



# City of BUENA PARK

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## Agenda Report to City Council Study Session

MEETING DATE: March 14, 2023

TO: The Mayor and City Council

TITLE: **DISCUSS AND PROVIDE DIRECTION REGARDING THE  
DEVELOPMENT OF A CITYWIDE TWO-YEAR PILOT RENTAL  
HOUSING INSPECTION PROGRAM FOR MULTI-FAMILY  
RESIDENTIAL DEVELOPMENT**

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### DISCUSSION:

At the January 10, 2023, City Council meeting, Councilmember Castañeda calendered the development of a two-year pilot proactive rental housing inspection program. The City Council adopted Ordinance No. 1413 to amend Chapter 15.110 of the Buena Park Municipal Code in 2001 to create a Rental Housing Inspection Program (RHIP) in the City. The program initially focused on older multi-family residential areas that had high call for service numbers, criminal activity, and blight conditions. Eight areas were identified, which included Jackson/Fillmore, selected blocks on 4<sup>th</sup> Street through 9<sup>th</sup> Street, and Fullerton, Burnham, Kingman, Rostrata, and Western Avenues north of Commonwealth Avenue. The fee for this program was established by Resolution No. 10990 at \$22.50 per unit annually for buildings with 4 units or less. Buildings with 4 units or more were not charged.

The RHIP was separated into three stages of inspection. Stage 1 inspections were limited to the exterior of the property and focused on general building/property upkeep (chipped paint, graffiti, damaged balconies, inoperable vehicles, broken windows, dry rot/termite wood damage, and overgrown landscaping). If a property was found to have two or more exterior violations, the property would receive a Stage 2 inspection. A Stage 2 inspection included interior inspections of a random subset of the total units on the property. Interior inspections focused on basic life/safety issues ( e.g. operable smoke alarms, heating, functioning plumbing and electrical) along with habitability issues like damaged flooring, cabinets, countertops, lighting, walls or ceilings. If a random subset of the units were found to have four or more interior violations, a property would receive a Stage 3 inspection. A Stage 3 inspection would include the items in the Stage 2 inspection, but would be conducted for every unit on the property. Violations found during these inspections would be sent to the property owner along with compliance timelines to have the issues repaired/resolved. If a third reinspection was required, the property owner would be assessed an additional \$75.00 reinspection fee.

From its inception, the RHIP program did not have sufficient funding/staffing to inspect all units within the eight target areas each year, and instead focused on completing one to three target areas per year with special attention given to areas that had higher than normal levels of complaints. Beginning during the Great Recession and continuing through 2012, a series of staffing and funding reductions, as well as reduced participation from the Police Department,

limited Community Development's ability to adequately administer the RHIP. As a result, starting in 2013, the program shifted focus to single-family rentals, and 4-unit or less multi-family properties. Additionally, inspections were limited to exterior elements (stage one inspection) only. Code Enforcement staff would only inspect the interior of a rental unit if a complaint was received for interior violations.

### Code Enforcement Division

The Code Enforcement Division is currently comprised of the following personnel:

- (1) Code Enforcement Supervisor
- (2) Code Enforcement Officers (Full-time)
- (2) Code Enforcement Officers (Part-time)
- (1) Business License Inspector (Part-time)
- (1.5) Administrative Staff

Code Enforcement staff predominantly address code violations on a reactive basis, meaning that they investigate properties only after a complaint is received. There are exceptions to this process for life/safety-related violations and for commercial properties within the Entertainment Corridor where the City Council has authorized proactive code enforcement. In calendar year 2022, Code Enforcement received 1,888 violations/complaints, conducted 8,328 inspections, and issued 1,356 Notices of Violation / Administrative Citations. Each Code Officer carries between 50 and 75 active cases at any given time, which represents the maximum capacity for an officer to provide timely and effective code enforcement.

On April 12, 2022, the City Council approved Resolution No. 14482 revising and establishing fees and charges for services provided by the various City departments within the Community Development, Police, and Public Works Departments. As a result of the above-referenced Resolution, the Rental Housing Annual Inspection fee was increased from \$22.50 per unit to \$75.00 per unit. This increase did not reflect the actual cost to provide this service, but as the fee had not been increased in over 20 years, was a substantial step towards cost recovery for the approximately 2,500 four-unit or less rental properties in the city. Utilizing existing staffing, Code Enforcement is in the process of completing the exterior inspections for these properties citywide.

### Two-Year Pilot Rental Housing Inspection Program

Per the City's Housing Element and the Department of Finance, there are 8,244 multi-family dwelling units in the City, with 78 percent of those units on properties with five or more units. In order to conduct inspections of all multi-family units citywide, as well as provide the needed follow-up inspections, notices, and permits that may be required for violations found, the projected staffing needed is as follows:

- (0.5) Senior Code Officer – Supervision of the inspection program Code Officers and will serve as the point of contact for escalation of complaints.
- (4) Full-time Code Enforcement Officers – Each officer would be required to complete inspections of 2,061 units per year along with any required reinspections, notices of violation, citations, etc. to obtain compliance for violations found.
- (2) Full-time Office Assistants – to manage phone calls, online inquiries, data entry, preparation of letters and notices and to support the code officers' case management.

To support the staffing listed above, the following additional equipment, vehicles, and office space would be required:

- (5) Vehicles (one for each officer and the Senior Code Officer)
- (7) iPads / desktop computers
- (5) Mobile phones
- Cubicle/office space for (7) new staff members (not currently available in Community Development Department)

The estimated cost for the staffing and initial purchase of the equipment and supplies listed above is \$950,000. The ongoing staffing costs in year two would be approximately \$805,000 for a total two-year pilot program cost of \$1.75 to \$2.0 million. The estimated time required to recruit/fill the staffing and acquire the equipment for this program is 8-12 months.

#### Options to Fund the RHIP

This program could potentially be funded through a fee assessed on rental properties in the City to cover the cost of administering the program. For example, an annual fee of \$106 per unit would generate the \$1.75 million in pilot program costs. Alternatively, the program could be funded partially through a fee and partially from the General Fund. There are also options available for City Council consideration to reduce the pilot program costs including:

- Renting vehicles instead of purchasing
- Reducing the number of properties/units subject to the inspection program based on the age of the structure (ex. properties less than 20 years old are exempt)
- Splitting the program to inspect half the rental units in year one and the other half in year two
- Inspecting a randomized subset of units rather than every unit in a given apartment complex

The exact amount saved is dependent on the options selected to reduce program costs. For example, leasing vehicles over purchasing would reduce materials purchasing costs, while reducing the number of units inspected would result in reduced staffing costs because less code officers would be required to administer the program.

#### What are Other Cities Doing?

Staff surveyed several cities that also have proactive rental inspection programs. The cities of Santa Ana, Anaheim, and Alhambra both have long-standing proactive rental inspection programs. The City of Santa Ana's program, The Proactive Rental Enforcement Program (PREP) was first created in 1992, and is funded through an annual residential rental surcharge imposed on property owners. The PREP program applies to all rental housing, including rented single-family residences. The Santa Ana program also includes a Gold Seal Incentive Program, which allows properties that have successfully passed annual inspections for a specified period to become exempt from inspections and fees for a three-year period. The Gold Seal Program is intended to incentivize and reward property owners, who maintain high-quality properties. The PREP program divides the City's approximately 30,000 rental units into quadrants and inspects rental units within each quadrant once every four years. Santa Ana utilizes a similar three-level inspection process as the Buena Park program, starting with exterior inspections and ramping up to full inspections of every unit.

The City of Anaheim started its Quality Rental program in 2014 to address substandard living conditions in rental apartments. The program applies to properties that are at least 20 years old and contain two or more units. The Anaheim program allows property owners to self-certify their

property is well-maintained through a “Declaration of Compliance”. Code Enforcement then conducts exterior inspections of the properties along with calls for service to ‘spot check’ self-certification forms. If a property fails the exterior inspection or receives complaints, the City will conduct more in-depth interior inspections. Anaheim inspects its over 40,000 rental units in five-year phases with one area inspected per phase per year starting with the oldest/most dilapidated area of the City.

The City of Alhambra’s Rental Housing Inspection Program (RHIP) functions similarly to Anaheim in that property owners are permitted to submit self-certification forms which are then audited by Code Officers through inspections. Alhambra’s RHIP starts with properties in CDBG-eligible areas to ensure the overall quality of the rental housing meets the minimum Municipal and/or state Building standards but then expands to all rental housing in the City. If violations are observed, Code Officers will provide a ‘Habitability Inspection Checklist’ to the tenant and rental property owner. The checklist will indicate a reasonable compliance deadline for the rental property owner to correct the violations identified. Code Enforcement Officers then conduct subsequent follow-ups until compliance is achieved. Any rental housing unit found to remain in violation for more than 30 days after a Habitability Inspection Checklist has been issued shall subject the rental property owner notices of violation and citations.

#### Program Parameters / Direction Requested

Should the City Council wish to proceed with a pilot program, there are several program parameters that will need to be specified to determine the next steps for City staff. These parameters include:

- Does the City Council wish to have all rental units in the City inspected? Should rental units less than 10 (or 20) years old be excluded from the inspection process?
- Should every unit be inspected each year, or should inspections be broken into 2-, 3-, or 4-year cycles similar to Anaheim and Santa Ana?
- Should single-family homes that are rented be included or excluded from the inspection process?
- Should the property owners (and potentially the tenants) pay the costs to administer this program through an annual fee on each rental unit or should the City’s General Fund cover the costs to administer this program?

#### Next Steps

Based on the direction provided by the City Council regarding program parameters, Community and Economic Development staff will work with the Finance, Human Resources, Public Works departments and the City Attorney’s Office to finalize costs, staffing and municipal Code amendments required to implement the program and return to the City Council at a future meeting to approve the necessary budget appropriations, staffing resources, code amendments and adopt any needed program fees.

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Approved by: Aaron France, City Manager

Presented by: Matt Foulkes, Director of Community & Economic Development Department

ATTACHMENTS

- 1) Sample Self-Certification Checklist
- 2) Sample Inspection Checklist