Using Market Driven Decision-Making for Strategic Code Enforcement Success

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Outline of the presentation

- What is strategic code enforcement?
- How do markets impact code enforcement strategy?
- Creating a successful enforcement framework
- Key rental housing strategies
- Key owner occupied housing strategies

Savannah, Georgia
What is strategic code enforcement?

• **Code Enforcement = Regulatory Compliance** *(Voluntary or Involuntary)*

• **Strategic = Proactive and systematic, not just complaint-driven**

• Tracks properties and compliance - detailed records of every action taken by government

• Tracks owners of multiple properties

• Offers capacity to search by neighborhood or zip code to define areas to target
Strategic code enforcement changes the culture & offers clear standards

Creates tangible threat
  • Fosters compliance/not penalties

Imposes increasing cost on non-compliant properties
  • Hall of Shame
  • Criminal Misdemeanors
  • Asset attachment
  • Permit Denial
Gain the Owner’s Attention

The goal for strategic code enforcement is to change the owner’s stance

*I’m going to ignore You*

*How much time do I have to get my property into compliance?*
Data-Based, Systematic Inspections Achieve Results

- **Los Angeles** (1998-2005): 90% of multi-family stock corrected 1.5 million violations. $1.3 billion reinvestment by owners.
- **Sacramento** (2008-2013): Reduced dangerous buildings by 22%.
- **Greensboro North Carolina** (2005-2007): Brought 8,700 properties up to code and reduced substandard housing complaints by 61%.
Many Code Enforcement Tools to Consider Beyond Inspections

- **What does it do?**
- **How does it work?** What is needed to use the law effectively?
- **How do we pay for it?**
- **What policies and practices will increase our chances of successfully using this tool?**
- **What types of property are covered?**
- **What legal documents will we need?**
- **What challenges will it solve?**
- **Who is using the tool now?**
- **Where does it apply?**
- **How can we combine this with other strategies?**
To define tools, must know what drives owner’s decision whether to keep their property up to code?

- Should I walk away from this house or keep on paying the taxes?
- If I rehab this house will it be worth more than it cost me to buy and fix it up?
- Should I improve and hold onto this building, or should I just milk it for a few years and walk?
Neighborhood Markets are about demand and supply

Supply

Demand

Where should I live?
Where should I buy?
Where should I invest?
Where should I rent?
Demand

$159,000 in Trenton, NJ

$407,500 in Dallas, TX

$39,900 in Detroit, MI
Behaviors drive property conditions

- Changes to Demand
- Changes to Supply

Factors:
- Sales Volume
- Homebuyer Share of Purchases
- Price
- Investment in Rehab and Updates

Condition:
- Property Condition
- Vacant Houses
- Absentee Ownership
- Rehabilitated Homes
- New Construction
Code Violations Are Concentrated in Areas of Low Demand and High Crime

English Avenue and Vine City Study – May 2011
How to Create a Successful Code Enforcement Framework
Create and Proactively Enforce a Clear Framework of Standards

Transform the maintenance of building exteriors from optional to required

- International Property Maintenance Code
- Local ordinances
- Fines and penalties pay for enforcement
Adopt Tools That Require Owners To Take Action And Save Staff Time

Assess property condition routinely when property changes hands, becomes vacant or requires a permit

- Permit Denial
- Presale Inspections
- Registration of Vacant/Rental Properties
Target Limited Resources

• Target enforcement efforts to 3-5 worst properties that have greatest negative impact

• Reserve harshest penalties for absentee owners who have clear assets but refuse to invest in their properties.

• Do not impose severe fees and penalties on good owners or owners without money who will walk away from their properties.

• Publicize actions taken to motivate other owners
Bring Together Allies and Partners To Pursue Code Enforcement Strategy

City Agencies Include:
Mayor’s Office
• Planning and Community Development
• Public Works
• Public Safety
• Police
• Fire
• Code Enforcement
• Judicial System
• Municipal Court
• DA’s Office
• City Council

Public & Quasi-Public Agencies Include:
• Land Bank Authority
• Housing Authority
• Public Schools
• Regional Commission
Where Enforcement Fails, Be Ready To Demolish Or Transfer Properties

Require owner to pay for action taken wherever possible

- Asset attachment
- Eminent domain
- Conservatorship
- Open Estate to Transfer Property
- Land Bank
Strategies for problem rental properties
### Key Tools: Rental registration and licensing

<table>
<thead>
<tr>
<th>Registration</th>
<th>❑ Landlord must provide contact information</th>
<th>❑ Landlord pays annual fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing</td>
<td>❑ Landlord must provide contact information</td>
<td>❑ Landlord pays annual fee</td>
</tr>
<tr>
<td></td>
<td>❑ Property must pass health &amp; safety inspection</td>
<td></td>
</tr>
</tbody>
</table>
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

Durham, North Carolina
Rental registration and licensing

- Make the system non-burdensome for landlords
  - Fees must be reasonable
  - Licensing inspections and follow-up must be timely
  - Paperwork must be kept to the minimum necessary

- Make the system cost-effective for the city
  - Automate the system using available technology
  - Fees should cover cost of system, but not be seen as revenue source for municipality
  - Consider outsourcing system features where municipal capacity is limited
The Good Landlord Program

Started in October 2004, the goal of Ogden City’s Good Landlord Program is to address aspects of property management that may encourage the elimination of code violations and public nuisances while controlling and preventing illegal activity on rental properties that affect the quality of life within our neighborhoods.

The program provides financial incentives to landlords who actively implement the objectives of the landlord training course, keep their properties free of criminal activity, and maintain their properties free of code violations. It also authorizes a discount toward disproportionate impact fees assessed against rental dwellings under the City’s business licensing regulations. Disproportionate impact fees are assessed based on the amount of police and fire services provided to rental dwellings; the discount is offered to landlords who help the City reduce the occurrences for such services required on rental properties.

West Jordan Utah

<table>
<thead>
<tr>
<th>Disproportionate Service Fee</th>
<th>Per Unit</th>
<th>Disproportionate Service Fee</th>
<th>Per Unit</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Rental</td>
<td>$200</td>
<td>Single Family Rental</td>
<td>$7</td>
<td>$193</td>
</tr>
<tr>
<td>Duplex Rental</td>
<td>$65</td>
<td>Duplex Rental</td>
<td>$7</td>
<td>$58</td>
</tr>
<tr>
<td>Multi-Family Rental</td>
<td>$70</td>
<td>Multi-Family Rental</td>
<td>$7</td>
<td>$63</td>
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<tr>
<td>Condominium Rental</td>
<td>$60</td>
<td>Condominium Rental</td>
<td>$7</td>
<td>$53</td>
</tr>
</tbody>
</table>

Ogden Utah
## Brooklyn Center MN model

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Type I</th>
<th>Type II</th>
<th>Type III</th>
<th>Type IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Plan</td>
<td>-</td>
<td>-</td>
<td>Required</td>
<td>-</td>
</tr>
<tr>
<td>Association for Responsible Management Meetings</td>
<td>Recommended</td>
<td>Recommended</td>
<td>Attend 25%</td>
<td>Attend 50%</td>
</tr>
<tr>
<td>Crime Free Housing</td>
<td>Phase I (recommended)</td>
<td>Phase I</td>
<td>Phase I and II</td>
<td>Phase I, II, and III</td>
</tr>
<tr>
<td>Inspections</td>
<td>Once every three years</td>
<td>Once every two years</td>
<td>Once every year</td>
<td>Once every six months</td>
</tr>
<tr>
<td>Mitigation Plan</td>
<td>-</td>
<td>-</td>
<td>Required (Must be completed prior to council approval)</td>
<td>-</td>
</tr>
<tr>
<td>Monthly Updates</td>
<td>-</td>
<td>-</td>
<td>Required</td>
<td>-</td>
</tr>
</tbody>
</table>

*Based on number of property code/nuisance violations and police calls*

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)
Enforcement Strategies

• **Lansing MI Neighborhood Enhancement Action Team:** Fee of $150 per month for owners of properties tagged unsafe. Drop in tagged properties from 740 to 362 (2007 – 2013)

• **Los Angeles Rent Escrow Account Program (REAP):** Lien on property. Tenants receive rent reduction and put rent in escrow

• **Boston MA Chronic Offender Point System:** Public registry for owners with chronic violations and police calls for arrestable offenses

• **Seattle Carl Haglund Law:** No rent increases on properties that violate the city's core standards for livability
Strategies for problem owner occupied properties
Quality of Life Ticketing

Tickets and fines for violations that are visible on the exteriors of private properties:

- Pass ordinance that allows inspector to issue a ticket for Quality of Life concerns
- Increasing fines – starting at $25 for first ticket
- Penalties for payment after date on ticket
Pre-Sale Inspections

Require sellers to pay for inspections before transferring property

• Must fix or notify new owners of deficiencies

• Require purchasers of homes that have known code violations to resolve violations within set timeframe
Abate Nuisance Properties

Nuisance is a legal term for a condition or use of a property that endangers life, health or safety or interferes with neighbors’ use or enjoyment.

- Typical laws cover owner occupied homes with eyesore conditions or crimes occurring on site.

- Order to abate nuisance or face civil and criminal penalties. If owner fails to abate, municipality can remedy and place lien on property.
Educate Owners

How to contribute to clean, safe, attractive communities

- Inform owners of their basic responsibilities and why you are enforcing a higher standard for condition of properties
- Inform how they will benefit if everyone maintains their property
- Provide help with repairs and maintenance for owners who want to maintain properties but do not have money to do so
STRATEGIC CODE ENFORCEMENT IN ACTION

Dallas Community Prosecution Team

Reclaiming Vacant Properties Conference 2016
Goals of this Session

- Discuss ways that public agencies influence market behavior
- Learn about one strategy that seeks to improve neighborhood safety, health and security
- Provide a brief overview of Dallas’ recent overhaul of its Housing Code
Ways that Public Agencies Influence Market Behaviors

• Legal/Regulatory environment
• Level of information-gathering/sharing
• Enforcement Capacity
  • Headcount
  • Funding
• Hiring/Training of Staff
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- Legal/Regulatory environment
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Information-Sharing

- Bad actors benefit from dysfunction, blame-shifting, lack of communication
- Good actors are harmed by dysfunction, blame-shifting, lack of communication
  - Examples
  - Fire, Code, Housing Authority inspections aren’t coordinated
  - Permits staff provides information that contradicts Code enforcement
  - Prosecutors don’t meet with Code officers before making plea agreements/dismissing tickets
  - City record-keeping is poor
  - Over-regulation
Community Prosecution

The mission of the Community Prosecution Team is to provide the City of Dallas with highly skilled and dedicated attorneys and code officers who serve and empower stakeholders and civil servants through strategic code enforcement and creative problem solving in order to improve the quality of life, increase public safety and strengthen communities.
City of Dallas
- Population: 1.25 million
- Size: 385 square miles
- 14 Council Districts
- 7 Police and Code divisions

Community Prosecution
- Program started in 2001 with funding from Dept. of Justice
- 17 attorneys, including 3 managers,
- 11 Code inspectors, including a Supervisor
- 2 Asst. Fire Marshals
Problem-Solving: Prevent, Enforce, Reuse

• Multi-Departmental Team
• Team members expected to
  • Identify and work to solve all problems at/near property (crime, blight, disengagement)
  • Build an extensive network of partners & communicate effectively with partners
  • Extensively document all violations & abatement of violations
  • Engage in community outreach & education
  • Anticipate unintended consequences
Examples of Ways that Public Agencies Influence Market Behaviors

- Legal/Regulatory environment
- Level of information-gathering/sharing
- Enforcement Capacity
  - Headcount
  - Funding
- Hiring/Training of Staff
Do You Have the Right Laws on the Books?

- Dallas hadn’t significantly updated its housing code in over 30 years
- Minimum standards were difficult to understand
- Minimum standards didn’t reflect current public policy/public opinion
Goals of Chapter 27 Revisions

• Make the ordinance easier to understand, communicate and enforce
  • Increase property owner and tenant compliance by simplifying the ordinance language and providing a layperson’s reference guide
• Create a roadmap for code inspector training that leads to consistent interpretations of the ordinance among inspectors
Ongoing Research and Consultations

• Conducted a nationwide internet search for best practices regarding property standards and rental regulations

• Collaborated with Center for Community Progress, The National Center for Healthy Housing, Dallas Area Habitat for Humanity, Dallas Area Interfaith, Apartment Association of Greater Dallas, among others, for their perspectives and advice

• Met with rental regulation officials in Irving, Fort Worth, Arlington, Garland, San Antonio and Mesquite

• Consulted with Heather Way, a professor at University of Texas at Austin, regarding public policies that promote equitable and inclusive communities

• City departments included: the City Attorney’s Office, Code Compliance, Sustainable Development and Construction, Housing, Dallas Fire and Rescue, Dallas Police Department, Dallas Water Utilities, Planning and Urban Design Department, Enterprise GIS and Public Information Office
Hot water heaters are required to have a pressure relief valve to prevent the water tank from exploding. The valve is mounted either on the top or side of the tank and must extend to the outside of the structure. The pipe must extend to the exterior of the structure.

In the photo at the left, the copper colored pipe that crosses at the middle of the tank starts at the valve and extends out through the wall.

The pipe used for the vent pipe can be copper or CVCP, an off white plastic pipe that is designed for hot water.