

# SPECIAL



# ALERT

**RENTAL HOUSING ASSOCIATION OF SACRAMENTO VALLEY**

**December 17, 2008**

## **County of Sacramento Supervisors Adopt RHA-Sponsored Rental Inspection Program**

*New ordinance avoids mandatory inspections by local officials, resulting in a savings to owners of millions of dollars in fees.*

### ***Background***

Inspired by local governments throughout California, city and county officials in the Sacramento Valley region are looking to mandatory rental inspection programs to ensure that all rental properties meet current health and safety codes. While these programs vary throughout the state, they all involve inspections of every rental property or unit by a code enforcement officer. These regulations often are a reaction to the mismanagement of a few rental property owners who operate substandard rental housing. Unfortunately, the entire industry pays for the misdeeds of a those few through higher fees to support these types of programs. Many professional property owners and management companies end up paying thousands of dollars in new fees despite having a stellar record of property management.

An example is the City of Sacramento where rental owners pay an annual fee of \$28 per unit to support a new inspection program. RHA lobbied against higher fees earlier this year and was successful in reducing the annual fee from \$51 per unit to \$28 per unit, saving these owners thousands of dollars in fees.

### ***RHA's Approach***

With the approval of RHA's Government Affairs Committee and Board of Directors, we approached county officials with the RHA Model Rental Registration and Inspection Ordinance earlier this year. Our approach is based on the generally accepted best practices of our industry and seeks to raise the standards of the entire industry by requiring self-inspections.

RHA took a proactive approach on this issue for several reasons: First, we wanted to avoid another mandatory rental inspection program administered by local government similar to the one adopted in the City of Sacramento. Owners with rental properties in the city are charged nearly \$2 million annually to operate the program, primarily due to inspections being performed by city staff.

Second, RHA wanted to address the aging rental housing stock in the unincorporated parts of the county and focus on the blighted areas that continue to plague certain neighborhoods. RHA's approach allows code enforcement to focus on chronic problem rental properties by conducting mandatory inspections.

Finally, county officials are concerned about the influx of new investors who are buying properties, especially single-family homes, at drastically reduced prices. County staff is especially concerned that these new investors may not understand the nature and complexity of rental property management. RHA's approach includes an education component that provides training for those who will conduct the inspections.

While RHA did not support a fee increase, County Supervisors approved a \$2 per unit annual increase for 2009, bringing the total fee to \$12 per unit annually.

## *Summary of Ordinance*

The ordinance adopted by the Board of Supervisors contains the following major provisions:

- Registration information for every rental unit - rental owners are required to provide annual contact information so that a responsible party can be reached in case of an emergency. This information would not be available to the general public based on a legal opinion by County Counsel. Owners and/or managers would be required to notify the county of any change to the information. For properties that have a property manager, county staff will contact the manager and allow a reasonable time to elapse before trying to contact the rental owner.
- Information provided to all renters - at the beginning of every tenancy, rental owners or property managers are required to provide information to tenants about their rights and responsibilities, current housing laws and who to contact when there are problems at the property. Any information provided to residents must be approved by the county. RHA plans to create this information that members can use to satisfy this requirement.
- Mandatory inspection performed by the rental owner, property manager or other individual – at the beginning of every tenancy and once each year, a rental owner, property manager or another qualified individual must inspect every rental unit, including the exterior, and document its condition in writing using a county-developed checklist. Photo or video documentation is required for specific items. The resident must sign and date the checklist and must be provided a copy. The owner or manager must keep the original checklist for purposes of a county audit.
- Mandatory education for individuals, other than the rental owner, who perform inspections – the individual who performs the inspection, other than the rental owner, must be certified to conduct the inspection by taking training on how to conduct an inspection, including the appropriate use of the checklist. RHA plans to provide this training and will offer a certification program sometime in 2009.
- Audits of rental units conducted by county staff – to ensure compliance with the program, county staff would conduct audits of rental properties. An audit of the inspection checklist and other documentation will be performed and an inspection of the unit will be allowed if the documentation is flawed.
- Mandatory inspections of rental properties with chronic substandard conditions – county officials will conduct interior and exterior inspections of rental properties that have chronic substandard housing conditions. Owners of these properties would pay separate fees to support the program. These properties would stay in the program a minimum of two years and would undergo at least two county inspections. Properties that successfully pass the county inspections would be removed from the program after two years.
- Exemptions from the program requirements - rental properties that are five years old and newer, properties owned by the Sacramento Housing and Redevelopment Agency and those units that have a resident with a Section 8 voucher are exempt from the program. However, these properties must still pay the annual fee.
- Advisory committee to review the program – an advisory committee will be established, including a representative from RHA, to review the program and make any recommendations.

## *Additional Issues*

During the next several months, RHA will be involved with the development of policies and procedures necessary to implement the program, including the creation of the inspection checklist. Also at the request of our members, we have also asked the county to consider exempting other properties that receive annual inspections by another government agency such as tax credit properties. We will keep our members informed about these issues.

For more information including a copy of the actual ordinance, visit the RHA web site at [www.rha.org](http://www.rha.org), click on the *Government* icon and look under *Local Issues*.

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