Encouraging Responsible Landlords: The Role of Rental Housing Regulation

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Kellie Rose Jones - City of Minneapolis
Andrew Denicola – Nan McKay & Associates

2016 Reclaiming Vacant Properties Conference
Outline of the presentation

- Framing the issue – understanding landlord behavior
- Rental property registration and licensing – why and how
- Narrowing down the issue – focusing on problem properties
- Performance-based systems - rewarding responsible rental ownership
- Top 10 considerations for successful rental property regulations
Rental housing is an essential part of the housing supply – the goal of landlord strategies is not to drive landlords out of business, but to set standards and raise the housing quality bar.

Good landlords are a community asset. They can be productive partners with local government to stabilize neighborhoods and reuse problem properties.

Most rental properties in the United States are 1 to 4 family properties.
Landlords are market actors – their behavior is driven by three market factors as they best understand them:

- How much rent can I collect?
- What did my property cost/how much is it worth?
- What do I expect to happen to property values over the next 5 years?

Based on that information, they ask two questions:

- What do I hope to will make if and when I sell the property (capital gain expectation)?
- What do I hope to net on an annual basis (net cash flow expectation)?
Rental registration and licensing

Understanding Terminology

<table>
<thead>
<tr>
<th>Registration</th>
<th>☑ Landlord must provide contact information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☑ Landlord pays annual fee</td>
</tr>
</tbody>
</table>

| Licensing             | ☑ Landlord must provide contact information |
|                       | ☑ Landlord pays annual fee                  |
|                       | ☑ Property must pass health & safety inspection |
Rental registration and licensing

Why it is useful

- Information – know who your landlords are and how to find them
- Improve communication between city and landlords
- Establish and enforce minimum health and safety standards for rental housing
Rental registration and licensing

Getting landlords into the system

- Many landlords do not register and apply for licenses – particularly “bad actors” responsible for low quality rentals.

- The city must carry out proactive strategies to ensure compliance with registration and licensing ordinances.

- Some potential strategies include:
  - Mass mailings
  - Transaction-driven mailings
  - Citizen reporting
Rental registration and licensing

Key issues

- Understand state law – make sure your program is consistent with what state law allows

- Make the system non-burdensome for landlords
  - Reasonable fees
  - Timely licensing inspections and follow-up
  - Keep paperwork to the minimum necessary

- Make the system cost-effective for the city
  - Automate the system using available technology
  - Fees should cover cost of system, not a municipal revenue source
  - If municipal capacity is limited, consider outsourcing some elements
Focusing on problem properties

Create a property data base

- Assemble property information
- Integrate information from multiple local government sources:
  - Code violations
  - Other violations (health, noise, etc.)
  - Police calls/crime reports
  - Property tax payments
- Track outcomes

<table>
<thead>
<tr>
<th>Grantee’s Name (Buyer)</th>
<th>Grantee’s Mailing Address</th>
<th>Grantee’s City/State/Zip</th>
<th>Property Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>MATUTE, ANTONIA</td>
<td>208 HALE STREET</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>208 HALE ST</td>
</tr>
<tr>
<td>BONIFACIO, NOEL, &amp; DURAN, GLENY</td>
<td>53 HASSART STREET</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>53 HASSART ST</td>
</tr>
<tr>
<td>ABOUHAYLA, BASSAM &amp; NAJAT</td>
<td>1691 PLATTE AVE</td>
<td>NORTH BRUNSWICK, NJ 08902</td>
<td>29 HANDY ST</td>
</tr>
<tr>
<td>REYES, JUAN</td>
<td>9 HOWARD ST</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>9 HOWARD ST</td>
</tr>
<tr>
<td>REED, TINA</td>
<td>31 LANGLEY PL</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>31 LANGLEY PL</td>
</tr>
<tr>
<td>GOMEZ, SIMEON &amp; BASILIO, TOMASINA</td>
<td>136 REDMOND ST</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>136 REDMOND ST</td>
</tr>
<tr>
<td>STATE OF NEW JERSEY (DOT)</td>
<td>CN900</td>
<td>TRENTON, NJ 00000</td>
<td>45 US HIGHWAY 1</td>
</tr>
<tr>
<td>RENEE, DARLENE</td>
<td>14 RESERVOIR AVE</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>12 RESERVOIR AVE</td>
</tr>
<tr>
<td>TORMES, FIORALIZA &amp; ROBERT</td>
<td>89 SEAMAN ST</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>89 SEAMAN ST</td>
</tr>
<tr>
<td>ORDONEZ, MIGUEL &amp; KOBETS, NATALIA</td>
<td>295 TOWNSEND ST</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>295 TOWNSEND ST</td>
</tr>
<tr>
<td>RAMALES, EMILIO</td>
<td>11 LEVINSON AVE</td>
<td>SOUTH RIVER, NJ 08882</td>
<td>154 TOWNSEND ST</td>
</tr>
<tr>
<td>ACOSTA, HENRY &amp; PUERTO, MARIA</td>
<td>33 COTTAGE AVE</td>
<td>MILLTOWN, NJ 08850</td>
<td>19 MITCHELL AVE</td>
</tr>
<tr>
<td>FULTON SQUARE URBAN RENEWAL, LLC</td>
<td>1260 STELTON RD</td>
<td>PISCATAWAY, NJ 08854</td>
<td>317 COMMERCIAL AVE</td>
</tr>
<tr>
<td>CAMMY, MARK &amp; USA</td>
<td>95 REMSEN AVE</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>95 REMSEN AVE</td>
</tr>
<tr>
<td>REMARKABLE ASSOCIATES, LLC</td>
<td>11 TAYLOR RD</td>
<td>EDMISON, NJ 08817</td>
<td>159 REMSEN AVE</td>
</tr>
<tr>
<td>NEW BRUNSWICK PARKING AUTHORITY</td>
<td>1 PENN PLAZA</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>35 PROSPECT ST</td>
</tr>
<tr>
<td>YURCSIN, GLEN &amp; SUSAN</td>
<td>68 CHAMBERLAIN DR</td>
<td>HILLSBOROUGH, NJ 08844</td>
<td>47 ROBINSON ST</td>
</tr>
<tr>
<td>ANI, EDWIN, &amp; SANTIAGO, CARMEN</td>
<td>224 POWERS STREET</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>224 POWERS ST</td>
</tr>
<tr>
<td>BADRAN, ADEL</td>
<td>7 COTTER DR</td>
<td>NEW BRUNSWICK, NJ 08901</td>
<td>7 COTTER DR</td>
</tr>
</tbody>
</table>
A property data base

- Owner of Record/Agent Contact Information
- Code Compliance Information
- Police Calls/Incidents/Arrests
- Nuisance Calls Incidents
- Tax and User Charge Payments/Delinquency

- Property A
  - Property B
  - Property C
- Landlord 1

- Property D
- Landlord 2

- Property E
- Property F
- Landlord 3
Using the data system to track and classify properties

**TIER 1**
- Few if any violations
- Few if any complaints
- Rare nuisance or criminal problems
- Taxes paid

**TIER 2**
- More violations and complaints
- More frequent nuisance or criminal problems
- Taxes sometimes late

**TIER 3**
- Repeated violations and complaints
- Frequent nuisance or criminal problems
- Taxes often late or unpaid
Focusing on problem properties

Target strategies to motivate compliance

- Problem-oriented inspection schedules
- Compliance-oriented fee schedules
- Remedial measures
  - Training & TA
  - Crime-free/CPTED programs (but be careful!)
  - Participation in landlord organizations
  - Mitigation plans
## Model performance-driven system

<table>
<thead>
<tr>
<th>REQUIREMENTS</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled re-licensing inspections</td>
<td>Every four years</td>
<td>Every two years</td>
<td>Annual</td>
<td>Every six months</td>
</tr>
<tr>
<td>License fee</td>
<td>Fee paid every four years</td>
<td>Fee paid every two years</td>
<td>Fee paid annually</td>
<td>Fee paid every six months</td>
</tr>
<tr>
<td>Participation in landlord improvement program</td>
<td>Encouraged</td>
<td>Encouraged</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>Participation in crime-free program</td>
<td>Encouraged</td>
<td>Encouraged</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>Other requirements</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Must complete remedial action plan which must be approved by municipal officer</td>
</tr>
<tr>
<td>Eligible for good landlord incentives</td>
<td>Yes</td>
<td>Yes, subject to conditions</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Rewarding responsible ownership

**Good landlord incentives**

- Non-financial incentives
  - Training and technical assistance
  - Enhanced access
  - Accelerated process
  - Help obtaining tenants

- Financial incentives
  - Indirect incentives (free services, discounts)
  - Direct incentives (fee reductions or rebates, loans and grants)
Top 10 considerations

1. Set clear program goals
2. Identify key steps to achieve goals
3. Design ordinance based on goals
4. Create an accessible, real-time property database
5. Set reasonable fees and inspection schedules
6. Reward responsible property owners
7. Engage the landlord community
8. Implement landlord and tenant training and TA programs
9. Build interdepartmental and community partnerships
10. Use third party vendors as appropriate to carry out activities.
CITY OF MINNEAPOLIS

Fostering Accountability and Maintaining Quality in Rental Housing

Department of Regulatory Services

September 28-30, 2016

Encouraging Responsible Landlords: The Role of Rental Housing Regulation
Overview

Fostering Accountability and Maintaining Quality Rental Housing in Minneapolis

1. Inspections Program and General Data
2. Enforcement Tools
3. Targeted Enforcement – Focusing on the “Bad Apples”
4. Beyond Enforcement
5. Challenges and Opportunities

Regulatory Services
Our vision is to strengthen communities by partnering with residents, neighborhoods and businesses to make the city safer, healthier and more inviting for all.
# Department of Regulatory Services - Inspections Divisions

## Housing Inspection Services
- Inspections/rental licensing of 1-3 unit residential dwellings
  - Neighborhood livability issues
  - Proactive and complaint-based inspections
  - Problem Properties
  - Vacant properties/Vacant Building Registration program
  - Restoration Agreements
- Majority of rental licenses are 1-3 unit buildings
- **40 (+) Housing Inspectors**

## Fire inspection Services
- Inspections/rental licensing of high Structures 4+
  - Neighborhood livability issues
  - Proactive and complaint-based inspections
  - Commercial Registration/Inspections
  - Commercial Vacant Buildings program
  - Daycare/Foster Care Facility Inspections
  - Plan Review and Permits
  - Hazardous Materials Registration and Inspections
- **10 Fire Inspection Specialists**
By the Numbers

Fire and Housing Inspections*:

- Resolved 69,260 Requests for Service pertaining to housing code violations
  - 57,044 (82%) requests for service had 1-3 inspections
  - 12,216 (18%) requests for service had 4 or more inspections
  - 7,018 (10%) violation orders require additional enforcement
- Case managed 166 problem properties and 968 vacant properties
- Completed 215 restoration agreements and 81 demolitions

*2014-2015 data

<table>
<thead>
<tr>
<th>Housing Violations (last two years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Violations</strong></td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Properties: 34,198</td>
</tr>
<tr>
<td>Violations: 134,467</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Properties with Animal, Housing and Police Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condemned</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Current:</td>
</tr>
<tr>
<td>Last Two Years:</td>
</tr>
</tbody>
</table>

Majority of rental licenses are 1-3 unit buildings

46 Housing Inspectors
Housing Stock – general profile

- 23K+ rental licenses
- 91K+ rental units (93k as of September 2016)
- Almost ½ of all housing units are over 77+ years old

### Rental License Information

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rental Licenses</td>
<td>23,868</td>
</tr>
<tr>
<td>Properties with Licenses</td>
<td>20,857</td>
</tr>
<tr>
<td>Rental Units</td>
<td>91,534</td>
</tr>
<tr>
<td>Average Rental Units per Property</td>
<td>4.4</td>
</tr>
<tr>
<td>Rentals / Total Residential</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

### 2015 Conversions and Change of Ownerships

- Properties with Conversions: 968
- Properties with CHOWNs: 724

### Rental Licenses Applicants in Minneapolis

<table>
<thead>
<tr>
<th>Residence</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis</td>
<td>11,264</td>
<td>47.2%</td>
</tr>
<tr>
<td>St. Paul</td>
<td>830</td>
<td>3.5%</td>
</tr>
<tr>
<td>Rest of Minnesota</td>
<td>9,356</td>
<td>39.2%</td>
</tr>
<tr>
<td>Out of State</td>
<td>2,320</td>
<td>9.7%</td>
</tr>
<tr>
<td>Out of Country</td>
<td>98</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Grand Total:</strong></td>
<td><strong>23,868</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Rental Properties
City-Wide
Primary Enforcement Tools

Rental Housing Minneapolis

1. Administrative Citations for Noncompliant Properties
2. Court Summons
3. Revocation
4. Targeted Inspections on Conversions and Change of Ownership

Regulatory Services
Our vision is to strengthen communities by partnering with residents, neighborhoods and businesses to make the city safer, healthier and more inviting for all.
Administrative Citations and Summons

Citations
• Based on type of violation
• $200 / $250 per violation
• Doubles after non-payment
• Up to $2,000
• Approximately 4,000 citations issued in 2015
• Applied as an assessment if not paid

Court Summons
• Used with less frequency
• Can result in jail time
Revoking a Rental License

• Spelled out in ordinance
• 5- 20 per year (down this year)
• One revocation
  – Cannot add for 3 years
• Two revocations
  – All licenses revoked
  – Cannot own or have interest in any rental for 5 years
Conversions and Change in Ownership

Conversions
- Track properties owner-occupied (never rental) to rental
- Accelerated inspection
- Single family
- $1,000 conversion fee
- About 1,000 in 2015
- Down from 1,600 in 2012

Change of Owners
- Require that all change of ownerships submit a new license application
- Accelerated inspection
- Single family – four unit
- $450
- Inherit the tier designation
- Manage investment purchases
Focusing on the “Bad Apples”

Rental Housing Minneapolis

1. Managing Behavior – Conduct on Premises
2. Problem Properties Unit
3. Tiered Rental Licensing
4. Good Cause Denial
5. Conditions on a Rental License

Regulatory Services
Our vision is to strengthen communities by partnering with residents, neighborhoods and businesses to make the city safer, healthier and more inviting for all.
Quick Timeline

- Licensing Ordinance (1990)
- Conduct on Premises (1991)
- Administrative Citations (2001)
- Tiering of Licenses (2011)
- Good Cause Implementation (2012)
- Conditions on a license (2012)
- Financial Component of Tier Implemented (2015)
Tiering of Rental Properties

- Phase one of the project was implemented in 2011
- First phase limited to 1-3 units, with tier designation signaling frequency of inspections
- Implementation delay due in large part to development and creation of objective and reliable scoring tool. Property Early Warning System (PEWS)
- Implemented the financial component 2015

<table>
<thead>
<tr>
<th>Tier</th>
<th>Characteristics</th>
<th>Inspection Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Well-maintained, managed, and uses very few city services.</td>
<td>8 years</td>
</tr>
<tr>
<td>2</td>
<td>Maintained to minimum code and uses some city services.</td>
<td>5 years</td>
</tr>
<tr>
<td>3</td>
<td>Poorly maintained or managed and requires excessive city services.</td>
<td>1 year</td>
</tr>
</tbody>
</table>
Tier Scoring Criteria

**Criteria**

- Number of Inspections
- Number of Violations - Housing
- Record of Illegal Occupancy
- Record of Condemnation Intents
- Operating Conditions Active
- Number of Administrative Citations
- Number of Pending Assessments
- Number of Conduct on Premises Notices
- Number of Dirty Collection Point Warning Letters
- Dirty Collection Point Cleanups

**Tier 1**

- Score: 0 - 29

**Tier 2**

- Score: 30 - 64

**Tier 3**

- Score: 65 +
**Tiering of Rental Properties**

Expanded program in 2015 to include all multi-family units, increase tier criteria & right-size fee according to tier

<table>
<thead>
<tr>
<th>Building Size</th>
<th>Annual License Fee</th>
<th>Annual fee for each additional unit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tier 1</td>
<td>Tier 2</td>
</tr>
<tr>
<td>16 or more units</td>
<td>$175</td>
<td>$350</td>
</tr>
<tr>
<td>Condominium</td>
<td>$70</td>
<td>$112</td>
</tr>
<tr>
<td>4-15 units</td>
<td>$82</td>
<td>$163</td>
</tr>
<tr>
<td>1-3 units</td>
<td>$70</td>
<td>$112</td>
</tr>
</tbody>
</table>

* Can appeal your tier score
Tier Results (as of EOY 2015)

Tier III
Problem Properties Unit

- Established in 2004
  - 5 Inspectors
  - 1 Police Officer
  - Targeted Case management
  - Clear action plans/exit strategies
  - Problem Owners and Individual Properties

<table>
<thead>
<tr>
<th>Criteria for Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Chronic</td>
</tr>
<tr>
<td>✓ Unresponsive to routine enforcement</td>
</tr>
<tr>
<td>✓ Multiple Agencies/Strategies</td>
</tr>
</tbody>
</table>

### Properties with Animal, Housing and Police Issues

<table>
<thead>
<tr>
<th></th>
<th>Condemned</th>
<th>Conduct on Premise</th>
<th>Dangerous Dogs</th>
<th>Illegal Occupancy</th>
<th>PPU</th>
<th>VBR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td>255</td>
<td>194</td>
<td>40</td>
<td>27</td>
<td>80</td>
<td>544</td>
</tr>
<tr>
<td>Last Two Years:</td>
<td>405</td>
<td>648</td>
<td>-</td>
<td>213</td>
<td>166</td>
<td>968</td>
</tr>
</tbody>
</table>

33
Good Cause, Conditions and Conduct

• Good Cause
  • Authorize the denial, refusal to renew, revocation, or suspension
  • Good Cause List refer to denials of new rental licenses (does not affect existing licenses).

• Conditions on a Rental License
  • Properties that meet standard for Good Cause or other actionable items;
  • Impose reasonable conditions or restrictions
  • Precursor to revocation

• Conduct on Premise (COP)
  • Manage behavior of tenants and guests that adversely impacted neighbors.
Beyond Enforcement
Fostering Accountability and Maintaining Quality Rental Housing in Minneapolis

1. Emphasis on Compliance versus Enforcement
2. Enhanced Partnerships and Collaborations
3. Improved Education and Training
4. Focus on Equity

Regulatory Services
Our vision is to strengthen communities by partnering with residents, neighborhoods and businesses to make the city safer, healthier and more inviting for all.
Compliance vs. Enforcement

- Revisited complexity of requirements
- Simplified codes and processes
- Increasing use of conditions on rental property over revocation
- Email orders (new)

<table>
<thead>
<tr>
<th>Rental Licensing Actions</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions placed on rental license</td>
<td>3</td>
<td>19</td>
<td>79</td>
</tr>
<tr>
<td>Decision pending</td>
<td>2</td>
<td>6</td>
<td>46</td>
</tr>
<tr>
<td>Legal resolution compliance achieved</td>
<td>32</td>
<td>25</td>
<td>19</td>
</tr>
<tr>
<td>Reinstatements</td>
<td>18</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Revocations</td>
<td>15</td>
<td>20</td>
<td>2</td>
</tr>
</tbody>
</table>
Partnerships and Collaboration

• Rental Property Owners Group
• Tenant Engagement Advisory Group
• Multi-Housing Association partnership
• University Alliance – SE Strategic Enforcement Team
Education and Training

• Newly minted rental property owner training
  – Incentivized by reduction of fee on Conversion Licenses
• Renters Rights and Responsibilities Workshops
  – Partnering with Neighborhood and Community Relations
  – Neighborhood Organizations

Rental Property Owner Resource Guide
Tools for successful rental property ownership in the City of Minneapolis
Education and Proactive Engagement

- **HomeLine**
  - City sponsored legal advice for renters
  - Provided assistance to 3600 Minneapolis renters
  - Predominately low-income households

- **“Who to Call” Poster**
  - Replaced the 311 Poster requirement
  - Emphasis on communication
“All Together Now” - An example of Results of Proactive Engagement

By proactively connecting with residents and visitors through active education and enforcement of ordinances, we increased public safety.

All Together Now is a partnership with neighborhood associations and participating businesses to help maintain and improve the condition of properties.

Since the start of the program in 2014, we have seen a decrease in the number of violations issued in the All Together Now neighborhoods.

In 2015, more than half of the engaged neighborhoods experienced more than a 40% decrease in the number of violations when compared to the previous year.

In 2016, the program will focus on ten neighborhoods: Central, Como, Folwell, Howe, Jordan, King Field, Lind-Bohanon, Mckinley, Powderhorn Park, and Willard-Hay.

<table>
<thead>
<tr>
<th>2015 Neighborhoods</th>
<th>2014 Total Violations</th>
<th>2015 Total Violations</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audubon Park</td>
<td>414</td>
<td>378</td>
<td>-19.84%</td>
</tr>
<tr>
<td>Central</td>
<td>1,236</td>
<td>729</td>
<td>-41.02%</td>
</tr>
<tr>
<td>Folwell</td>
<td>1,583</td>
<td>242</td>
<td>-41.63%</td>
</tr>
<tr>
<td>Howe</td>
<td>400</td>
<td>279</td>
<td>-30.30%</td>
</tr>
<tr>
<td>Jordan</td>
<td>1,732</td>
<td>890</td>
<td>-48.61%</td>
</tr>
<tr>
<td>King Field</td>
<td>1,208</td>
<td>428</td>
<td>-64.57%</td>
</tr>
<tr>
<td>Powderhorn Park</td>
<td>1,277</td>
<td>777</td>
<td>-30.15%</td>
</tr>
<tr>
<td>Webber-Camden</td>
<td>1,148</td>
<td>704</td>
<td>-38.68%</td>
</tr>
<tr>
<td>Whittier</td>
<td>726</td>
<td>358</td>
<td>-50.69%</td>
</tr>
<tr>
<td>Willard-Hay</td>
<td>1,894</td>
<td>865</td>
<td>-54.33%</td>
</tr>
</tbody>
</table>

% Change: A negative percent indicates an improvement (drop) in the number of violations. A positive percent indicates an increase in the number of violations.
Empowering Communities with Data

Creation of profiles and mapping tools
At a Glance profiles

City of Minneapolis Profile

<table>
<thead>
<tr>
<th>Land Use Breakdown by Properties</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>329</td>
<td>0.3%</td>
</tr>
<tr>
<td>Commercial</td>
<td>475</td>
<td>0.4%</td>
</tr>
<tr>
<td>Common Area</td>
<td>155</td>
<td>0.2%</td>
</tr>
<tr>
<td>Garage or Misc. Residential</td>
<td>231</td>
<td>0.2%</td>
</tr>
<tr>
<td>Group Residence</td>
<td>276</td>
<td>0.3%</td>
</tr>
<tr>
<td>Institutional, School, Church</td>
<td>573</td>
<td>0.5%</td>
</tr>
<tr>
<td>Institutional, Factory</td>
<td>565</td>
<td>0.5%</td>
</tr>
<tr>
<td>Church</td>
<td>48</td>
<td>0.0%</td>
</tr>
<tr>
<td>Multi-Family Apartment</td>
<td>5,140</td>
<td>0.4%</td>
</tr>
<tr>
<td>Multi-Family Residential</td>
<td>2,743</td>
<td>0.2%</td>
</tr>
<tr>
<td>Office</td>
<td>900</td>
<td>0.0%</td>
</tr>
<tr>
<td>Public Accommodations</td>
<td>61</td>
<td>0.0%</td>
</tr>
<tr>
<td>Retail</td>
<td>955</td>
<td>0.0%</td>
</tr>
<tr>
<td>Single-Family Attached Dwelling</td>
<td>7,332</td>
<td>6.3%</td>
</tr>
<tr>
<td>Single-Family Detached Dwelling</td>
<td>75,218</td>
<td>60.7%</td>
</tr>
<tr>
<td>Sport or Recreation Facility</td>
<td>177</td>
<td>0.3%</td>
</tr>
<tr>
<td>Utility</td>
<td>47</td>
<td>0.0%</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>7,367</td>
<td>7.1%</td>
</tr>
<tr>
<td>Vehicle Related Use</td>
<td>319</td>
<td>0.5%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>106,393</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rental License Information</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Rental Licenses</td>
<td>23,083</td>
<td></td>
</tr>
<tr>
<td>Properties with Rental Licenses</td>
<td>20,027</td>
<td></td>
</tr>
<tr>
<td>Average Rental Units Per Property</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>Rentals / Total Residential</td>
<td>9.8%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2015 Conversions and Change of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties with Conversions</td>
</tr>
<tr>
<td>Properties with Conversion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rental Licenses Applicants in Minneapolis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residence</td>
</tr>
<tr>
<td>Minneapolis</td>
</tr>
<tr>
<td>St. Paul</td>
</tr>
<tr>
<td>Rest of Minnesota</td>
</tr>
<tr>
<td>Out of State</td>
</tr>
<tr>
<td>Out of County</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rental Licensed Properties by Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
</tr>
<tr>
<td>1 Unit</td>
</tr>
<tr>
<td>2 Units</td>
</tr>
<tr>
<td>3 Units</td>
</tr>
<tr>
<td>4-5 Units</td>
</tr>
<tr>
<td>6-10 Units</td>
</tr>
<tr>
<td>11-15 Units</td>
</tr>
<tr>
<td>16-20 Units</td>
</tr>
<tr>
<td>21-30 Units</td>
</tr>
<tr>
<td>31-50 Units</td>
</tr>
<tr>
<td>Grand Total</td>
</tr>
</tbody>
</table>

Legend:
- Residential Neighborhood Boundaries
- Parks
- Water Features
- Rental Licenses
- Property Distribution

Summary:
- Total Properties: 20,027
- Total Units: 51,343

41
Focus on Equity

• Mayor’s commitment to equity
• Innovation Team
• Mapping and analysis
• Creative CityMaking – Tool to build awareness and capacity
Focus on Equity – Leadership

Mayor Betsy Hodges Equity Platform

One Minneapolis Goal

“Disparities are eliminated so all Minneapolis residents can participate and prosper.”
Focus on Equity - Innovation Team

Innovation Team work

- 3 year grant funded through Bloomberg Philanthropies
- Initial challenge focused on rental housing and improving quality and access
- Have identified several initiatives in their rental housing challenge portfolio aimed at addressing quality housing

Challenge Targets

✓ Reduce Tier III properties by 25% by May 2017, from 498 in May 2015 to below 374 by May 2017
✓ Reduce Tier II properties by 25% by May 2017, from 2,896 in May 2015 to below 2,172 by May 2017
✓ Reduce the number of evictions filings Minneapolis by 15% annually, from a baseline of 4,320 in 2014 to 3,672 in 2016

<table>
<thead>
<tr>
<th>Initiative Title</th>
<th>Initiative Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerated Reinspection program</td>
<td>• 120 properties participating in the accelerated reinspection program</td>
</tr>
<tr>
<td></td>
<td>• 75% of participating properties will improve their tier following reinspections</td>
</tr>
<tr>
<td>Promote the use of 311</td>
<td>• Increase the number of call to 311 for Residential Conditions Complaints (RCC-Tenant and RCC-Tenant HOD) by 20% from an annual average of ~1343 (or about 112 per month) to an annual average of 1600 (or 133 per month)</td>
</tr>
<tr>
<td>Landlord Housing Code Training</td>
<td>• 20 property owners attend pilot training in April; 50 trained per month beginning in May</td>
</tr>
<tr>
<td></td>
<td>• Number of housing code violations for property owners attending training (definition and target still being finalized)</td>
</tr>
<tr>
<td>Healthy Start Case Manager Renter Training</td>
<td>• 100% of Healthy Start case managers trained in renter issues and financial literacy</td>
</tr>
<tr>
<td>Eviction reduction partnership (Alternative Dispute Resolution)</td>
<td>• Measure and target TBD</td>
</tr>
<tr>
<td>Rent to Own pilot with existing landlord/tenant agreements</td>
<td>• Measure and target TBD</td>
</tr>
</tbody>
</table>
Focus on Equity Mapping and Analysis

✓ Administrative Citation and Tier Data
✓ Proactive vs. complaint-driven
Evictions disproportionately impact low income and minority neighborhoods.

Nearly half of renter households in North Minneapolis experienced a filing in the past 3 years.
Creative CityMaking
Using Arts to Grow Capacity in Inspections Team

PASSING THE MOVEMENT

POWER GAMES

Tools for Understanding
UNEQUAL OPPORTUNITY RACE

SCULPTURES

IDENTIFYING SYSTEMS
Creative CityMaking – Activate Equity

To Practice

Hearing TENANT VOICES FRAMEWORK

- Interactive work with tenants
- Interactive work bringing tenants and city staff together
- Theater-based culture change work inside department

A Resource/Platform to Inform Systems Change

Your / Our

Experience
Power
Creativity
Flexibility
Self/Other Awareness

Toward Equity

Selves Culture Department City

Insight Choices
Challenges and Opportunities

Fostering Accountability and Maintaining Quality Rental Housing in Minneapolis

1. Data and Accuracy
2. Tracking Owners
3. Increase in Rental Property
4. Impact of Tight Rental Market on Renters
5. Mitigating Unintended Consequences of Enforcement

Regulatory Services
Our vision is to strengthen communities by partnering with residents, neighborhoods and businesses to make the city safer, healthier and more inviting for all.
Challenges and Opportunities

• Data Analysis and Accuracy
  • Staff to track and manage
  • Validity of data using old systems
  • Complexity of analysis

• Tracking Ownership
  • Increase of LLCs
  • Rise of Investment Properties and Managers

• Increase in Rental Units*
  • Additional 10,294 rental units from 2010 to 2014
    • 82,171 units active in 2010 to 92,465 in 2014.

*numbers are from *Rental Housing in Minneapolis* story map analysis online
Challenges and Opportunities

• Impact of tight market on renters (especially low-income renters)
  • “Two strikes” rule
  • Reluctance to report

• Partnering with others to mitigate unintended consequences of enforcement
  • Rent increases due to cost of repair
  • Real/imagined fear of eviction for reporting
Data Sources

• Regulatory Services data comes from prior reports found online:
  • 2016 Results Minneapolis report
  • 2016 City of Minneapolis Ward and Neighborhood Profiles
  • 2016 Rental Housing in Minneapolis Story Map Analysis

• Please visit the following webpages for the detailed data:
  • Regulatory Services Data and Reports Page: http://www.minneapolismn.gov/regservices/reports
Need to contact us?

Kellie Rose Jones
Deputy Director Administration and Community Engagement
Regulatory Services
Kellie.Jones@minneapolismn.gov
(612) 673-3506

For more information about The Department of Regulatory Services, visit
http://www.minneapolismn.gov/regservices

For the “At a Glance” neighborhood profiles, visit
http://www.minneapolismn.gov/regservices/2016profiles
Residential Rental Inspection Programs

Nan McKay and Associates, Inc.
Nan McKay and Associates

NMA Overview

Organization
California corporation – 35 years
Certified woman owned enterprise

Staff
255 full time staff, 75 contractors

National presence
- Conduct work with local governments and public housing authorities in every state
- Offices in Chicago, San Diego, DC, Miami, Joplin, MO, South Carolina and inspection offices in over 20 states

NMA Expertise

Inspections
Professional Development
Management Consulting
Technology Innovations
Program Management
Key Program Features

- An effective Rental Inspection Program can:
  - Enhance overall rental housing quality and safety without placing an undue financial burden on landlords or tenants
  - Increase compliance with existing residential rental unit standards
  - Build a comprehensive rental housing database that can be utilized by multiple programs within the municipality
Key Considerations for Designing and Executing an RRIP
What is a Good RRIP Program?

**Calling Campaign**
NMAI will structure and implement a targeted telephone campaign for the City of New Orleans. This campaign will be used to reinforce the community's understanding and awareness of the program.

**Call Center**
The NMAI Call Center will allow for stakeholders, unable to fully utilize the NMAI web-based tools, to have all questions and concerns promptly addressed. The Call Center will service both owners and residents.

**Code Enforcement**
The enforcement and understanding of the adopted ordinance for the Rental Housing Registry & Inspection Program. The ordinance establishes all guidelines under which the program will function. NMAI will work diligently to educate the community, especially property owners, about the program purpose, impact, and compliance.

**Direct Marketing**
NMAI will lead a direct marketing campaign to educate and inform the community as a whole, about the Rental Housing Registry & Inspection Program. These efforts will include emails, information mailers, and flyers. The purpose is to ensure all program stakeholders are well informed.

**Listening Forums**
A series of forums will be held for all stakeholders, in order to educate the community about the program. NMAI will encourage an open exchange with stakeholders, in order to promptly address any questions or concerns.

**Owner Outreach**
NMAI will perform targeted outreach to all property owners. This will include mailing, emails, and alternative informational materials necessary to educate property owners on program specifics.

**Web Updates**
The Rental Housing Registry & Inspection Program website will be updated regularly. This tool will allow NMAI to keep all stakeholders informed of any programmatic changes, and progress in a real-time manner. The series of portals will allow for stakeholders to receive specific answers to questions as they arise.
Key Considerations

- A good RRIP starts with good code enforcement
  - Program design and operational guidelines
  - Approved inspection protocol
  - Incentives for good owners
  - Enforcement techniques for noncompliant owners
    - Civil citations
    - Fines and levies on property taxes
    - Water turn-on / turn-off
Key Considerations

- Identifying rental units
  - Tax Assessor Information
    - Non-homeowner’s exemptions
    - HCV and other local and state assisted housing
  - ApprovedRentals.com (subsidiary of NMA) maintains the largest rent comparable database in the country
    - Over 300 rental data sources mined daily
    - Over 5,000,000 rentals tracked monthly
    - Our data is used by most Housing Agencies
      - New York City, Chicago, Los Angeles, Fresno, Miami, hundreds more
Key Considerations

- ApprovedRentals.com Features
  - Email
  - Online registration
  - Payment
  - Scheduling
  - Owner’s portal
    - Including property owner services to access inspection results, photographs, and electronic and paper certificate
ApprovedOwners.com Portal

Great Owners, Legal Rentals.
Find out if you are renting from a legitimate landlord or not.

What is Approved Rentals?
ApprovedRentals.com allows you to check-up on your rental home and landlord before you rent. Use our free search for any property and ApprovedRentals.com will tell you:

- Licensing: Does the property have all the required licensing?
- Inspections: Are yearly inspections required by the city?
- Foreclosures: Are you renting from an unprofitable owner?
- Trusted Owners: Is the landlord a legitimate landlord?

CREATE FREE ACCOUNT
Rental License Required?  Yes

Registration Fee

| Rental License | $112 |

The license fee is $112, and is valid for as long as you own the property. In addition to registration fees, you will be required to pay an inspection fee to have your property inspection. Without a passing inspection, you cannot receive your certificate of compliance and will not legally be eligible to rent your property.

Inspection Fees

| Single Family | $225 |
| Two Family | $300 |
| Multiples | $105 |
| Per Building (After 1) | $38 |
| 3 - 4 Units | $90 |
| 5 - 50 Units | $75 |
| 51 or More | $45 |

Apply Here

Need a Rental License?
Rental License Application
Applying for a rental license is easy and only takes minutes.

Get Started

What You’ll Need

Property Information
You'll need the property address, number of buildings, and unit of the property you wish to rent out.

Owner, Agent and Tenant Information (Where Applicable)
If there is an agent or tenant tied to any property, be sure to have their info handy. This information includes email addresses, date of birth and more.

Credit Card, Check or PayPal Account
You’ll have to submit payment for your license on the last step of the process. Please have a method ready.

Pricing Fees

Registration Fee
- Rental License: $112

The license fee is $112, and is valid for as long as you own the property. In addition to registration fees, you will be required to pay an inspection fee to have your property inspected. Without a passing inspection, you cannot receive your certificate of compliance and will not legally be eligible to rent your property.

Inspection Fees

| Single Family | $225 |
| Two Family | $300 |
| Multiples | $105 |
| Per Building (After 1) | $30 |
| 3 - 4 Units | $50 |
| 5 - 30 Units | $75 |
| 51 or More | $45 |

FAQs

1) Why does the City of New Orleans have a rental inspection program?
The City of New Orleans developed and implemented its Rental Inspections Program as a means to identify and build a catalog of rental properties within the city and its near vicinity so that its various city and federal agencies could have a list of properties that need to be inspected, and which are non-compliant.

2) Who has to participate in this program?
All rental properties in the City of New Orleans.

3) What inspection code are you using?
The City of New Orleans has adopted the International Property Maintenance Code as its inspection protocol.
Application Successfully Submitted!

Next Steps:

Check Your Email
We emailed an electronic contract to the owner and agent listed on the previous page.

Review & eSign
Simply review and eSign the documents.

Receive Your License
That's it! You'll have your rental license and we'll set up an inspection if necessary.

View Your Listings
Administrative View

![Map of New Orleans with property data]
Administrative View

Manage Rental Inspections
- Total Rental Inspections: 4,724
- Failed Inspections: 287
- Inspections in Progress: 15

Rental Unit Inventory
- Total Rental Units: 256,882
- New in Last 12 Months: 61,844
- New in Last 30 Days: 278

Re-Inspection Summary
- Inspected Once: 1,943
- Inspected Twice: 347
- Inspected 3+ Times: 47

Inspection Income Summary
- Total Income: $1,228,413
- Est. Annual Income: $2,816,244

# of Rentals by Bedroom Size
- 6 Months

Average Rent by Bedroom
- 6 Months
- New Orleans

NOLA User Activity (Manage Users)
- User: Sam Pritchard, Role: Full Control, Last Login Date: 07/22/2016, Reports: 62
- User: Dmdbri Rosenstraw, Role: Certifier, Last Login Date: 07/18/2016, Reports: 242
- User: Adlyn Mills, Role: Full Control, Last Login Date: 06/29/2016, Reports: 6
- User: Natalie Blake, Role: Certifier, Last Login Date: 06/16/2016, Reports: 0
- User: Abdul Rahman Elseidu, Role: Certifier, Last Login Date: 06/16/2016, Reports: 1
- User: Osayabarenwen Igbindah..., Role: Certifier, Last Login Date: 06/16/2016, Reports: 1
- User: Deadria Gillard, Role: Front Desk, Last Login Date: 06/07/2016, Reports: 0

Inspector Summary
- User: General NYCHA, Last Login Date: 07/22/2016, Inspections: 62
- User: Test999 Test999, Last Login Date: 07/18/2016, Inspections: 242
- User: Adlyn Mills, Last Login Date: 06/29/2016, Inspections: 6
- User: Natalie Blake, Last Login Date: 06/16/2016, Inspections: 0
- User: Abdul Rahman Elseidu, Last Login Date: 06/16/2016, Inspections: 1
- User: Osayabarenwen Igbindah..., Last Login Date: 06/16/2016, Inspections: 1
- User: Deadria Gillard, Last Login Date: 06/07/2016, Inspections: 0
Inspection Software
Key Considerations

- Owner Outreach and Listening Forums
  - Email
  - Direct mailing campaigns
  - Website
  - Dedicated customer service agents
  - Owner forums

- Education for the program
  - Inspection requirements
  - Health and safety training for residents
Key Considerations

- Identification of an objective, accepted, standardized inspection model (ie, Housing Quality Standards)
  - Health and safety focused only
  - Owner and tenant keep all rights
  - Will not change market value of property
- Modify model to incorporate local code requirements and regulations
Financial Models
Cost Models

- The RRIP is funded through the registration and inspection fees paid by property owners
  - Intended to be budget-neutral, generating neither costs nor revenue for the city
  - Cost neutral: fees collected cover 100% of program expenses
Program Fees

- Fee Types
  - Registration
    - Typically used to defray burden on administrator
  - Inspection
    - Covers cost of inspection
Incentivizing Owners

- Multiple options for incentivizing owners
  - Extended inspection period
    - Add one year to certification cycle, allowing a 3 year renewal period for owners whose units pass on the first inspection
  - Self certification on non life threatening fails for good owners
  - ‘Good Owners Website’ where the city posts vacant units of good landlords
  - Discounts at local home improvement centers
  - Increased speed on permits and other city documents
The City of Flint’s Rental Inspections Program

Example
City of Flint: Services Provided

- **Inspections**
  - Initial Inspections
  - Reinspections
  - Complaint Inspections

- **Program Administration**
  - Inspection Noticing
  - Inspection Scheduling and Rescheduling

- **Call Center**
  - Inbound and Outbound Customer Service
  - Complaint Collection

- **Program Design**
  - Efficiency Improvements
  - Enforcement Strategies
  - Software System Utilization

**MPC**
City of Flint: Successes

- Transformed program from reactive to proactive
  - 80% unit compliance on participating landlords
  - Consistent noticing
  - Reinspections on 100% of failed initial inspections
  - Enforce 30-day violation cure time period
  - Invoices sent with 3rd inspection notice
    - Provides foundation for enforcement/collections activities
City of Flint: Successes

- Increased program adoption from property owners
  - More rental housing stock is compliant with program requirements – decent, safe, sanitary
- Facilitating development of Enforcement Program
  - Cross-departmental effort with Building Department, Water Department, and City Attorney
Year-Over-Year Program Revenue Generated – Steadily Increasing Adoption
City of Flint: Obstacles

- Long-term Rental Inspections Program with no enforcement
  - Very reactive, relied on property owners to voluntarily participate
- No defined enforcement strategy
  - No consequences to non-participation
- Under-utilized software system
  - Questions around data integrity and accuracy
  - BS&A functionality not fully exploited
Questions?