

AN ANALYSIS OF RENTAL PROPERTY REGISTRATION IN AUSTIN JULY 2013

BY THE ENTREPRENEURSHIP AND COMMUNITY DEVELOPMENT CLINIC
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Rental Property Registration is an essential tool for creating a code enforcement system that effectively identifies problem properties and, through random inspections, deters landlords from engaging in deferred maintenance and lax property management. A strongly-enforced rental registration program “lets the owner understand that he is known to the municipality and accountable for his actions with respect to the property.”¹

Joining cities across the country, at least 20 Texas cities have adopted rental registration ordinances including Houston, Dallas, Fort Worth, and Arlington. Large U.S. cities outside of Texas with rental registration programs include Seattle, Sacramento, Philadelphia, Boston, Los Angeles, and Minneapolis.

This section discusses the benefits of rental registration programs, provides some historical background on Austin and rental property registration, and discusses a range of policy options for a rental registration ordinance in Austin.

A. The Benefits of Rental Registration Programs

Rental registration programs give city code inspectors the authority to inspect the exterior and interior spaces of rental units on a rotating basis, while creating a working database of rental properties in the city. The database gives cities the much-needed ability to identify, track, and then prioritize the most dangerous problem properties and the most problematic landlords for appropriate action. Rental registration programs also provide cities with information on how to contact owners or property managers when there is an emergency, code issues, or other problems with a rental property.

Without a mechanism in place to proactively conduct inspections and identify the most dangerous properties, code enforcement officers must rely on a complaint-driven inspection process—a strategy that, as discussed below, has proven to be ineffective in Austin and other cities. This is especially the case in communities with

large low-income, immigrant populations, since these tenants are more likely to avoid reporting code violations for fear of retaliation.² Tenants in Texas face a heightened burden in proving retaliation since landlords do not have to have good cause when they chose to not renew a lease. The Austin Tenants Council reports it is extremely difficult to establish retaliation in lease non-renewal cases. With rental occupancy rates hovering at 98 percent in Austin, landlord retaliation can quickly drive a low-income tenant into homelessness. Austin's anonymous reporting system does not help a tenant who needs to report violations in the interior of the unit.

Rental registration programs give cities a tool to identify code problems and intervene earlier on in the process, before a property deteriorates to the point that it becomes cost prohibitive to repair.³ A study of North Carolina cities with mandatory, proactive rental registration ordinances also found that the ordinances resulted in landlords bringing their properties into code compliance more rapidly, a decrease in residential fires, and a reduction in code complaints.⁴ For example, Greensboro's housing code complaints fell 61 percent from a high of 1,427 at the implementation of the city's rental registration program in 2005 to 871 complaints in 2007.⁵

When tenants do end up filing a code complaint in Austin about a building condition, it may then be too late—the property has already fallen into such a state of disrepair that the property is too dangerous for the tenants to remain. Rental registration programs allow cities to identify code problems early on when the problems first arise. Cities can then work with property owners to correct unsafe living conditions before they grow to the level that they become cost prohibitive for the landlord to repair and before they put the tenants' lives in jeopardy.

Another benefit of rental registration programs is that they identify the full scope of a city's substandard rental housing problems. Having this inventory allows city officials to develop appropriate citywide policy responses. These responses include carrot and stick approaches to bring properties into compliance with code requirements coupled with tools aimed at also preserving affordable housing opportunities. Rental registration, coupled with a licensing requirement, also gives city officials an additional tool to incentivize landlords to keep their units safe and code compliant. In especially egregious cases involving repeat and severe violations, a city can bar a landlord from operating a property until the landlord addresses the dangerous conditions.

Finally, through a minor fee assessed against each rental unit at the property (typical annual fees adopted by cities range from \$10 to \$25 a unit), rental registration programs are typically self-funding. This means a city does not have to draw from limited general revenue funds to cover the costs of registering and inspecting the rental units. At the same time, with fees of less than \$.83 to \$2.08 a month per unit, the financial impact of rental registration fees on owners and tenants is typically very minimal.

B. Austin's Rental Registration Background

Austin is one of the fastest growing cities in the country and the 11th largest city in the United States. The city has approximately 3,400 multifamily properties (3 or more units) based on information obtained from the Travis County Appraisal District, American Community Survey, and Austin Energy. The city's rental occupancy rates are currently around 98 percent, in a city where 57 percent of all residential units are rentals.⁶ In FY 2011-12, city code officials logged 1,148 notices of code violations at multifamily residential properties.

As discussed above, Austin has historically relied on a complaint-driven, passive approach to code enforcement at rental properties. In 2002, the Austin American-Statesman criticized this approach as "Austin's way of duct taping a persistent problem."⁷ Poor renters have shouldered the risks of this policy, "often endur[ing] unsafe and unsanitary conditions rather than report a slumlord and risk retaliatory eviction."⁸

Unsafe living conditions at Austin rental properties have received considerable attention in the press over the past two years, with a number of high profile cases involving tenant deaths or displacement. In addition to the Wood Ridge Apartments case, discussed above:

- In 2001, two men died at a rental property as a result of a faulty heater at a duplex that had been illegally converted into 15 rental units. A code inspection after the deaths found that the rental units did not have any smoke alarms and that the unit conditions were dangerous.⁹
- In October 2012, a balcony at Las Palmas apartments started to collapse, resulting in the dislocation of 60 tenants. A tenant first noticed cracks in the floors and windows outside his unit and reported the problem to management. Management refused to take action, resulting in the tenant and manager arguing and a call to the police. The police officers observed the cracks and called the code compliance and fire departments.

Austin has never had a rental property registration program for long-term rentals, although the City Council initiated efforts to adopt one a few years ago. In 2009, Council members Bill Spelman, Laura Morrison, and Sheryl Cole proposed a resolution asking the city manager to work with stakeholders to develop a rental registration ordinance requiring the registration of multifamily rental properties, as well as triggers to identify conditions when registration for single-family and duplex rental properties would be required. The resolution stated that:

"[T]he program should feature initial and periodic inspections to confirm a property's compliance with applicable standards including critical health, safety, maintenance, zoning, building and fire codes.

The program should establish provisions for addressing noncompliant residential rental properties in ways intended to promote compliance and protect public health and safety.”¹⁰

The apartment industry opposed the efforts to adopt a rental registration ordinance, and, due to lack of consensus, an ordinance was never presented to the City Council for a vote.

In June 2013, the City Council approved two resolutions to set up rental registration programs. The first one (the “Tovo resolution” sponsored by Councilmember Kathie Tovo with co-sponsor Councilmember Mike Martinez) directed the City Manager to develop a one-year pilot registration program for all residential rental properties in a group of Central Austin neighborhoods, the Rundberg area, and the East Riverside/Oltorf area.¹¹ The second resolution (the “Spelman resolution” sponsored by Councilmember Bill Spelman, with co-sponsor Mayor Pro Tem Sheryl Cole) directed the City Manager to:

... initiate a code amendment to create a repeat offenders program so that after the second health and safety code citation within one year at a given rental property, the property will be required to register with the city, and will be subject to appropriate fees for registration that shall cover the cost of the program, as well as any inspections that the Director of Code Compliance deems necessary to ensure compliance with health and safety codes.¹²

The main on-going barrier to implementing a comprehensive rental property registration ordinance is opposition from the real estate community. The Austin Board of Realtors®, for example, is mobilizing en masse to oppose the City’s current efforts at adopting registration ordinances. Their official position opposing rental registration is on their website, recommending “that the City of Austin, through its stakeholder process, develop a program that will empower the Code Enforcement Department and not require it to be self-sustaining. Code Enforcement is a basic essential service that can receive funding through the property tax and collection fees from code violators. The City of Austin should reward conscientious and responsible property owners and punish code violators.”¹³

Even though Austin has never had a registration and inspection program for long-term rentals, in 2012 the Austin City Council adopted an ordinance requiring the registration of short-term rentals for one- and two-family dwelling units, targeting the increasingly popular vacation rental market in Austin.¹⁴ Austin’s Short-Term Rental Licensing Program requires a \$235 annual licensing fee. The program does not require an inspection if the unit has already received a certificate of occupancy.

C. Key Elements of Rental Registration Programs

The following are some of the key elements that need to be considered when creating a new rental registration program. To identify these elements, we examined a wide variety of rental registration programs, with a focus on those adopted in the 10 largest Texas cities (Houston, Dallas, Fort Worth, Arlington, and Plano) and several major U.S. cities. Appendix 2 contains a chart comparing the programs we examined in 12 total cities; several of the smaller Texas cities we examined are not included in the chart.

1. Triggers for Requiring Registration and Inspection

There are four general categories of rental registration programs that cities have utilized, with varying triggers for when registration and an inspection are required:

- Registration and inspection of all properties, regardless of whether the property has a history of code citations: Inspections are on all properties but not necessarily all units (for example, in a large multifamily property, only a few units may be inspected), and in some cities just the exterior of the property is inspected. In these cities, the interior is not inspected unless code violations are identified on the exterior.
- Registration of all properties, with inspections of a percentage of properties, regardless of whether the property has a history of code citations.
- Registration of all properties, with inspections of only properties with a history of code citations.
- Registration and inspection of properties only with a history of code citations.

Most of the registration programs in the U.S. that we identified require mandatory registration and inspections of all rental properties or a subset of the properties, regardless of whether the properties have a history of code violations. Some cities, such as **Fort Worth** and **Dallas**, have adopted a bifurcated approach, treating multifamily and single-family/duplex/triplex properties differently. In Fort Worth, all multifamily properties must register, but single-family and duplex properties must register only if there are prior code violations at the property. In Dallas, all rental properties must register, but only multifamily properties are subject to regular inspections. Single-family and duplex properties are inspected only if they code complaints.

The Austin City Council is pursuing both a proactive and reactive approach in its two June 2013 resolutions. The Tovo resolution sets up a geographically-targeted pilot registration and inspection program for all rental properties. The Spelman

resolution requires the registration and inspection of only properties that have received two or more code citations in the past year. (Under the Spelman resolution, the Woodridge property discussed earlier in the report would not have triggered an inspection prior to the walkway collapse, since the property had not had any code citations issued against it in the past two years).

Several studies have shown that this latter approach of focusing only on properties with a history of code citations—which is similar to the way Austin’s current code enforcement system operates—is ineffective.¹⁵ A reactive approach fails to identify many properties with serious code violations, especially those in communities with more vulnerable tenants such as low-income, first-generation immigrants who are often afraid of reporting violations. In a survey conducted by the Montgomery County (Maryland) Tenants Work Group, for example, 20 percent of tenants reported they feared retaliation for reporting code violations or other problems with their rental units.¹⁶

In Austin, one out of five apartment units are occupied by foreign-born households. The most recent immigrant arrivals have the highest risk out of all tenants of living in substandard rental buildings.¹⁷ A focus group by Travis County confirmed that many recent immigrants here locally have landlords who do not address safety hazards or public health concerns. Reports of abusive landlord practices were common, including landlords ignoring tenants’ request for repairs or threatening them deportation.¹⁸

Tenants’ fears of retaliatory evictions are based in reality, despite the legal protections tenants have from being retaliated against for reporting code violations. Legal aid and tenant advocates locally report that retaliatory evictions are not uncommon in Austin, even with the current rights tenants have under City of Austin policy to make complaints anonymously. News articles from around the country over the past few years also “demonstrate that retaliatory eviction is an issue that courts continue to encounter across the country.”¹⁹

Tenants often lack the information to identify many types of code issues, such as structural issues, and when it is appropriate to make a complaint. (See Appendix 3, which includes pictures of several types of structural issues at Austin multifamily complexes that tenants are unlikely to ever report.) As a result, for those tenants who do report code issues, the code reports have a greater emphasis on environmental and vehicle violations rather than structural issues, such as deteriorating structural support for porches or stairwells, which can go easily undetected without a professional inspection.²⁰ A tragic example of this occurred in Houston in 2008 when two children died from suffocation from a brick stairwell that collapsed on them. The city’s code officials had not inspected the property for structural problems since 1996.²¹ Multifamily units are also much less likely compared to single-family properties to come to the attention of code enforcement,²² probably due in the part to the fact that multifamily premises are not as visible from the street and thus surrounding neighbors.

2. Types of Properties that Must be Registered

City rental registration programs vary widely in the types of rental properties that are covered by the registration and inspection requirements. Factors to consider include:

- the number of units in a property (e.g., single-family, duplex, multifamily);
- whether to include alternative types of rental housing (e.g., RV parks, extended-stay hotels and boarding rooms);
- whether to exempt affordable units already subject to separate government oversight and inspections, such as Section 8 properties;
- whether to exempt owner-occupied properties (e.g., a duplex with the owner living in one of the units); and
- whether to exempt newer properties.

Some cities initially targeted a smaller subset of properties but then expanded their programs over the years to cover a broader range of properties. For example, **Dallas's** rental registration program initially targeted just multifamily apartments of three or more units when it was adopted in 2004, but in 2010 the city adopted a separate registration program to cover non-owner occupied rental properties of less than three units. Most programs appear to exempt owner-occupied properties, at least for single-family homes and duplexes, and many exempt government-subsidized housing that is already subject to inspections. For example, **Plano** exempts units that receive Section 8 subsidies from the registration requirement, since these units are already inspected by the local housing authority.

Some cities limit registration requirements to buildings over a certain age, allowing newer buildings to remain exempt for a certain number of years. For example, **Fort Worth** and **Plano** exempt buildings less than five years old from their registration and inspection requirements (Plano originally covered buildings older than 10 years but extended the program in 2008 to cover buildings 5 to 10 years old).

One challenge that cities face when they include single-family properties in their registration system is identifying these properties and getting them into the system. Unlike multifamily rental properties, which are fairly easy to identify using appraisal district records, it is hard to identify when a single-family property is being used as rental housing. The **City of Dallas** reports that it has struggled with this issue and has talked to other cities facing similar struggles. As a lesson learned, Dallas staff recommended that Austin develop upfront a system for identifying single-family rental properties, such as coordinating with the water utility department to collect this data. The **City of Seattle** is working through these issues now as it sets up its comprehensive rental registration program, and has budgeted significant funds for conducting landlord outreach.

3. Registration and Inspection Implementation

Because of the daunting task that larger cities face upfront in bringing thousands of rental properties into a new registration and inspection program, many cities have implemented their registration ordinances in phases. **Seattle** is rolling out its brand new rental property registration in three phases: properties with 10 or more units must register by July 2014; properties with 5 to 9 units must register by the end of 2014; and properties with 1 to 4 units must register by the end of 2016. The City is also rolling out its inspections in phases. In Texas, **Hurst** and **Richardson** divided their cities into different zones and have placed each zone on a different timetable, requiring initial registration and renewal to be staggered among the zones. The **City of Irving** ordinance staggers license renewal dates based upon the type of residence (e.g., multifamily, single-family, RV, manufactured home.)

4. Renewals

Another consideration for cities adopting rental registration ordinances is to determine when a property registration must be renewed. Registration renewal follows one of several models, including: (1) annual or other calendar-based schedule; (2) at a change in tenancy; or (3) at a change in ownership. The vast majority of the cities we examined with rental registration programs require annual registration. The most notable example of a city without annual registration is **Seattle**, which is adopting a five-year registration cycle. **Brooklyn Center, Minnesota** provides for longer registration terms (three years) for properties that have minimal code violations and police service calls, and shorter registration terms (six months to a year) for properties with high levels of code violations and police service calls.²³

5. Type of Information Gathered in Registration

Cities' rental registration applications vary in the type of information they require. The applications always require, at a minimum, the number of units and the property owner's name, phone number, and address. The applications may also require the number of bedrooms, number of allowed occupants, and number of actual occupants. Registration applications also typically require the name and contact information for the property manager and, for properties owned by a business entity, the name and contact information for the entity's registered agent for purposes of serving lawsuits. It is important to also require contact information for both the owner and property manager, especially an emergency contact who is available 24 hours a day. This provides code, police, and neighbors with someone to contact if there are emergencies or other issues on the property. **Dallas** requires the name of the insurance provider and all lien holders, as well as an alternate contact for the property. **Richardson, Texas** requires rental property owners to provide a working email address and regularly uses email alerts to communicate with owners. **Irving** requires the owner to provide information on the person responsible for paying the utility bills.

In most cities we examined, the owner is typically responsible for acting promptly to update contact information or changes to the registration records. If the property owner resides outside the city or outside the state, a city may also require the property owner to list contact information of a local contact person or property manager who has the authority to represent the owner at any legal proceedings arising under the ordinance.

The information collected should facilitate the ability of cities to identify landlords who own multiple problem properties, keeping in mind that owners often set up a unique holding company to own each property. Thus, tracking information about the holding company's owners, founders, and addresses can be very useful. Another best practice is for the registration application materials to list key city legal requirements for landlords and require the landlord to acknowledge awareness of the requirements.²⁴

6. Crime Prevention

Several cities include a crime prevention component in their registration programs, either as a requirement or incentive. Many of these programs are modeled on the Crime Free Rental Housing Program,²⁵ a national program that is utilized by police departments across the country to give landlords the tools they need to help prevent illegal activity on rental property. There are three core elements of the program:

- A training for property owners and managers that includes education on warning signs of drug activity, preparing the property, applicant screening, and community building. The Department of Justice has put together an extensive guidebook on how to set up a training program, which has a community-oriented focus.²⁶
- An inspection (Crime Prevention Through Environmental Design/CPTED) by police of criminal safety features on the property including exterior lighting; door, window, and lock standards; and landscaping.
- A crime-free commitment by landlords, including a commitment to regularly inspect the property units, maintain security measures on the property, have tenants sign a crime-free lease addendum, and work with police and other agencies.

Examples:

- **Houston and Dallas** have both adopted variations of this program through their respective Blue Star and Gold Star programs, which are voluntary. To achieve the star status, the property must pass a security inspection by police and host a crime watch meeting with residents, amongst other requirements. Property owners can list the star status in their promotional materials, and the City's website has a listing of all properties with star status. Dallas and Houston also have mandatory programs requiring inspections and remedial action plans at high-crime properties; Houston's mandatory program, which

is discussed in the Nuisance Abatement section, has resulted in significant decreases in crime at multifamily rental properties.

- **Fort Worth** has a similar program, but it is mandatory for all multifamily properties of eight or more units. Each on-site manager and leasing agent must attend an eight-hour training course on crime-free housing. All properties are also inspected by the police department via a Crime Prevention through Environmental Design assessment. Fort Worth also requires landlord to comply with several crime prevention measures on their properties, including requirements for specific exterior lighting, securing of vacant units, and graffiti abatement.
- **Portland, Oregon** conducted its first landlord-training program in November 1989 with 94 landlords participating. Between 1989 and 1995, more than 7,000 landlords and property managers (representing over 100,000 rental units) attended the training program.²⁷ The program has developed into a national model refined through extensive research with landlords, police, tenants, and other stakeholders, with support from the U.S. Department of Justice.
- **Milwaukee, Wisconsin** has worked with local lenders to require landlords to attend its rental housing training program as a condition of receiving a loan to purchase rental property.
- As part of its multi-tenant registration program, **Dallas** requires multifamily rental property owners or managers to attend an annual “Safe Complex Symposium” as well as three crime watch meetings in the neighborhood each a year. The symposium is run by the police department and educates property owners on ways to improve tenant safety. Attendance at the symposium is mandatory. If a property owner fails to attend, he or she is assessed a \$600 fine. The only property owners who are exempt from the symposium are those who have achieved “Gold Star” property status.
- Both **Dallas** and **Fort Worth** require landlords to utilize a crime-free lease addendum unless one has been already incorporated into the lease using the Texas Apartment Association form.

7. Code Enforcement Education

Education about code enforcement should be provided to both landlords and tenants. Most property owners hold rental property as investments. Managing and maintaining rental properties may not be an owner’s primary concern, and, therefore, the owner may not actually know what is required to keep their properties up to code and what the consequences are for violating the code. On the other hand, tenants often are un-empowered because they do not know what

standard of living they are entitled to and what their rights are to enforce city building codes. Educating both parties will help maintain a system of code compliance.

One way to disseminate education materials is for the registration process to include a packet of information for landlords detailing what is needed to pass an inspection, the maintenance process, and penalties associated with failing to comply with code. Similarly, landlords could be required to give tenants a packet of information at move-in or upon the signing of a lease, which explains the tenants' rights as renters and the process for reporting violations. **Fort Worth**, for example, requires landlords to provide tenants with the Fort Worth Rental Handbook. The handbook provides information on grounds for eviction, a tenant's rights to challenge eviction notices, information on how to make a code complaint, and contact information for agencies who can assist with defending evictions.

A standard requirement in rental registration ordinances is to require the property owner to display the registration documents within the residence or apartment common area. In **Fort Worth**, landlords must post the registration certification on the property. Fort Worth also requires landlords to post and maintain clearly visible signs on the property containing emergency contact information for the property management and information on how to report code violations.²⁸

8. Inspection Requirements

There are several key policy issues relating to inspections in a rental registration program: (1) how often inspections will be conducted; (2) what part of the property will be inspected (exterior versus interior of units; what % of units); (3) what inspection standards the rental units must meet; (4) how inspections are scheduled; and (5) what kind of personnel will be conducting the inspections.

- **Inspection Schedules:** There are several patterns cities follow in their inspection schedules. One pattern is to require an initial inspection upon registration, then require subsequent inspections either at changes in tenancy, if the property failed the initial inspection, or in response to tenant complaints. A second pattern is to require inspections only in response to tenant complaints (the limits of this approach are discussed above under "Triggers for Requiring Rental Registration"). A third pattern is to require regular, periodic inspections, on an annual, bi-annual, or less frequent basis, regardless of change in tenancy and complaints. Most cities we examined follow this latter model. **Fort Worth**, for example, requires an inspection of every multifamily property every two years, **Dallas** every three years, and **Houston** every five years. The frequency of inspections depends in large part on the number of properties subject to inspection, the scope of the inspection, and the capacity of the city staff dedicated to conducting the inspections.

Yet another model of inspections is to require more frequent inspections of properties that failed the initial inspection. **Brooklyn Center, Minnesota**, places each rental property in one of four different tiers depending on the number of code violations. Type 1 properties are inspected only once every three years, while Type 4 properties are inspected as often as every six months.²⁹

- **Scope of Inspections:** Cities vary on whether they inspect the interior of the units, although most of the cities we studied inspect the interiors of at least a portion of the units. **Houston** inspects only the exterior. One option is to conduct an initial exterior inspection and then conduct an interior inspection only if the inspector suspects issues, the tenant requests an inspection, or the exterior fails inspection. **Dallas** inspects the exterior and only approximately 10 percent of the interior units per complex. By no means should inspections be invasive to the tenants; the inspectors should be allowed only to inspect for structural, electrical, and other major building code violations, using a standardized checklist.
- **Inspection Standards:** The standards that rental units must meet to pass inspection vary in different cities. The inspection standards may relate to just structural integrity or cover a range of issues including fire safety, general maintenance, and plumbing.
- **Scheduling Inspections:** Cities also differ in terms of how inspections are scheduled. Frisco, Texas, gives written advance notice of when an inspection will occur. In contrast, some cities, such as Irving, do not give written notice of inspections. Cities typically have a “reasonableness” requirement concerning times when inspections may occur. Cities vary on whether someone, such as the tenant, must be present at the unit in order for the inspection to occur.
- **Personnel:** Cities differ in terms of what types of inspectors visit the property. Most cities we reviewed use city staff, but one option is to allow property owners to hire outside inspectors, or for the city to retain outside inspectors. As a result of state constitutional mandates, **Seattle** is giving property owners in its new rental registration program the choice to use city inspectors or hire outside inspectors. Allowing property owners to hire outside inspectors could create more opportunities for abuse as a result of there being less accountability. **Sacramento** allows for a self-inspection by the property owner for properties that first pass an initial inspection; ten percent of these properties are then randomly inspected by the City to ensure compliance. Cities also differ in the number of inspectors who visit the unit and their qualifications. Most cities appear to utilize just one inspector. **Houston** uses two inspectors: one who is qualified to inspect for

structural issues, and a second inspector who is qualified to inspect for electrical issues.

9. Fees and Costs of Running a Registration Program

In adopting a fee structure for a rental registration program, there are a number of factors for a city to consider. First, a city needs to decide whether it wants the registration and inspection of properties to be self-sustaining through the fee structure, or whether the city is willing to supplement the program with general revenue or other funding sources. Under Texas law, the fees charged must be reasonably related to the cost of running the registration and inspection program. This means that, before setting a fee, Austin first needs to do an analysis of the anticipated scope of the program and what it will cost to run.

The costs of running a rental registration and inspection program will depend largely on how many properties are subject to inspections, how often inspections are required, the scope of the inspections, the number of units subject to inspection at each property, and the extent of re-inspections for properties that fail the initial inspection. Ideally, enforcement costs will be covered separately from the registration and inspection costs, out of fines assessed against property owners who violate the program requirements. Most cities charge an additional fee for re-inspections when a property fails the initial inspection.

Typically, inspection costs for multifamily properties, when broken down on a per unit basis, are cheaper than inspection costs for single-family properties, since only a portion of the units at multifamily properties are inspected. For example, if a property inspection costs \$200, the cost is \$200 per unit in a single-family property, and \$25 per unit in an eight-plex. As a result, in cities that inspect both multifamily and single-family properties, the registration and inspection fees for multifamily rental properties generally end up subsidizing part of the costs of registering and inspecting the single-family properties.

In Austin City Council discussions on the viability of implementing a successful registration program, some council members expressed concerns that the program would be cost prohibitive and lead to a bloated bureaucracy. Councilmember Bill Spelman presented a chart at the June 6, 2013, City Council meeting showing that the City of Austin would need to hire 153 inspectors at a cost of \$13 million a year to inspect Austin's approximate 3,400 multifamily properties (3+ units).

In our evaluation of other successful programs, we found these estimates to be extremely inaccurate. The basis for Councilmember Spelman's estimate is that every unit in a multifamily property would be inspected every year, thus yielding an estimate of nearly 200,000 inspections per year. As we have noted, it is a common practice in rental registration programs to inspect only a small portion of the units at multifamily properties and to conduct inspections less frequently than once a year. Thus, the actual number of annual inspections would be far fewer than

200,000. Using very conservative estimates, we conclude that eight inspectors would be sufficient to run a comprehensive multifamily inspection program in Austin—one modeled on other successful programs around the country. The inspectors would cost less than \$600,000 a year, including equipment costs.³⁰ There would be additional costs to operate the registration and enforcement components. An annual registration fee of \$10 per multifamily rental unit in Austin would generate close to \$1.3 million a year.

In approximating what it would cost to run a citywide rental registration with inspections for all rental properties in Austin, including single-family and duplex properties, the City of Seattle is a good guide. Seattle is the midst of setting up its new comprehensive rental registration and inspection program, which will cover all rental properties in the City. City staff, working with a financial consulting firm, has prepared an extensive budget analysis for the program. In contrast to the Houston multifamily model, discussed below, the Seattle model highlights how much more expensive it is to include single-family properties and duplexes in a registration and inspection program. These higher costs are due to the high volume of single-family and duplex properties along with the costs of tracking down these properties, getting them into the registration system, and then inspecting them.

The City of Seattle estimates it has 147,000 renter-occupied units and 61,580 rental properties. While 44 percent of Seattle’s rental units are in properties of fewer than five units, 93 percent of all rental properties in Seattle (57,485 properties) have less than five units, with 4,095 multifamily properties (5+ units). In comparison, Austin has approximately 180,000 renter-occupied units (18 percent more than Seattle), 41,500 single-family and duplex rental properties, and 3,400 multifamily rental properties (3+ units).³¹ We suspect that Seattle has more total rental properties than Austin due to a larger reliance on single-family rentals in Seattle (which is likely driven in part by Seattle’s higher median home sales prices of \$468,000), in addition to Austin’s high volume (581) of large apartment complexes with 100 or more units.

Comparison of Seattle’s and Austin’s Multifamily and Non-Multifamily Rental Stock³²

	Number of occupied rental units	Number of multifamily rental properties	Number of multifamily rental units	Number of non-multifamily properties	Number of non-multifamily rental units	Total # of all rental properties
Seattle³³	147,000	4,095 properties (5+ units)	86,367 units (5+ units)	57,485 properties (1-4 units)	67,070 units (1-4 units)	61,580 properties
Austin	180,000 ³⁴	3,400 properties (3+ units) ³⁵	134,000 units (3+ units)	41,500 properties (1-2 units)	50,000 units (1-2 units)	44,700 properties

The City of **Seattle** has budgeted \$1.6 million a year for the registration aspects of its program, which includes an extensive audit program, \$1 million for landlord outreach, and an IT project manager position. To cover all of its costs, the City anticipates needing to set the 5-year registration fee at \$150 (average of \$30/year) as a base fee for each property, with an additional \$4 per unit (\$.80/year).³⁶ This does not cover the cost of inspection. Seattle's program operation costs are higher than several peer cities because of the inclusion of single-family properties.

If Austin were to target just multifamily properties (3,400 properties), the costs of a rental registration program would be reduced significantly. As a comparison, the **City of Houston** has 4 code inspectors who are inspecting all of Houston's 5,000 multifamily properties over the course of five years. Two inspectors (electrical and structural) conduct a comprehensive inspection of the exterior premises. Overall, Houston is conducting an average of 6 inspections a day, 4 days a week, at a rate of 100 a month and 1,200 a year. The 4 inspectors are also conducting regularly scheduled follow-up visits and inspections of properties that failed the initial inspection. The City has an additional 4 inspectors who respond to 311 calls for code complaints at multifamily complexes. The City budgets \$1.2 million annually to run the entire multifamily program, which includes the costs of the 10 inspectors, 4 support staff, and the program director).

The City of Dallas's multi-tenant code inspection section has a budget outlay of \$2.3 million in expenses and brings in \$2.8 million in revenue.³⁷ The section includes the multi-tenant registration program but is also responsible for responding to all code-related calls concerning multifamily properties and enforcement actions pertaining to multifamily properties.

A 2008 study of North Carolina cities found that the total cost for each rental property inspection ranges from \$51 to \$75 per property per inspector (based on an annual inspector salary of \$32,500 to \$43,000).³⁸ Houston is paying its inspectors approximately \$45,000 in 2013. From interviews with housing inspection supervisors, the North Carolina study found that one full-time housing inspector can complete 6 inspections a day, and approximately 1,400 inspections a year. Assuming a very conservative rate of inspections for Austin where one inspector completes just one property inspection a day (working 4 days a week for 48 weeks), 6 inspectors could complete around 1,200 inspections a year. Under this model, inspecting all 3,400 of Austin's multifamily properties (3+ units) would take approximately 3 years at an annual per inspector cost of roughly \$100,000 with benefits and cost of equipment, or a total of \$600,000 for the inspectors.³⁹

Comparison of Austin's and Houston's Inspection Costs for Operating a Multifamily Registration and Inspection Program

City	Number of mf properties inspected	Number of code inspectors	Time needed to complete inspections	Approximate cost of inspectors
Austin	3,400 multifamily properties (3+ units)	6	3 years (~1,200 property inspections a year) ⁴⁰	\$600,000 (includes benefits and inspectors' work equipment; does not include support staff)
Houston's Multifamily Registration Program	5,000 (3+ units)	6 (4 inspectors working in teams of 2 and 2 senior inspectors)	4-5 years (~1,200 a year)	\$1.1 m (includes salaries and benefits for 6 inspectors, 4 support staff, and program director)

The cities we examined range broadly in the way they assess fees for registration and inspections. Appendix 2 lists their fees. The following are other factors to consider when developing a fee structure:

- **Whether to charge a registration fee and in what amount.** All but one of the cities we studied (Houston) charge a registration fee. **Houston** charges a per unit fee only when the inspection is conducted and reports that the inspection fees it collects (\$140,000/year) are insufficient to run the program, which relies largely on fees from the City's Building Permit Fund. Houston also requires a \$400 fee for high-crime properties to participate in the City's Apartment Crime Enforcement Program, which includes a separate inspection component by police.

Dallas charges an annual registration fee for its multi-tenant program. For the City's non-owner occupied rental program (single-family and duplexes), Dallas waives the fee after the first year unless the property fails the inspection. The registration fees for cities charging by the unit range from a low of \$10 per unit in Dallas for its multi-tenant program (with **Arlington**, Texas, in second place at \$13.50 per unit) to \$43.32 a unit in **Los Angeles**. Some cities charge higher registration fees for properties with a history of violations. **Fort Worth** charges a registration fee of \$200 a unit in its single-family and duplex program, but only for units with a history of code complaints (the registration program is mandatory only for units with a history of code violations).

- **Whether to charge a separate fee for inspections.** Most of the cities we studied do not charge an extra fee for the initial inspection. **Boston** charges an annual registration fee of \$15 per unit (\$25 for the first unit), and then a separate inspection fee of \$50 to \$75 per unit. While **Houston** does not

charge a registration fee, it does charge a fee of \$10 a unit for multifamily property inspections (while the fee is for all the units, Houston only inspects a portion of the units at each property). Most of the cities we studied charge an additional re-inspection fee for units that fail the initial inspection. Arlington, for example, charges a \$150 re-inspection fee. Plano's fee increases with each re-inspection.

- **Whether to differentiate the fees assessed based on the number of units at the property.** Most cities we studied charge a per unit fee for registration and inspections. Raleigh charges a fee of \$15 to \$50 per property. Some cities charge a higher fee for single-family or duplex units, while other cities charge a lower per unit fee for smaller properties. **Boston**, for example, charges an inspection fee of \$50 per unit for 1- to 3-unit properties, and \$75 per unit for properties with 4 or more units—but the fee is applied only to the units actually inspected.
- **Whether to charge a higher fee for the first unit and then a lower fee for any additional units on the property.** **Minneapolis** charges a \$69 fee for the first unit and then \$19 for each additional unit.
- **Whether to set a cap on the total fee for larger multifamily complexes.** **Boston** sets a cap of \$2,500 per building and \$5,000 per property for its inspection fee. Philadelphia sets a cap of \$20,000 per property for its registration fee.

10. Incentives for Proper Property Maintenance

Several cities offer incentive programs for property owners to maintain their property. As discussed earlier, the **Dallas** Police Department has adopted its Gold Star Certification Program, and Houston has a similar Blue Star Certification Program. Property owners who complete a special class and pass an annual environmental design inspection can receive a special certification from the city, which can then be used in advertising to prospective tenants.

Some cities allow properties that pass the initial inspection to go through future inspections less frequently. **Lewisville**, Texas, allows units that have no complaints reported and pass inspection for two consecutive years to schedule inspections once every five years. In **Dallas**, the renewal registration fee is waived for properties in the Non-Owner Occupied Rental Program that have no code violations. In Dallas's Multi-Tenant Registration Program, the inspection is free unless the property fails an inspection, then the inspection fee is \$30 a unit and \$50 a unit for a re-inspection.

Other potential landlord incentives include: (1) free advertising on city websites or local newspapers; (2) free or subsidized access to safety equipment such as smoke detectors, carbon monoxide-detectors, security locks, and closed-circuit cameras;

(3) reduced fees for building permits to make repairs; (4) free training courses; (5) technical assistance for addressing property management issues; (6) free security inspections; and (7) loans or grants for property improvements.

11. Sanctions

Cities must also consider what type of fees and penalties to impose on properties that register late, fail to register, and fail an inspection. Ideally, a program would impose a fee for registering late and then a larger fine for failure to register, to incentivize landlord participation. A fee avoids the court process. Some cities tie their program requirements to a license or certificate of occupancy: If a property is not in compliance with the registration requirements or fails to come in compliance with code, the certificate of occupancy can be revoked and the property cannot be leased. **Minneapolis, Minnesota** has an “unlicensed property finder” on staff who seeks out unlicensed rental properties; the fine for failing to register is \$250.⁴¹

Many cities apply very high penalties for failure to register, for letting registration lapse, and for providing false information. **Richardson, Texas** charges \$2,000 for each of these offenses. **Fort Worth** charges a fee of up to \$2,000 a day. **Dallas** charges a fine of \$200 to \$2000 for single-family and duplex properties that fail to register, while multifamily properties must pay \$20 a unit. In some other cities, failure to register increases the cost of registration according to how late the registration is submitted. **Mesquite, Texas**, charges a \$100 registration fee for each unit that is occupied prior to passing an inspection. In Mesquite, the fine and all city liens must be paid before the city will issue proper registration documents, which are in the form of an occupancy permit.

For properties with high levels of code violations that fail inspection, a best practice is to require the properties to submit a mitigation plan to the city, outlining how the owner plans to fix the violations. **Brooklyn Center, Minnesota** follows this approach.⁴²

In **Fort Worth**, if a property fails an inspection, new tenants cannot move into the property until all violations are rectified. Also in Fort Worth, a complex that is sold will not receive a new certificate of occupancy and tenants will not be allowed to move in unless the complex passes inspection. In **Irving**, city officials may order evacuation of a building with serious violations. **Dallas** revokes a certificate of registration if the property registrant failed to comply with the rental registration ordinance, other city ordinances, or any other state or federal law applying to the operation of a multifamily property. The registrant first receives a warning and then has 10 days to comply before the certificate is revoked.⁴³

A standard practice of Texas cities is to count each day a property is in violation of code as a separate offense for purposes of determining the fine. The cost of code fines ranges from \$10 to \$2000 per offense. Cities typically base the fine on the type of violation and charge more for violations relating to fire safety and health risks.

Dallas requires a minimum mandatory fine for violations—the fine cannot be reduced—and also provides for the escalation of penalties for repeat code violations.

As part of ensuring that a property is registered, some cities tie municipal utility services to the presentation of valid rental registration documents. If a property is not registered, it cannot receive utility services. For example, in **Mesquite**, for units that pass inspections, the city leaves a green inspection tag, which must be presented to the utility department in order to have water service connected. **Lewisville** and **Sugar Land** also link utility services to meeting registration requirements.

D. Policy Recommendations

In light of national best practices, consultations with national experts and city officials from around the country, and empirical research that has measured the effectiveness of different approaches, we recommend Austin adopt a rental registration ordinance with the following features:

1. **Require mandatory registration and periodic inspections of all multifamily properties (3+ units)**, along with the following elements:
 - The inspections should cover the exterior and a percentage of the interior units.
 - The ordinance should exempt properties that are less than five years old or are subject to other government inspection programs.
 - The registration and inspection costs should be self-funded through the assessment of fees.
 - Properties should be placed in tiers in accordance with how they perform on the initial inspection and their history of code violations and criminal nuisances. Properties that fail the initial inspection or have a history of repeated code violations and/or habitual criminal activity should be inspected more frequently and subject to higher registration and re-inspection fees. The most egregious violators should also be required to submit a mitigation plan to the City outlining how the owner will address the code violations. In contrast, properties that pass the inspection and have no history of code violations should be inspected less frequently and subject to lower registration fees. Or, as alternative, consider adopting Raleigh’s probationary rental occupancy permit model, where properties that fail to bring property into timely compliance must pay a fee for a two-year probationary permit.
2. Consider adopting a program that requires **non-owner occupied single-family and duplex rental property owners** upon each change in tenancy or at least once a year to complete a self-inspection and certification form stating that the unit is free of certain major code violations listed on a city form. The form should be submitted to the City and the tenants. If the units have had multiple code

violations within the past three years, they should be subject to the City of Austin registration and inspection program.

3. **Incorporate an apartment crime enforcement program into the registration program, modeled on the programs in Dallas and Houston** (but include smaller multifamily properties). Properties that meet a crime threshold index should undergo and pay a fee for a special “Crime Prevention through Environmental Design” inspection, and the owners should be required to enter into remedial agreements to reduce crime on the property and attend regular meetings with the police and neighborhood. *(This program is discussed more fully in a separate section of the upcoming report).*
4. Modeled on Fort Worth’s ordinance, **require all landlords in the registration program to comply with basic crime prevention measures on their properties**, including requirements for specific lighting and securing of vacant units.
5. **Adopt an educational program for landlords and tenants.** Offer an annual training program for rental property owners on property management and crime prevention, modeled on the national Crime Free Rental Housing Program. During the registration process, provide landlords with a packet of information detailing what is needed to pass an inspection, the maintenance process, and code penalties. Make the educational program mandatory for owners of rental properties that fail inspection, with prior code citations, or with high crime rates.
6. Require all landlords to provide tenants with a **tenant rights handbook** created by the City and to post information prominently on the property on how to report code violations.
7. **A rental registration ordinance should be coupled with stronger code enforcement policies** for non-owner occupied properties that enforce health and safety codes when they are violated, and then remediate code violations when owners fail to do so. In this regards, the City needs to more aggressively prosecute its laws against egregious; rely more on the issuance of civil fines rather than the sporadic issuance of criminal citations; and assess higher penalties against repeat violators. The City should publish a monthly report on its website listing multifamily properties with the highest number of notices of violations and code citations. **We also recommend that the City Attorney’s Office dedicate more resources to code enforcement and addressing problem properties.** We recommend the Office create a special unit of attorneys, modeled on the Dallas City Attorney’s program, that is dedicated solely to enforcing code violations and other problem property laws.
8. **The City also needs to create a property information system to inform planning, intervention, and research around problem properties**, integrating data from the Code Compliance Department, the Police Department,

and other city departments. The property information system should be searchable by a range of criteria and allow the City to publish regular reports on problem properties with the worst code and crime issues. The system should also be GIS compatible to allow for mapping of the data. The public should have free access to be track the status of code complaints as well as statistics and other information on problem properties in their neighborhoods.

Appendix 1: Studies on Proactive versus Complaint-Driven Code Enforcement Systems

As discussed above, studies have found that complaint-driven code enforcement systems result in under-identification of problem properties, including many of those with serious and life threatening code violations. The following is a summary of some of these studies:

Seattle: In a study examining Seattle’s complaint-drive code enforcement system, 350 randomly-selected apartment buildings were selected for inspections. The study found that the inspections in more than half of the properties identified code violations that tenants and neighbors had never reported.⁴⁴ Out of the buildings where inspections identified code violations, 78 percent of the violations had not been reported to the City, including many of the most serious violations. The study concluded that a reactive, reporting-based code enforcement system is “hampered by multiple factors including: general lack of knowledge of housing code standards, language barriers, and fear of landlord retribution,” even in spite of strong legal protections.⁴⁵ The City is now in the middle of implementing a mandatory registration and inspection program.

San Francisco: In another study,⁴⁶ volunteers from the Chinese Progressive Association surveyed 197 tenants in 157 different apartment buildings and single-room occupancy (SRO) hotels in San Francisco’s Chinatown to assess the extent of code violations. In the survey, 62 percent of tenants said they had multiple code issues in their apartments but only 28 percent of the tenants had complained to their landlord about their code issues, and only 11 percent of tenants had reported the violation to a government agency or a community organization.⁴⁷

Memphis: A study in the City of Memphis likewise found large under-reporting of code violations.⁴⁸ The study found that complaint-based code enforcement identified only about 20 percent of code violations in Memphis neighborhoods. In one particular low-income neighborhood, the Binghampton community, the study found that 19 properties in the community were in poor enough condition that they needed to be condemned. Yet, these properties were not in the City’s system and had not come to the attention of code officials. A visual survey also found that at least half of the 35 occupied multifamily properties (1,200 total units) in the Binghampton community of Memphis had serious code violations, including the following issues:

- 20% properties without intact and secure doors or doorframes;
- 25% properties with unsecured windows, most of which were broken out; and
- 12% with holes in the walls.

Yet the city had recorded code violations for only 8 of the units.⁴⁹

The author of the Memphis study concluded that a complaint-based system is a barrier in deteriorating, poorer neighborhoods and a barrier to the early identification of problem properties, before they rise to the level of a public safety hazard. As further summarized in the study: "Given that citizen-driven complaints tend to be about environmental or vehicle nuisances, it appears that for many neighborhoods deterioration of the housing stock is simply taken for granted and not a cause of action. These neighborhoods tend to be low-income, a situation which for many reasons can be associated with lowered expectations."⁵⁰

Asheville: In Asheville, North Carolina, which inspects both rental and owner-occupied units, the number of residential fires decreased by 50 percent during the period when the city required proactive inspections of all units. After the city switched back to a complaint-based code program, residential fires rose by 122 percent.⁵¹ The city also saw a decrease in housing code complaints from 227 to 60 during the time the city operated a mandatory inspection program for all properties; the complaints rose to 189 in 2007 after Asheville switched to the complaint-based program.

Appendix 2: Comparison of Rental Registration and Inspection Ordinances

City	Properties Covered	Inspections	Fees	Other
Arlington, TX ⁵²	One program for all mf props of 3+ units; a separate program for all non-owner occupied duplexes.	Annual inspections. Duplex units that pass exterior inspection are not inspected internally.	Annual registration. Registration fee of \$13.80/unit; one free re-inspection then \$150 fee for re-inspections on the same violation. Extended stay hotels must pay \$86.04/room.	Separate program for duplexes. Inspection scores posted on Internet.
Boston	All rental units	Inspections conducted on 5-year cycle except for problem properties, which have annual inspections.	Annual registration. Initial registration fee: \$25/unit with \$15 annual renewal fee. Fee capped at \$2,500/building and \$5,000/complex. Inspection fee: Fee based on units actually inspected; \$50/unit for props with 1-3 units, \$75/unit for 4+ units.	New program adopted in 2013. Boston offers an alternative 5-year inspection program for properties that apply and meet certain requirements.
Dallas Non-Owner Occupied Rental Program	All non-owner-occupied single-family and duplex properties.	Inspections required only if complaints received (vs. registration required regardless of complaints).	Annual registration. \$25/unit initial registration fee; free renewal fee if no code violations. Inspection fee of \$50/unit for structural code issues (but inspection only if complaints).	Lessons learned: Having a hard time identifying and getting these smaller properties in the registration system. Need to have a process in place up front to identify these units, such as working with water utility department.

City	Properties Covered	Inspections	Fees	Other
<p>Dallas Multi-Tenant Registration</p>	<p>Multifamily of 3 or more units and at least 5 yrs old.</p>	<p>Once every 3 years.</p>	<p>Annual registration. \$10/unit registration fee.</p> <p>Inspection is free unless fail then \$20/unit x total units (non-structural), \$30/unit x total units (structural) and \$50 re-inspection for each unit/building inspected.</p>	<p>Must use crime prevention lease agreement and attend 3 neighborhood crime watch meetings in the year and an annual SAFE complex symposium.</p> <p>City collects \$2.3m annually in multi-tenant registration fees and \$211,000 in re-inspection fees. There are approximately 220,000 units in the program and 2,596 properties.</p> <p>Lessons learned: Need a process at the back end to collect unpaid inspection fees. Dallas does not have a process, which has been an issue in collecting re-inspection fees.</p>
<p>Fort Worth⁵³</p>	<p>Multifamily properties with 3 or more rental units.</p> <p>One- and two-family properties must register only if code violations.</p>	<p>Inspections at least once every two years.</p> <p>At change of ownership, mf properties must be inspected before receiving a new certificate of occupancy.</p> <p>Police department also inspects all mf complexes of 8+ units for free via Crime Prevention through Environmental Design inspection.</p>	<p><u>Multifamily program</u>: Annual registration fee of \$25 for first unit; \$10 for each additional unit.</p> <p><u>Single-family/duplex program</u>: \$200 registration fee for each unit with record of code violations.</p> <p>If property fails inspection, \$25/unit for re-inspection.</p>	<p>Landlords required to conduct annual inspection with tenants and to give tenants the “Fort Worth Rental Handbook” outlining their rights.</p>

City	Properties Covered	Inspections	Fees	Other
<p>Houston Blue Star Multi-Housing Program</p>	<p>Any multifamily property is eligible—voluntary program.</p>	<p>Annual inspections for apartments that elect to be in program; police conduct a crime prevention environmental design analysis and look at crime reports.</p>	<p>Free.</p>	<p>100 properties in the program; City lists on website. Dallas has a very similar “Gold Star” program for multifamily complexes with 10 or more units.</p>
<p>Houston Apartment Crime Enforcement Program</p>	<p>Multifamily of 10 or more units.</p>	<p>After running computer formula every 2 years, police inspect properties that are classified as “remedial properties” after triggering a “crime risk threshold”</p>	<p>Properties register via multifamily registration program in code (see above). \$400 inspection fee.</p>	<p>Police conduct a “crime prevention through environment design” (CPTED) inspection and enter into remedial agreement with owner. Owner must attend PIP (positive interaction meetings) each month with police and the local community, and also conduct crime prevention meetings with tenants that police attend. Dallas police department runs a very similar program.⁵⁴</p>
<p>Houston Multifamily Registration</p>	<p>Multifamily of 3 or more units.</p>	<p>Inspected once every 5 years—only exterior. Inspects 100-120 properties/month with 5,000 total mf properties in pipeline.</p>	<p>Annual Registration. No registration fee. Inspection fee of \$10/unit.</p>	<p>Compiled list of properties from appraisal district and city permits. 2 inspectors visit each property: electrical and structural inspector.</p>
<p>Los Angeles (Systematic Code Enforcement Program)⁵⁵</p>	<p>All rental properties with 2 or more occupied units.</p>	<p>Once every three years, but worst buildings inspected more frequently.</p>	<p>Annual registration. Registration fee: \$43.32/unit. Additional fees may be charged if fail re-inspection.</p>	<p>Won the Fannie Mae Innovations in Government Award in Affordable Housing in 2005.</p>

City	Properties Covered	Inspections	Fees	Other
Minneapolis	All non-owner occupied rental units; new construction exempted.	No regular inspections. Inspections required if complaints, property changes ownership or converted to rental, or no license for 12 months.	Annual registration. Registration fee: \$69 for first rental unit; \$19 for each additional unit in the property. No inspection fee.	Owners required to hang a 311 poster in common areas with information for tenants on reporting code violations.
Philadelphia Rental Inspection License Program ⁵⁶	All rental properties except owner-occupied duplexes.	Inspections not done unless tenant requests them.	Annual registration. Registration fee: \$50/unit (max fee: \$20,000)	Also has a vacant property registration requirement with a \$150 fee/property.
Plano ⁵⁷	Multifamily properties with 5 or more units older than 5 years (originally properties 5-10 years old also exempted).	Annual inspections.	Annual registration. Registration fee: \$10/unit No initial inspection fee and first re-inspection is fee. \$150 for the second re-inspection; \$300 for third re-inspection.	
Raleigh, NC ⁵⁸	All rental properties.	Inspections only if problems reported.	Annual registration. Registration fee: \$15/property for 3 or less units \$25/property for 4-19 units \$50/property for 20+ units Additional fee of \$30/unit at initial registration. No inspection fee.	Must obtain a probationary rental occupancy permit if fail to bring property into timely compliance. Must pay \$500 for a 2-year permit and attend City-approved property management course and remain in compliance with city codes.

City	Properties Covered	Inspections	Fees	Other
Sacramento, CA	All non-owner occupied rental units; rental units less than 5 years old may be exempt.	Initial mandatory inspection. If pass, then placed in Self-Inspection Certification Program where property owner inspects the property once a year and at change in tenancy, using city checklist. Random inspections by City of at least 10% of self-certification units.	Annual registration. Registration fee: \$28/unit. Initial inspection and first 30-day re-inspection are free. \$127 fee for follow-up inspections.	Landlord must provide tenants with a Residents Rights form created by local landlord-tenant nonprofit agency.
Seattle ⁵⁹	All rental properties; program being rolled out in phases based on # of units.	Each property inspected at least once every 10 years. 10% of all rental properties selected randomly for inspection each year. Units with two or more code violations inspected in first year of program.	Registration must be renewed every 5 years. Fee structure under development.	New program passed unanimously by the Seattle City Council in 2012.

Appendix 3: Examples of Extremely Dangerous and/or Substandard Code Conditions in Austin



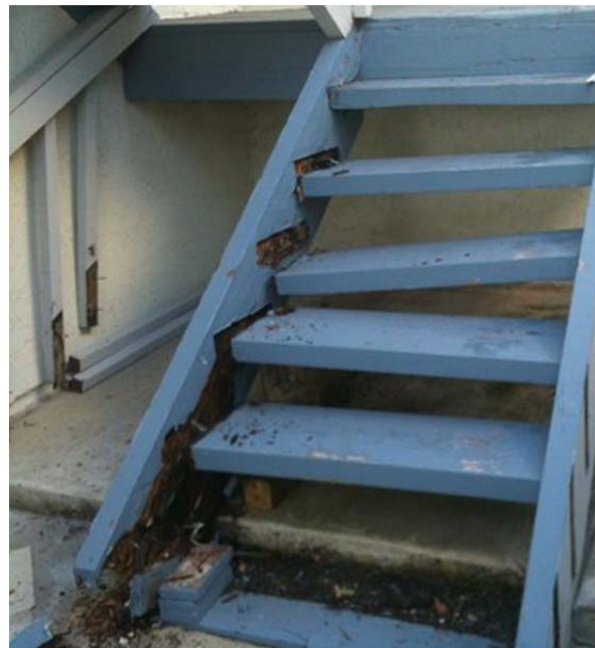
Stairway being held up only by nails and pulling away from walkway.



Handrail no longer anchored adequately and pulling away from structure.



Sagging horizontal member beam and bowing support post not strong enough to carry imposed load.



Rotting stairway missing treads, handrails, and guards.



Post supporting roof is inadequate with risk of roof collapsing.



Second floor walkway becoming detached from support posts and at risk of collapsing.



Mold on interior walls and floors.



Missing tiles, rotting wall, mildew, and mold.

End Notes

¹ ALAN MALLACH, MEETING THE CHALLENGE OF DISTRESSED PROPERTY INVESTMENTS IN AMERICA'S NEIGHBORHOODS (Local Initiatives Support Corporation), at 46, *available at* <http://www.stablecommunities.org/sites/all/files/library/1228/distressed-property-investors-mallach.pdf>.

² See, e.g., Guadalupe Luna, *Immigrants, Cops and Slumlords in the Midwest*, 29 SOUTHERN ILLINOIS UNIV. L.J. 61, 89 (2004) (“Tenants’ fears of retaliation from landlords, coupled with the lack of alternative housing effectively stifles complaints of tenants who are weary of possible eviction.”).

³ SILVANA HACKETT, ET AL, RENTAL LICENSING TO ACHIEVE COMPLIANCE (Center for Urban and Regional Affairs, Univ. of Minn., 2012), *available at* <http://www.ci.roseville.mn.us/DocumentCenter/View/11028>.

⁴ CAROL HICKEY, ENSURING HOUSING QUALITY: PROACTIVE MINIMUM HOUSING CODE INSPECTIONS OF RENTAL PROPERTIES IN NORTH CAROLINA CITIES, Paper submitted for Masters of Public Admin. at UNC Chapel Hill (Apr. 8, 2008), *available at* <http://ghc.illkd.com/wp-content/uploads/2008/04/enhancinghousingquality.pdf>.

⁵ *Id.*

⁶ U.S. CENSUS BUREAU, 2011 AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES, SELECTED HOUSING CHARACTERISTICS.

⁷ Andy Alford, *City’s affordable housing squeeze means code violations are often ignored*, AUSTIN AMERICAN-STATESMAN, at A1 (Dec. 16, 2002).

⁸ *Id.*

⁹ Isadora Vail, *Apartment fixes ordered after 2 die from gas poisoning*, AUSTIN AMERICAN-STATESMAN (Feb. 9, 2011), *available at* <http://www.statesman.com/news/news/local/apartment-fixes-ordered-after-2-die-from-gas-poiso/nRXXrj/>

¹⁰ Austin City Council, Agenda Item No. 100, Resolution Relating to the Development of a Residential Rental Registration Program (July 23, 2009).

¹¹ Austin City Council Res. No. 20130606-050 (June 6, 2013).

¹² Austin City Council Res. No. 20130606-049 (June 6, 2013).

¹³ AUSTIN BOARD OF REALTORS, PUBLIC POLICY POSITIONS, *available at* http://www.abor.com/gov_affairs/ABoRGovPolicy.cfm.

¹⁴ City of Austin Ord. No. 20120802-122; CITY OF AUSTIN SHORT-TERM RENTAL LICENSING WEBSITE, <http://www.austintexas.gov/str>.

¹⁵ See Appendix 1 for an overview of these studies’ findings.

¹⁶ MONTGOMERY COUNTY TENANTS WORK GROUP REPORT (March 2010), at 12, *available at* http://www6.montgomerycountymd.gov/Content/EXEC/TWG/pdf/twg_report_3-2010.pdf. A report on Roseville, Minnesota, also identified a concern that many tenants are afraid of retaliation from landlords and so do not make complaints about their housing conditions. According to the report: “When interviewed, [code] inspectors felt that this is a particularly salient issue in Roseville because of the relatively large population of refugees

residing in properties that are known to have the worst property maintenance issues.” SILVANA HACKETT, ET AL, RENTAL LICENSING TO ACHIEVE COMPLIANCE, Center for Urban and Regional Affairs, Univ. of Minn. (2012), *available at* <http://www.ci.roseville.mn.us/DocumentCenter/View/11028>.

¹⁷ RESEARCH AND PLANNING DIVISION, TRAVIS COUNTY HEALTH AND HUMAN SERVICES & VETERAN SERVICE, HOUSING: SECTION VI OF THE 2006-2007 TRAVIS COUNTY IMMIGRANT ASSESSMENT, at 69-70, *available at* http://www.co.travis.tx.us/health_human_services/research_planning/pdfs/immigrant_assessment_report_2007/06_Housing.pdf.

¹⁸ *Id.*

¹⁹ Comment, *Protecting the Good-Faith Tenant: Enforcing Retaliatory Eviction Laws by Broadening the Residential Tenant's Options in Summary Eviction Courts*, 63 Oklahoma L. R. 101, 106 (2010).

²⁰ PHYLLIS BETTS, BEST PRACTICE NUMBER TEN: BROKEN WINDOWS—STRATEGIES TO STRENGTHEN HOUSING CODE ENFORCEMENT AND APPROACHES TO COMMUNITY-BASED CRIME PREVENTION IN MEMPHIS (Memphis Shelby Crime Commission, Apr. 2001).

²¹ Matt Stiles, *Houston hires firm to investigate fatal stairway collapse*, HOUSTON CHRON. (July 24, 2008), <http://www.chron.com/news/houston-texas/article/Houston-hires-firm-to-investigate-fatal-stairway-1596785.php>.

²² PHYLLIS BETTS, BEST PRACTICE NUMBER TEN: BROKEN WINDOWS—STRATEGIES TO STRENGTHEN HOUSING CODE ENFORCEMENT AND APPROACHES TO COMMUNITY-BASED CRIME PREVENTION IN MEMPHIS (Memphis Shelby Crime Commission, Apr. 2001).

²³ CITY OF BROOKLYN CENTER, MINNESOTA, WEBSITE FOR RENTAL LICENSES, <http://www.cityofbrooklyncenter.org/DocumentCenter/Home/View/277>.

²⁴ ALAN MALLACH, MEETING THE CHALLENGE OF DISTRESSED PROPERTY INVESTMENTS IN AMERICA'S NEIGHBORHOODS (Local Initiatives Support Corporation), at 50, *available at* <http://www.stablecommunities.org/sites/all/files/library/1228/distressed-property-investors-mallach.pdf>.

²⁵ See International Crime Free Association webpage on Crime Free Rental Housing, at http://www.crime-free-association.org/rental_housing.htm.

²⁶ See U.S. Dept. of Justice, Bureau of Justice Asst., KEEPING ILLEGAL ACTIVITY OUT OF RENTAL PROPERTY: A POLICE GUIDE FOR ESTABLISHING LANDLORD TRAINING PROGRAMS, *available at* <https://www.ncjrs.gov/pdffiles1/bja/148656.pdf>.

²⁷ *Id.* at 4. Portland's landlord training program manual is available at <http://www.portlandonline.com/bds/index.cfm?a=96790&c=38169>.

²⁸ City of Fort Worth, Ord. No. 19998-12-2011, *available at* http://fortworthtexas.gov/uploadedFiles/City_Secretary/City_Council/Official_Documents/2011_Ordinances/19998-12-2011.pdf.

²⁹ CITY OF BROOKLYN CENTER, MINNESOTA, WEBSITE FOR RENTAL LICENSES, <http://www.cityofbrooklyncenter.org/DocumentCenter/Home/View/277>.

³⁰ This estimate is from the Austin Code Compliance Department and includes salary and benefits as well as work equipment.

³¹ CITY OF AUSTIN, DEMOGRAPHIC PROFILE, *available at* http://www.austintexas.gov/sites/default/files/files/Planning/Demographics/city_of_austin_profile_2010.pdf.

³² We developed the estimates for total number of multifamily (mf) and non-multifamily rental units for Austin using information from the American Community Survey and City of Austin Code Compliance Department, which utilized data from the Travis County Appraisal District and Austin Energy data. TCAD breaks down the number of mf properties by range of units (3 units, 4 units, 5-25 units, 26-49 units, 50-100 units, 100+ units). We multiplied the total number of properties in each category from TCAD by the range of units in that category and came up with a total mf unit range of 83,104 to 173,032. We picked a number close to the middle of this range, 130,000, which is closest to the estimate of 132,514 occupied multifamily rental units from the U.S. Census Bureau's 2009-11 American Community Survey (ACS). To develop our estimate of the non-mf rental units (1-2 units), we subtracted 130,000 (mf units estimate) from the U.S. Census's estimate of 180,000 total rental units in Austin, for a total of 50,000 non-mf rental units (1-2 units). This is similar to the estimate in the ACS survey, which estimates 47,749 single family and duplex rental units. In terms of the estimating the number of non-mf rental properties (1-2 units): We took the ACS estimate of duplex units and divided that by 2 and then added this number to the 35,210 single family properties, for a total of 41,500 non-mf rental properties. Since we wrote the initial draft of this report, the Austin Code Compliance Department has developed a lower estimate of multifamily rental properties in Austin: 3,044.

³³ CITY OF SEATTLE, POWERPOINT PRESENTATION OF NOTES FROM RENTAL REGISTRATION AND INSPECTION ORDINANCE: FEE OPTIONS STAKEHOLDER MEETING (Mar. 4, 2013), *available at* <http://ghc.illkd.com/wp-content/uploads/2008/04/enhancinghousingquality.pdf>.

³⁴ U.S. CENSUS BUREAU, 2009-2011 AMERICAN COMMUNITY SURVEY, OCCUPIED HOUSING UNITS IN AUSTIN.

³⁵ Data obtained from the City of Austin Code Compliance Department, based on data from the Travis County Appraisal District.

³⁶ Phone call with Geoff Tallent, Program Manager, Rental Registration Program, City of Seattle (June 13, 2013).

³⁷ CITY OF DALLAS CODE COMPLIANCE DEPARTMENT, FY 09/10 BUDGET OVERVIEW, PRESENTED TO THE DALLAS CITY COUNCIL FINANCE AND AUDIT COMMITTEE (Apr. 26, 2010), *available at* http://dallascityhall.com/committee_briefings/briefings0410/BFA_CodeFY09-10_%20BudgetOverview_042610.pdf.

³⁸ CITY OF SEATTLE, POWERPOINT PRESENTATION OF NOTES FROM RENTAL REGISTRATION AND INSPECTION ORDINANCE: FEE OPTIONS STAKEHOLDER MEETING (Mar. 4, 2013), *available at* <http://ghc.illkd.com/wp-content/uploads/2008/04/enhancinghousingquality.pdf>.

³⁹ Information from the Austin Code Enforcement Department, based on approximations from the Travis County Appraisal District.

⁴⁰ We assumed very conservatively that each inspector would complete one property inspection a day for an average of 4 days a week and 48 weeks each year.

⁴¹ ALAN MALLACH, MEETING THE CHALLENGE OF DISTRESSED PROPERTY INVESTMENTS IN AMERICA'S NEIGHBORHOODS (Local Initiatives Support Corporation), at 51, *available at*

<http://www.stablecommunities.org/sites/all/files/library/1228/distressed-property-investors-mallach.pdf>.

⁴² CITY OF BROOKLYN CENTER, MINNESOTA, WEBSITE FOR RENTAL LICENSES, <http://www.cityofbrooklyncenter.org/DocumentCenter/Home/View/277>.

⁴³ Dallas City Code § 27-34 (2013).

⁴⁴ JANE E. PROTHMAN, HOUSING: HEALTH AND CODE ENFORCEMENT, degree project for Masters of Public Administration at Univ. of Wash. (2010) (citing MCLERREN AND POWERS, REPORT ON THE HOUSING CODE ENFORCEMENT DEMONSTRATION PROGRAM (Housing Zoning Enforcement Division, Seattle, Wash, 1989)).

⁴⁵ *Id.*

⁴⁶ CHINESE PROGRESSIVE ASSOCIATION, SUBSTANDARD HOUSING CONDITIONS IN SAN FRANCISCO CHINATOWN: HEALTH IMPACTS ON LOW-INCOME IMMIGRANT TENANTS (Aug. 2005), *available at* <http://www.cpasf.org/sites/default/files/HousingHealthRptFINAL.pdf>

⁴⁷ *Id.*

⁴⁸ PHYLLIS BETTS, BEST PRACTICE NUMBER TEN: BROKEN WINDOWS—STRATEGIES TO STRENGTHEN HOUSING CODE ENFORCEMENT AND APPROACHES TO COMMUNITY-BASED CRIME PREVENTION IN MEMPHIS (Memphis Shelby Crime Commission, Apr. 2001) (finding that while multifamily units account for one third of all housing units in the Binghamton community, only 10% of the code violations in the city system were from multifamily units, despite visual survey showing that at least half of the multifamily units had substantial code violations).

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ CAROL HICKEY, ENSURING HOUSING QUALITY: PROACTIVE MINIMUM HOUSING CODE INSPECTIONS OF RENTAL PROPERTIES IN NORTH CAROLINA CITIES, Paper submitted for Masters of Public Admin. at UNC Chapel Hill (Apr. 8, 2008).

⁵² CITY OF ARLINGTON, CODE COMPLIANCE WEBSITE, at <http://arlingtontx.gov/codecompliance/apartments.html>.

⁵³ CITY OF FORT WORTH, RENTAL PROPERTY WEBSITE, at <http://fortworthtexas.gov/rentalproperty/>

⁵⁴ *See* Dallas City Code, §§ 27-45, et al.

⁵⁵ Information on Los Angeles's ordinance is available at <http://lahd.lacity.org/lahdinternet/CEUSCEP/tabid/395/language/en-US/Default.aspx>.

⁵⁶ CITY OF PHILADELPHIA, HOUSING INSPECTION LICENSE WEBSITE AND LICENSE APPLICATION, at <https://business.phila.gov/Pages/HousingRentalLicense.aspx>; https://business.phila.gov/Documents/Licenses/housing_rental.pdf.

⁵⁷ CITY OF PLANO, RENTAL REGISTRATION & INSPECTION PROGRAM WEBSITE, at <http://www.plano.gov/index.aspx?NID=342>

⁵⁸ CITY OF RALEIGH, RENTAL DWELLING REGISTRATION WEBSITE, at <http://www.raleighnc.gov/home/content/Inspections/Articles/RentalDwellingRegistra.html>

⁵⁹ CITY OF SEATTLE, RENTAL REGISTRATION & INSPECTION WEBSITE, at <http://www.seattle.gov/dpd/codesrules/changestocode/rentalregistrationprogram/whatwhy/>.