



Memo

Date: September 16, 2021
To: Honorable Mayor Armitage; City Council
From: Erin LaPere, City Manager
Re: Rental Registration and Inspection Program – Fee Schedule

As discussed at the August 16th meeting, the City Assessor has prepared a preliminary database of rental units in the city. In reviewing the data to establish revenue estimates, we determined there are slightly fewer apartments than originally listed, and it should be noted we are still working on data regarding mobile home parks. Those are included in the proposed fee schedule but we have not estimated the additional revenue that those registration would generate. Excluding those, there are an estimated 1,674 rental dwelling units over 605 properties identified by the city, including residential above commercial, apartment complexes, single family homes, and multifamily homes. Below is a breakdown of the rental units by category.

Type	Rental Units	Range Unit per Property	Properties
Mixed Use/Apt above Commercial	35	1-4	24
Apartment Buildings	786	9-120	19
Single Family Home	381	1	381
Multi Family Home	472	2-7	181

Please note, this database is an estimate based on our current information utilizing assessing and tax records and the figures will change as we roll-out this program. Accordingly, any revenue figures are estimates. Additionally, I expect that the base number of rental units will fluctuate over time. Persons sell properties and those that are currently rental units may become owner-occupied. Alternately, persons may purchase existing properties and convert them into rental units, or new multi-family housing could be constructed.

The fees should be tied to the expected costs for administering the services, as well as attempt to equitably distribute those costs. Accordingly, I would recommend a tiered fee schedule that would require a single base fee for single family structure, or single rental unit within a structure (e.g.

apartment unit above a business), and a tiered fee for first unit with additional price per unit for each multi-unit structure. This could be structured as \$100 for single-family home or single rental unit. \$100 for first unit and \$25 per unit for multiple units, for example:

- Duplex, \$125
- Quad, \$175
- Mixed, 3 units above commercial \$150
- Apartment complex total of 120 units, \$3,075.

This would result in revenues of approximately \$87,225 every two years, or \$43,612 per year.

Councilmember McRae inquired about the change in revenue should we charge \$50 for each additional unit instead of \$25. That would result in \$113,950 every two years, or \$56,975 per year. The same breakdown per unit type would be:

- Duplex, \$150
- Quad, \$250
- Mixed, 3 units above commercial \$200
- Apartment complex total of 120 units, \$6,050.

Mayor Pro-tem Dyer inquired about the change in the multiunit fee schedule on a per structure basis so apartment complexes would be charged the base rate per building, not per property. The same breakdown per unit type would be:

- Apartment complex total of 120 units over 9 buildings, at 100/25 would be \$3,675
- Apartment complex total of 120 units over 9 buildings, at 100/50 would be \$6,450.

The approximate revenues generated under this methodology at \$100/\$25 would be \$89,700 every two years, or \$44,850 per year. And at \$100/\$50 that would be \$115,600 or \$57,800 per year.

If the City Council were to approve a flat fee structure of a set price-per-unit, the total revenue would be the dollar value times dwelling units. For example, if we were to charge \$75 registration fee per unit, we would expect to generate \$125,550 every two years, or \$62,775 per year. However, this fee schedule may be found to be less equitable as the costs tied to inspection include exterior factors, which are mitigated by inspection of multiple units within one structure, among others.

As described in the information provided in your packet regarding the approval for hiring of staff, Administration is recommending the hiring of one part time person accountable for rental inspection services. The anticipated costs for administering the rental inspection program are estimated to be

approximately \$50-55k per year if the recommended path for staffing is approved. Therefore, I would recommend a fee structure wherein we generate at least \$50k per year to offset the costs of administering the rental inspection program. By our estimates, the fee structure recommended to implement the program would be \$100 for the first unit and \$50 for each additional unit. I would also recommend for multi-building complexes we consider the first unit per building. This matches the need to inspect the exterior structures of each building with the costs of the individual dwelling units.

A resolution detailing approval of the recommendation is attached for your consideration.

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