is \$40 per unit. There is a \$100 fine for late filing or incomplete information on the application. There is also a \$100 charge for any re-inspections after the compliance time and \$100 per unit fine for any re-inspections needed due to continued existence of violations. Failure to keep a scheduled inspection also results in a \$100 fine.

The City of Carbondale has 8,281 units in its rental registration program. They city has six inspectors who work in quadrants and cover nuisance, problem properties, and vacant properties, in addition to rental inspections. The cycle for inspections is three years. There is a \$35 per unit charge for registration. Re-inspections are charged an additional \$50.

In conclusion, and as shown on the attached summary table, increasing the fee schedule as recommended here is well within the range found in other similar communities. The increased fee for single family and multi-family buildings would still keep Urbana well below the average for other similar communities. The per unit charge for multi-family units would also be well below the fees charged by Rantoul, Carbondale, and West Lafayette and the proposed fee being considered by the City of Bloomington. The addition of another inspector would raise Urbana from a sub-average staffing level (looking at units per inspector) and put us within the staffing range found in similar communities. Other communities surveyed noted that the demands on their inspectors had been increasing as has occurred in Urbana and that program modifications were needed to keep up with inspection cycle goals.

## **Property Owner Incentives**

City Council members asked staff to look at possible ways to recognize and reward rental property owners who do not have code violations. Currently, the City awards certificates to property owners who earn a Class A for a building which has no violations of applicable City Codes. The buildings are inspected as a lower priority on a regular cycle thereafter. The class assignments are published on the website at [http://www.city.urbana.il.us/\\_Misc/Rental\\_Inspections.pdf](http://www.city.urbana.il.us/_Misc/Rental_Inspections.pdf)

To further recognize those properties earning a Class A, staff will begin to post a highlighted listing of the Class A properties on our website and to highlight this accomplishment in city press releases. Staff is also recommending that the registration fee for properties receiving this designation be waived for the following registration year as a reward and incentive.

## **Proposed Revised Fee Schedule Amendment**

The attached amendment to the Schedule of Fees for Annual Rental Property Registration proposes a moderate increase in fees to adequately fund the addition of an experienced code enforcement specialist, who can provide additional inspection, enforcement, administrative, and supervisory functions so that we are better able to address problem properties and to once again achieve an acceptable cycle for systematic inspections.

As shown on the attached Ordinance, the registration fee would increase \$5 per unit for rental single family and duplex homes and would increase from \$45 to \$65 for each multi-family building. The multi-family per unit charge (which is additional to the per-building charge) would go from \$12 to \$20. This amended fee is well within the lower range found in other communities.

In addition to these changes, the fee for re-inspections will go from \$50 to \$100 per visit for no show or denied entry. New fees would be added for additional re-inspections due to a failure to correct or a missed deadline at \$100 per visit and \$300 for failure to register. Similar re-inspection charges are used in other communities. As noted above, there would be a one-year registration fee waiver for properties receiving a Class A designation.

Rental registration fees are just one of many costs of doing business for those engaged in the investment property business. Other costs include insurance, taxes, maintenance, legal expenses, personnel, etc. The rental property business in Urbana, as in many college towns, is a very large and profitable business sector that has a variety of private and public costs associated with it. The purpose of rental registration is to ensure that rental units are safe and that the health, safety, and general welfare of the residents of Urbana are protected. The University of Illinois administration has been a supporter of Urbana's rental registration program because of the benefits it confers to the student population. It is in the best interests of the two-thirds of Urbana's households that are renters to ensure that the City's rental inspection program is adequately staffed.

### **Options**

1. Approve the Ordinance Amending Urbana City Code Chapter 14, Section 14-7, Regarding the Schedule of Fees (Annual Rental Property Registration).
2. Approve the Ordinance with changes.
3. Do not approve the Ordinance.

### **Fiscal Impacts**

Based upon our current inventory of rental properties, it is estimated that the recommended adjustments would yield an additional **\$79,600** per year toward the rental registration program. The increase in fees will allow the City to hire an additional inspector at the supervisory level along with associated overhead for City support. Staff recommends that any change in staffing

level be fully funded by the program fees, due to the existing and projected constraints on the General Fund.

## **Recommendation**

Staff recommends Council adopt the Ordinance approving the revised Amendment to the Fee Schedule.

### Attachments:

Ordinance Amending Urbana City Code Chapter 14, Section 14-7, Regarding the Schedule of Fees (Annual Rental Property Registration).

Spreadsheet of Inspection Totals, 2012

2006 Rental Registration Survey

2013 Survey of Similar Communities

ORDINANCE NO. 2013-08-076

AN ORDINANCE AMENDING URBANA CITY CODE CHAPTER FOURTEEN, SECTION 14-7, REGARDING THE SCHEDULE OF FEES

(Annual Rental Property Registration)

WHEREAS, the City Council did on the 17th day of June 2013, pursuant to Ordinance No. 2013-05-045, adopt a Schedule of Fees for the various licenses, permits, fines, and other fees required under the Urbana City Code; and

WHEREAS, the City Council finds that the best interests of the City are served by making limited amendments to that Schedule of Fees, pursuant to Urbana City Code Section 14-7(b), concerning annual rental registration fees.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

Urbana City Code Chapter 14, "Licenses and Permits," Section 14-7, "Schedule of fees," subsection (B), "General Licenses and Permits," Part 11, "Annual Rental Property Registration Fees," is hereby amended with the underlined text indicating new language and the strike-through text indicating deletions as follows:

11. Annual Rental Property Registration Fees\*:

- (a) Single Family/Mobile Home - Per Building..... ~~\$ 50.00~~ 55.00
- (b) Duplexes - Per Building ..... ~~\$ 60.00~~ 70.00
- (c) Multi-Family (3 + Units) Per Building..... ~~\$ 45.00~~ 65.00
- (d) Additional Fee Per Multi-Family Unit ..... ~~\$ 12.00~~ 20.00
- (e) Late Registration\*\*:
- 1. Single Family/Mobile Home/Duplexes ~~(for every 30 days late)~~\$12.50 \$25.00 (per month)
- 2. Multi-Family - (3+Units)~~(for every 30 days late)~~\$25.00, plus \$1.00 per unit ~~per unit~~ \$100.00 plus \$10.00 per unit (per month)
- (f) Incomplete Registration Information\*\*..... \$ 50.00
- (g) Re-inspection ~~(no-show/denied entry)\*\*~~..... ~~\$ 50.00~~ \$100.00 per visit
- (h) Re-inspection ~~(failure to correct/missed deadline)\*\*~~.....\$100.00 per visit
- (i) Failure to Register\*\* .....\$300.00

\*Rental properties receiving a Class A designation must still register but the annual fee for the following registration year will be waived.

\*\* May also be subject to Ordinance Violation fines

Section 2.

Those sections, paragraphs, and provisions of the Urbana City Code that are not expressly amended or repealed by this Ordinance are hereby re-enacted, and it is expressly declared to be the intention of this Ordinance not to repeal or amend any portions of the Urbana City Code other than those expressly set forth as amended or repealed in this Ordinance. The invalidity

of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

**Section 3.**

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

**Section 4.**

The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities, and this Ordinance shall be in full force and effect from and after its passage.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

**PASSED BY THE CITY COUNCIL** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

AYES:

NAYS:

ABSENT:

ABSTAINED:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

**APPROVED BY THE MAYOR** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor





## Survey Results Summary

Question	Average	Units	Comments
Population	82,000	persons	Only 2 or 3 cities smaller than Urbana
College Towns	100%		13 respondents in all
# Apts	13,200	Apartments	
Inspect on Complaints	100%		
Systematic Inspections	75%		
Frequency of Systematic Inspections	2.325	years	Some had ranges depending on how well the last inspection went.
Inspect for Zoning Enforcement	100%		
Inspection fee: Building	\$60.50		These ranged from \$0 to \$3000. Some cities only charged per unit (but with a minimum fee). Some varied depending on number of units.
Inspection fee: Additional per Rental Unit	\$15.92		
Inspection required on Sale, etc?	8%		These ranged from \$1to \$57. Only one city required an additional inspection upon sale of rental buildings.
Types of Licensed Property:			For this survey, the terms rental licensing and registration were used interchangeably.
Rental Props	90%		
Single Family Rentals	90%		
Duplex	90%		
Group Homes	50%		
Rooming/Dorms	60%		
Apts (3+ units)	80%		
Hotel/Motels	30%		
Condos/Co-ops	60%		
License Fee	\$62.50		These ranged from \$0 to \$1550, but I disregarded the largest fee in calculating averages. Some were collected via property tax. Some were in addition to inspection fees.
Licensed Rental Units	12788.75	Units	
Licensed Buildings	3261.5	Buildings	
FT Inspectors	5.5	Employees	Urbana has one full time inspector.
PT Inspectors	1.93	Employees	Urbana has one part-time support staff person for inspections.
Inspection Method:			
Every rental unit	100%		Some commented that only Single-Family and duplex are inspected by every DU
Sample rental unit	25%		Some would inspect every dwelling unit for buildings up to 20 or 30 units, and only a sample after that.
Common Areas Only	0%		Some inspect common areas in addition to every rental unit.
City-Wide Program Compliance?	38%		
License Transferable?	75%		
License must be posted	50%		
Legal Options			Most had a series of citations, followed by court action
Time to fix violations	71	Days	Often a range depending on seriousness of infraction
Charge for Re-Inspection?	75%		
Re-Inspection fee?	\$74.00		Often a range depending on seriousness of infraction, some only charged after 3rd visit.

2013 Survey of Similar Communities

Community	# of Units	# of Inspectors	Units per inspector	Cycle	FEES			
					Single Family	Duplex	Multi Family Bldg/Unit	Reinspect
Normal	9,000	3 @ FTE	3,000	1 yr Life Safety	\$50 yr	\$75 yr	\$40/\$7 yr	XX
Bloomington	12,000	1 @ FTE 1 @0.5 *	8,000	1-5 Yrs depending on grade	\$30 yr	\$30 yr	\$30/\$7.50 yr	\$50
West Lafayette	9,000	1 @ FTE 2 PT contract	3,000	2-4 yrs	\$250 yr	\$150/ \$2 (2yr)	\$150/\$2	\$150
Macomb	3,800	1 @ FTE w/ other staff help	3,800	3 yrs	\$18 yr	\$36 yr	xx/\$18 yr	XX
Carbondale	8,281	6 @ FTE	1,380	3 yrs	\$35 yr	\$70 yr	xx/\$35 yr	\$50
Rantoul	2,500	1 @ FTE 1 FTE asst	1,667	3 yrs	\$40 yr	\$80 yr	xx/ \$40 yr	\$100
Averages	7,430	2.67 FTE	3,474	2.83 yrs	\$70.5	\$61	\$73/\$18	\$58
<b>Urbana</b>	<b>8,900</b>	<b>2@FTE</b>	<b>4,450</b>	<b>10+ yrs</b>	<b>\$50 yr</b>	<b>\$60 yr</b>	<b>\$45/\$12</b>	<b>\$50</b>
<b><i>Urbana proposed</i></b>	<b>8,900</b>	<b>3@FTE</b>	<b>2,996</b>	<b>5 yrs</b>	<b>\$55</b>	<b>\$70</b>	<b>\$65/\$20</b>	<b>\$100</b>

\*Bloomington has lost staff due to recent retirement and is looking at increasing fees and revising their program.