

**Preliminary Draft Report on Rental Housing Licensing and Inspections
Stakeholder Process,
and Proposed Rental Housing Licensing and Inspections Program
Oct. 21, 2011**

This preliminary report is a discussion draft. It is likely that the report and program proposal will change before it is finalized and presented for Council consideration, based on input from stakeholders.

Report Background

According to the U.S. Census Bureau and King County assessor data, there are approximately 147,000 rental housing units located in over 42,000 properties in the City of Seattle, and 53% of the City's residents are renters. The City has determined that substandard and unsanitary residential building and dwelling units exist within the City, and for many years has had a program of inspecting in response to complaints of substandard rental housing conditions. The aim of the complaint response inspections is to get code violations corrected and properties into compliance with the City's minimum maintenance standards in the Housing and Building Maintenance Code. It is well known, however, that a complaint response program does not result in all rental units meeting health and safety standards, because not all substandard units are reported to the City. There are a variety of reasons why substandard rental housing isn't always reported, including language and cultural barriers and the fact that some renters are afraid of the potential consequences of reporting problems.

Taking advantage of time available under state law to enact a local requirement for rental housing licensing and inspection, in 2010 the City Council passed Ordinance No. 123311 establishing a Residential Rental Business License and Inspection Program as a "placeholder" ordinance. In recognition that the speed of this legislative process did not allow for a full consideration of program details and policy issues, the Council also adopted Resolution No. 31221 requesting the Department of Planning and Development (DPD) to develop a written report offering its recommendations for a rental housing licensing and inspection program. The requested report was to include the consideration of the following:

1. The advisability of a program implementation date of October 1, 2011 for testing and registration of rental housing inspectors;
2. The advisability of a program implementation date of April 1, 2012 for licensing of rental housing businesses;
3. The scope and focus of a proposed rental housing inspection program, including whether it should be city-wide, geographically focused, limited to buildings with a certain number of units or with a certain type of units, etc.;
4. The appropriate inspection standards to be included in a proposed rental housing inspection program;
5. The advisability of inspecting all units in buildings versus inspecting a sampling of units, and if sample is advised, the appropriate method of and procedures for sampling;
6. The appropriate inspection interval, e.g., annually, every 2 years, every 3 years, before renting to a new tenant, etc.;
7. The applicability of the rental licensing and inspection program to new rental housing units, either constructed or converted to residential rental housing after the effective date of the program;

8. The appropriate inspection method, whether by private or public inspectors, or by self inspections by landlords, and the appropriate credentials for any inspector making the inspections;
9. The advisability and cost of registering inspectors;
10. The proposed cost of a rental housing business license;
11. What additional landlord and tenant protections/provisions might be needed to ensure its successful implementation; and
12. If the exemptions proposed under Council Bill 116857 are appropriate or should be expanded.

The Council asked the Department to seek the input of stakeholders in developing its written recommendations.

In response to the Council's resolution, the Director of the Department appointed a stakeholder group representative of the many interests affected by the program. The Residential Rental Property Licensing and Inspection Stakeholder Group included the following members:

- Randy Bannecker : President, Bannecker Public Affairs and advisor to the Rental Housing Association of Puget Sound
- Christopher Benis: Landlord, real estate attorney, and advisor to the Rental Housing Association of Puget Sound
- Merf Ehman: Former Managing Attorney, Housing Justice Project and currently Managing Attorney, Columbia Legal Services
- Jonathan Grant: Executive Director, Tenants Union of Washington State
- Hugh Kelso: Owner, HKI Building Inspections
- Paul Lambros: Executive Director, Plymouth Housing Group
- Andrew Lewis: Assistant Director, Associated Students of the University of Washington
- Paul Mar: Director of Real Estate, Seattle Chinatown International District Preservation and Development Authority
- Laura O'Connell: Housing Counselor, Solid Ground
- Jim O'Halloran, Jr.: Chair, Land Use Committee, Roosevelt Neighborhood Association
- Joseph Puckett: Government Affairs, Washington State Multi-Family Housing Association
- Nichole Thomsen: Health and Environmental Investigator, Public Health, Seattle-King County
- Karen White: Director, Code Compliance Division, Department of Planning and Development

The Stakeholder Group met eleven (11) times in the period December 16, 2010 and May 26, 2011. All meetings were facilitated by Ann McBroom, a professional meeting facilitator and mediator, and supported by staff from the Department and the Office of the Mayor.

Commonly Held Interests Among Stakeholder

The stakeholders agreed that any proposal for a licensing and inspection program must be evaluated using the following criteria:

- Inexpensive
- Useful
- Practical
- Targeted

Summary of Stakeholder Input

The stakeholders expressed a range of opinions on most of the topics; the major themes and opinions expressed by stakeholders are summarized below. Please refer to Appendix A for detailed notes on stakeholder input.

1. The advisability of a program implementation date of October 1, 2011 for testing and registration of rental housing inspectors.

There was no consensus among the stakeholders that the city should adopt a mandatory rental housing inspection program. However, were the city to do so, the Stakeholder Group largely agreed that the October 1, 2011 implementation date for testing and registering private rental housing inspectors was not realistic given the complexity of any licensing and inspection program. The Group did not specify an alternate date.

2. The advisability of a program implementation date of April 1, 2012 for licensing of rental housing businesses.

There was broad agreement among the stakeholders that rental housing should be licensed, permitted, or registered. However, the Stakeholder Group thought an implementation date of April 1, 2012 too optimistic. The Group did not offer a different date.

3. The scope and focus of a proposed rental housing inspection program, including whether it should be citywide, geographically focused, limited to building with a certain number of units or with a certain type of units, etc.

A licensing and inspection program should be inexpensive, useful, practical to administer, targeted, and consider the impact on potential tenant displacement. The program could license tax parcels, buildings, premises, individual units, property owners, or representatives of property owners, bearing in mind that a license is time limited to one year by state law. The program should be city-wide in scope (with an appropriate phase in period) with very few rental units exempted from inspection.

Most stakeholders agreed that it is not necessary to inspect all rental housing units in the city. However, special attention should be give identifying and licensing illegal units, and finding the worst landlords or worst properties and bringing their properties into compliance with established standards of the program.

Any program initiative should develop a useful database of the city's rental housing stock and have a robust community outreach and education component.

The Department's current complaint-based program should continue.

4. The appropriate inspection standards to be included in a proposed rental housing inspection program

Stakeholder opinion was divided on the appropriate inspection standards. Some thought the program should only inspect for life/safety violations (similar to those listed in state

law), others thought the currently adopted standards were sufficient. And there was some support for using the current Housing and Building Maintenance Code standards.

The standards adopted needed to be cost effective and not be overly burdensome or intrusive for either landlords or tenants.

However, there was broad support for using a weighted approach similar to that used by the City of Tukwila, tailored to the needs of Seattle. please briefly explain what is meant by “weighted approach”

5. The advisability of inspecting all units in a building versus inspecting a sampling of units, and if sample is advised, the appropriate method of and procedures for sampling.

Most stakeholders believed it is not necessary to inspect all rental housing units in the city, since most units are in good repair. Additionally, it is probably impractical to inspect all units over a reasonable period of time. The group was agreed that any inspection program must identify the worst rental properties.

The stakeholders agreed that if random sampling is employed it needed to be informed by a good sampling methodology. A sample of a multi-unit building should take into account the different types of units in the building, i.e., studio, one-bedroom, two-bedroom, single room occupancy, etc.

The stakeholders did not discuss sampling methodologies.

6. The appropriate inspection interval, e.g., annually, every 2 years, every 3 years, before renting to a new tenant, etc.

There was generally agreement that it would be too expensive and impractical to inspect all rental housing annually. Opinions ranged from allowing landlords to self-certify that their housing units met program inspection standards, to focusing on those units or those property owners with a history of violations, to having a tiered program where housing units were inspected less and less often when no violations were found (i.e., every 3 years, every 5 years, every 10 years). Most stakeholders believed that good landlords should be rewarded with fewer inspections for repeatedly demonstrating their property is in good condition.

7. The applicability of the rental licensing and inspection program to new rental housing units either constructed or converted to residential rental housing after the effective day of the program.

The stakeholders generally agreed that new rental housing and rental housing converted to condominiums should be licensed, but exempt from inspection for a period of years. There was no agreement as to the exemption period, but there was support for a 5 year period and for as long as a 10 year period.

8. The appropriate inspection method, whether by private or public inspectors, or by self inspections by landlords, and the appropriate credentials for any inspectors making the inspections.

There was general agreement among the stakeholders that any mandatory inspection program would need to draw from a deep pool of people. The fear was expressed that there were not enough public and private inspectors to do the number of anticipated inspections.

The stakeholders believed that if private inspectors were to be used in the program that they should have at least the same training as state licensed home inspectors and that they should in some way be vetted by DPD.

The stakeholders expressed concern over the cost of using private inspectors and that their inspection protocols might vary greatly among themselves and from those of the DPD complaint-base program. Most stakeholders felt that it was not possible to establish qualifications for private inspectors without knowing the specific program standards to which they were to inspect.

9. The advisability and cost of registering inspectors.

The Stakeholders did not discuss the cost of registering inspectors, indicating that they did not have enough information or experience to do so.

10. The proposed cost of a rental housing business license.

Although the Stakeholders did not attempt to establish the cost of a rental housing business license, they were concerned with affordability. They felt the program design needed to be more fully developed before they could express an opinion as to cost. There was some discussion about a sliding fee schedule depending upon the number of housing units licensed.

11. What additional landlord and tenant protections/provisions might be needed to ensure its successful implementation.

Licenses should be posted in a common area for all tenants to see and list all of the rental units covered by the license. Each unit should have a notice posted in it indicating that the unit has passed inspection.

Educational materials should be developed for both property owners and tenants that outline the requirements of the licensing and inspection program, their respective rights and responsibilities pursuant to state law and city code, and a comprehensive move in-move out check list to document the condition of the housing unit. DPD could develop a free assessment and counseling program to assistant landlords in assuring their housing units fully comply with all required inspection standards.

There should be a process through which a property owner can challenge an inspection report. A landlord whose housing unit fails to pass an inspection should be allowed a certain amount of time to correct deficiencies. The goal should be to bring a housing unit into compliance, not penalizing a responsible landlord. However, failure to bring one housing unit into compliance should not result in the loss of a license for an entire building, only the ability to rent that deficient unit.

License revocation should be a last enforcement alternative. A property owner subject to license revocation should have a way to appeal the loss of the license.

DPD should coordinate its program with other agencies such as Public Health Seattle-King County, the Seattle Fire Department, and the American Lung Association.

License renewal should be staggered so that all licenses are not renewed at one time. There should be a mechanism for transferring a license and any current inspection certificate when a property is sold.

The stakeholders recognized that the licensing and inspection program would evolve over time. The group as a whole believed that it must be phased in over time and that program adjustments be made based upon experience. They believed the program should have a robust data gather component right from the beginning and this data should help inform future program adjustments.

All inspection reports completed by private inspectors and all information provided to secure a license should be subject to audit by DPD. This would include random inspection of privately inspected units by DPD Code Compliance staff. Alternatively, there was some support for making all licensing and inspection information readily available to the public on request.

12. If exemptions proposed under CB 116857 are appropriate or should be expanded or contracted.

The majority of stakeholders recommended that the licensing and inspection program have very few exemptions. Especially, they found no reason to exempt single family residences (whether owner occupied or not) and accessory dwelling units.

Consideration should be given to exempting housing providers such as the Seattle Housing Authority or other public or non-profit organizations subject to inspection based upon standards similar to those adopted for the licensing and inspection program. However, such organizations should lose their exemptions if they show a pattern of violations issued by the DPD complaint-based program.

Most stakeholders believed that exemptions should be revocable.

Areas of Stakeholder Agreement or Broad Support

- There should be a residential rental licensing (or registration) program
- Licenses (or registration) should be issued to specific locations
- Licenses (or registration) should good for more than one year
- Contact information should appear on each license (or registration)
- All housing units covered by a license (or registration) should be listed by a unique identifier
- Very few rental housing units should be exempted from licensing (or registration)
- There should be robust education programs for landlords, tenants, and the greater community about rights, responsibilities, and the specifics of the licensing program
- Complaint-based housing code enforcement should continue
- A database documenting the condition of the rental housing stock should be included in the licensing program
- Licenses should be revocable under certain special conditions

- A licensing program should be transparent, creating an auditable paper trail.
- A licensing program should be phased in and licenses renewed on a staggered basis
- There is a desire to identify and correct the worst housing conditions and illegal units
- If a rental housing inspection requirement is implemented:
 - A weighted inspection system should be utilized (to reflect that some deficiencies are of greater concern than others)
 - Good landlords should be rewarded by having their housing units inspected less often than housing units where violations were found
 - Very few rental housing units should be exempted from inspection

Areas of Disagreement or Significant Divergence of Opinion

- Whether or not there should be a residential rental housing inspection requirement
- Whether or not a property owner should be allowed under certain circumstances to self-certify the condition of his/her rental housing units
- The standards to which a housing unit should be inspected

Summary of Proposed Rental Housing Licensing and Inspection Program

The proposal includes the following elements, which are discussed in greater detail below.

- Licensing of most properties with rental housing units. The license requirement would be phased in over several years. A license could be suspended or ultimately revoked for a unit or building if observed and documented maintenance deficiencies were not corrected. Where maintenance deficiencies were found, the property owner would be given ample opportunity to correct the deficiencies and the license would be in jeopardy only if the owner failed to make the needed corrections.
- Data gathered from licensing and associated property inspections (see below) would allow the City to better evaluate the condition of properties with rental housing, to assess the impact of this proposed program, and to evaluate whether the program should be restructured.
- A systematic program to identify rental properties with significant maintenance deficiencies. Owners of properties identified as having problems over a threshold would be notified of requirement to demonstrate within 60 days that the property and all rental units meet standards focused on health and safety by submitting an inspection report detailing conditions. All units and common areas would be included in these required inspections. A demonstrated need that more than 60 days is needed to correct deficiencies could be approved subject to a specific work plan and schedule which DPD would approve.
- An outreach and education program to inform landlords, tenants, rental property managers and real estate professionals about City regulations for rental housing: the licensing requirement, when inspections are required, property maintenance standards, landlord and tenant rights and responsibilities, and the code enforcement/complaint response system.
- Required inspections could be performed by private sector inspectors, hired by property owners. An option using city inspectors could be available if funded. Inspections by

private inspectors would be monitored by DPD for quality control, consistency and to deter fraud.

- In a required inspection, unit, building and premises conditions would have points awarded for maintenance deficiencies, with high number of points for issues with significant health or safety implications (such as lacking working smoke detectors, electrical or plumbing system hazards).
- Too many points found in an inspection and reported to the City would cause DPD to request access to inspect the entire building and premises. DPD would then pursue its normal code enforcement process to get identified violations cured. If the owner declined to provide access to DPD, DPD would notify FAS that the building, or a portion/certain units, did not pass inspection. A violation notice would be issued for not meeting requirements for having a rental housing business license. The owner would have an opportunity to cure the deficiencies and demonstrate compliance with health and safety standards, and the license would not be jeopardized when this occurs. If the owner did not demonstrate that the deficiencies had been cured, the license would be suspended and ultimately revoked as to the deficient unit(s) or building. There would be due process provisions for an owner to challenge a pending license suspension or revocation.
- Aid for tenants who may have to move from units which have significant health or safety deficiencies which are not corrected, or cannot be corrected in a reasonable amount of time or without jeopardizing tenant health or safety, paid by the landlord.
- Periodic evaluation of the results of the program and its effectiveness in addressing substandard rental housing conditions. This evaluation could be performed by an independent party or agency.

Stakeholder opinion was divided on the topic of when inspections should be required. Some urged that all rental properties should be inspected at least once in order for a license to be obtained. Others believed that because most rental housing is thought to be reasonably well maintained, the majority of property owners should be allowed to certify the condition of their properties unless it was found that their maintenance was deficient (for example, if complaint response inspection found significant code violations that were not caused by tenant lifestyle or damage or neglect.) Many felt that the size of the rental housing stock in Seattle, and lack of detailed knowledge of the location/address of many rental units (particularly single family houses) make it extremely difficult or impracticable at this time to require all properties to be inspected, even over a multi-year period. There is doubt about the concept of using private sector inspectors: are there sufficient numbers of inspectors available to inspect over 42,000 properties? Would those inspectors prove able to reliably perform inspections for licensing purposes (as opposed to inspecting prior to a property sale), using a limited set of standards focused on health and safety concerns? Would it be possible to adequately prevent widespread fraud in reporting property conditions?

DPD agrees with these concerns about the feasibility of requiring all rental properties to be inspected at this time. The proposed licensing and inspection program thus focuses on getting rental properties licensed, and requiring inspections where a need is identified based on significant, observed maintenance deficiencies. The proposed program would result, over time, in a database of rental housing properties and units, and some data on rental housing conditions, which would permit the effectiveness of the program to be evaluated and would provide a basis for making a better informed decision whether a more comprehensive inspection

requirement should be adopted in the future. The proposal would allow an opportunity to test the use of private sector inspectors and to test quality controls to prevent fraud and promote reliability and consistency in inspection practices.

Another major concern for all interested parties, including the City, is the cost of obtaining a rental housing business license. This proposal does not include a specific cost of a license because until program design choices have been made, it is not possible to calculate full program costs. The license fee would necessarily cover the full costs of the program, including licensing costs, public outreach and education, assessment/audit of property maintenance, qualifying private inspectors and maintaining that list, and quality control review of private inspectors' work. A major cost element will be the data systems needed to administer each of these program elements. Detailed scoping and feasibility and cost analysis will follow once program design direction is given. Please note that start-up costs will need to be funded up front, and could be recovered over several years after program implementation.

Licensing Element

- A. Owners of properties with rental housing units would be required to obtain a business license and renew it annually. Licenses would be transferable to new property owners; similar to the sale of automobiles, the seller would have a duty to report the sale and identity of a new owner to the business licensing office within the Seattle Dept. of Finance and Administrative Services. The new owner would have 30 days to pay the fee for license transfer and issuance of a new license document or be subject to fines.
- B. A license would be obtained for each property (identified by tax parcel number) containing one or more buildings with rental housing units. Each building and unit within a building would be identified on the license application, along with name and contact information for all persons or legal entities with an ownership interest, and contact information for an owner's representative (such as a property manager) if the owner is not to be contacted for information or problem resolution. The license would list the building addresses and unit designations. A copy of the license would be posted in each rental unit and in multi-unit building common areas, where they exist (such as a lobby). The license document would display for tenants information on who to contact for repairs, and would provide information on how to learn about City code maintenance standards and how to request a City code enforcement inspection. When a property has sold, the new owner would be required to post the new license document, replacing the outdated version.

An option that was considered was for one license to be issued to an owner that would cover multiple properties; however, the feasibility of this approach would be contingent on the capabilities (and cost) of a database system for managing the licenses and is not known at this time.

- C. The licensing requirement would be phased in over 2 years:
 - In the 1st 6 months, licenses would be required for buildings with 7 or more units (about 3407 properties).
 - In the 2nd 6 months, licenses would be required for buildings with 3 to 6 units (about 3613 properties).
 - In the second year (potentially extending into a third year), buildings with 1 to 2 rental units (an estimated 35,000 properties)

- D. There would be an online database to allow the public to confirm whether a building has licensed rental units, showing a list of units; license status and expiration date; the owner(s) name(s); the name, address and phone number for contacting a designated property representative to address issues (such as a property manager). If a particular unit was found to have significant deficiencies and the owner failed to correct them, ultimately that unit could be “de-listed” from the license and not permitted to be rented until deficiencies had been repaired.
- E. The proposal includes a significant City effort to identify unlicensed rental housing, using a variety of public information sources (for example, county property assessor records, prior code enforcement records, other public records), referrals from DPD code enforcement staff and other agencies such as Public Health, SPD and SFD, and complaints from the public. In order for the proposed program to be credible and supported by the stakeholders, it is critical that this effort be robust. Staff would need to be added to DPD and FAS to perform the data analysis and outreach/investigation required, and funding needed for outreach materials development and mailing, educational meetings, and so on. DPD would refer unlicensed properties and units discovered in complaint response inspections to FAS for licensing compliance follow up.
- F. In the first 2 or 3 years, the focus would be on education and “recruitment” (identifying rental properties, getting properties licensed). After that period those rental property owners who did not get a required license, or failed to renew on time, would pay an increased licensing fee (a “late fee”). Failure to obtain a license would ultimately lead to legal action to obtain compliance and assess monetary penalties. The goal would be to get properties licensed and to motivate property owners to avoid high costs of noncompliance. It is not the intention to close down rental housing and displace tenants; this would be a last resort and should be a rare occurrence tied to the presence of significant maintenance deficiencies.

Tenant protections

The focus of City efforts will be to obtain compliance with the licensing requirement and maintenance standards: get properties licensed, get health and safety related improvements made. Noncompliance and enforcement related efforts are not expected to cause a great deal of displacement of tenants, however, there are likely to be some tenants who will have to move. Tenant protections for such instances will include a requirement that the property owner pay relocation costs under these circumstances. A fund should be established to pay relocation expenses when a property refuses to pay, with City legal efforts to obtain reimbursement from the owner.

Outreach and Education Element

The stakeholders agreed on the critical importance of having a significant City program of outreach and education for landlords, tenants, property managers, real estate professionals and community groups to clarify the goals of a rental housing regulatory scheme (e.g. not to find illegal immigrants) and the requirements for rental housing licensing and maintenance. Information covered would explain the reasons for licensing, how licensing works, health/safety standards for rental housing, the audit of rental property maintenance, and the complaint based inspection response system. Both FAS and DPD staff resources would be involved.

Required Inspections Element: finding properties with significant maintenance deficiencies

- A. A sample of licensed properties would be identified annually for an assessment of property maintenance. Properties could be referred by DPD complaint response staff (see below) when significant deficiencies had been observed in responding to complaints but where interior access throughout the building had not been available. In addition, other agencies such as Police, Health and Fire, and community groups could request that a property be evaluated for observable exterior maintenance issues. The number of properties audited would be contingent upon staffing levels. If 10 % of an estimated 42,000 properties with rental housing were reviewed annually, 4,200 properties would be assessed; we estimate this workload would require two inspection staff.

DPD staff would assess the selected rental properties primarily by exterior visual inspection; at times observations from interior access to common areas and/or units may be included, if a tenant or owner provides access. The City could not require interior access for this purpose, but if observed conditions were bad enough and a request for access was denied, a referral to the code enforcement staff would be made to pursue a civil inspection warrant.

- B. If exterior visual survey of property cannot be made due to fencing/other barriers to being able to view property conditions from publically accessible areas (e.g. from the street or alley), then the owner would be contacted and asked to provide access for an exterior premises and building inspection by DPD. If an owner does not grant access to DPD to perform the exterior inspection, the owner would be required to provide an inspection report from a qualified private inspector, including interior inspection of all units, demonstrating compliance with major health/safety items (see next paragraph).
- C. The idea is that significant poor exterior maintenance often indicates interior health or safety violations¹. When exterior visual inspection indicates maintenance problems over a certain level, a requirement for demonstrating that common areas and all units meet health and safety requirements is triggered.
- Threshold factors would include building maintenance and condition (for example, the condition of balconies/stairs/handrails/guardrails, evidence of decay and/or structural deterioration, holes in roof, broken windows, etc.), junk accumulation, junk vehicles, accumulation of combustible or putrescible materials, graffiti, etc. A maximum number of points would be available for an inspector to assign to observed conditions in a particular category; a total of points in all categories would be used to determine whether a notice would be sent to the property owner requiring submittal of inspection documentation within 60 days. For example, presence of one or more inoperable “junk” vehicles might be awarded up to 15 points, depending on the number of inoperable vehicles, and their observable condition (how many vehicles are there, are wheels/tires missing, is vegetation growing up through the vehicle, etc.) The presence of one vehicle with a flat tire could be awarded 10 points, while a vehicle with a tree growing through it would be awarded more points. (Tacoma is implementing a similar system for evaluating exterior property maintenance issues. For an example of their threshold standards, see Appendix B. We believe this is a useful model for exterior assessments in Seattle under this proposal.)

¹ We recognize that there are properties with significant health or safety issues which cannot be identified from exterior maintenance. Without knowing the number and location of these properties, unless all properties are required to be inspected, we have to continue to rely on getting complaints. The outreach and education program proposed would increase the likelihood that these properties would be reported.

- D. If a property had points assigned over a certain threshold, the owner would be sent notification requiring submittal within 60 days of an inspection report showing that all units, common areas and premises are in compliance with health and safety standards. A list of inspectors qualified to perform the inspection would be sent with the notice (see section below on private inspectors). The inspection report documenting compliance must be provided to DPD. The inspection report to be subject to audit by DPD (see section below on private inspectors).

If needed repairs required additional time to complete, the owner could request an extension from DPD. DPD would evaluate the needed repairs and if the owner and DPD reached agreement on a work plan and schedule for repairs, and extension could be granted. DPD would notify and coordinate with FAS as necessary in these circumstances.

- E. Unless the City chooses to add staff to perform this function, inspections would be performed by qualified private inspectors. (If City-performed, a fee would be charged to cover inspection costs.) It is not known what the cost of these inspections would be; the price would be determined by the private inspectors. If this proposed program concept is approved by Council, we will work with private inspectors to estimate these costs, based on a set of specific inspection criteria/health and safety standards.
- F. Inspection results from private inspectors would be provided to DPD in a format determined by the city (if feasible, via an online interface for direct data input, or in a machine readable paper format.)
- G. DPD would conduct audits of property maintenance conditions starting within the 1st year. These exterior condition audits would be phased to match the phasing of the licensing requirement by building size.
- H. While the focus of the audit inspections will be on exterior property maintenance issues, it is likely that other code violations would be identified at times, such as unauthorized (“illegal”) units. Such issues would be referred for follow up investigation and enforcement by the DPD complaint response program staff. The impact of this additional workload on the complaint response enforcement program will need to be monitored.
- I. Some properties identified by DPD code enforcement staff with health/safety violations would be referred to this program. These referrals would occur when
- a complaint response inspector issues a housing code violation notice for one or more units in a multifamily building, but had not had access to inspect all units; and
 - conditions observed in the inspected units, common areas and exterior were above a defined threshold.

In these circumstances the owner would be required to demonstrate compliance with the same health and safety related standards as properties identified by the audit process as having maintenance deficiencies. The owner would have to meet the same requirements: submitting to DPD an inspection report within 60 days that documents compliance throughout the property.

Ongoing code enforcement inspections

The stakeholders agreed that rental housing licensing and associated required inspections should be supplemental to, and not a replacement for, the City’s current complaint response code enforcement program.

Private Sector Inspectors, Quality Control by DPD

Private inspectors must have certain credentials (as listed in Ordinance 12331, the “placeholder” ordinance) and complete training on city codes and inspection documentation. DPD would confirm private sector inspector credentials. Inspectors would need to complete the city training to be qualified to perform inspections related to the business license. DPD would maintain a list of qualified private inspectors which would be sent to property owners when notified of a required inspection and also ideally would be available on-line.

An option that was suggested by a stakeholder would be for a non-profit organization to perform these owner-paid inspections; the non-profit inspectors could be participants in a job-training program but would have to meet the same requirements as other private inspectors.

The required training class would cover the city health and safety code standards to be used for these inspections (not the entire housing code, but the standards with the greatest impact on health and safety concerns; see below). It would highlight the differences between the Seattle Housing and Building Maintenance Code standards and the standards of the International Property Management Code, the model code used by many other jurisdictions and which is used in inspector credentialing by organizations such as the American Association of Code Enforcement. The training would also cover the inspection protocol to be used and how to document inspection observations in the form to report inspection findings to the City.

DPD would perform ongoing quality control review on a sample of inspection reports prepared by private inspectors. In the review DPD would compare the inspection findings to recent enforcement records and would inspect exterior conditions at a property. The review also could include contacting tenants and/or property owner to request interior access to evaluate possible inspection report deficiencies. The details of this audit concept were not discussed by the stakeholder group, but the opinion was widely shared that the City would need to have a system to prevent and catch fraudulent inspection reports and to promote consistency.

If DPD finds a property with significant maintenance deficiencies that were not reported in a private inspector’s report and which would have existed at the time of that inspection, there would be potential sanctions for the private inspector, up to being dropped from list of qualified inspectors. (Details and due process provisions will be developed if this program concept is endorsed.)

Inspection Standards for Required Licensing Inspections

The stakeholders expressed a wide range of opinions on what required inspections should cover. Most agreed with the concept that some code standards are more important health and safety considerations than others, and that any required inspection should distinguish between relatively minor or unimportant deficiencies and those with a significant potential health or safety impact.

DPD agrees that it is sensible and practical to give certain types of deficiencies more weight in evaluating whether a rental housing unit should not be permitted to be occupied, and that most units should pass an inspection for the purpose of making this determination. The proposed program would utilize a “weighted” system. The units in buildings where inspection was required would be evaluated against a list of criteria/standards. A particular type of deficiency would be assigned a point value (a “weight”). The total points associated with all identified deficiencies would determine whether a unit met the criteria for being in acceptable condition for

occupancy by a residential tenant—not having any conditions that pose a current or likely health or safety hazard or risk.

The inspections standards used for the required inspections would add some health and safety items to the code sections included in the “placeholder” ordinance adopted in 2010 (Ordinance 123311). The standards would not include every provision of the Seattle Housing and Building Maintenance Code.

Below is a summary of the provisions that would be added as inspection elements for any inspection required under the proposed program.

- 22.206.020 C, concerning minimum floor area for sleeping rooms.
- 22.206.040 A, B and C, concerning light and ventilation.
- 22.206.050 C and H, concerning common bathrooms and toilet rooms, and concerning fuel shutoff valves.
- 22.206.080 B, concerning condition of floors, interior walls, ceilings and appurtenant structures.
- 22.206.110 C and D, concerning electrical receptacles in kitchens and light fixtures in public hallways, stairs, laundry rooms, etc.
- 22.206.120 concerning maintenance of mechanical facilities and equipment.
- 22.206.130 A.3, B.1, C, E.3 and 4, and K, concerning fire and safety standards for stairs, handrails, exits, construction of stairway enclosures, exit doors and bars/grilles installed on emergency escape windows or doors.
- 22.206.140 A.1, 5, 6, 8, 10 and 11 concerning security related features of building and housing unit entrance doors and openable windows.
- 22.206.140 B.1, 4 and 5, concerning entrance door security in rented detached single family dwellings.
- 22.206.160 A.4 and 8, concerning removal of materials posing an imminent hazard or threat to health or safety of occupants or the public, and concerning the display of street numbers to aid emergency response.

The training for private sector inspectors would be designed to help the inspectors to have a consistent approach to evaluating building and unit conditions against these standards.

Periodic program evaluation

A major divergence of opinion among the stakeholders was whether all rental properties should be required periodically to pass an inspection. Other Washington cities have taken a range of approaches: not requiring inspections except in response to violation complaints (most jurisdictions), requiring all properties to pass an inspection (Pasco and Tukwila), and requiring an inspection only when problems are observed (Tacoma). This proposal recommends the latter approach because of significant uncertainty about the feasibility and practicality at this time of requiring all properties to pass inspection (where are the rental units? are there sufficient qualified inspectors to do this work in a reasonable period of time in a city the size of Seattle?) and because of a desire to limit associated costs and focus both public and private resources on problem properties.

A regulatory program based on business licensing and “audit” should be evaluated regularly. If experience after several years indicates that too many significantly substandard units are not found and improved, the program should be revised. A benefit of the licensing and “audit” approach is that it will, over time, generate information currently lacking about what properties are rentals, and, importantly, if the “audit” element is robust, it will provide essential new information about the prevalence of maintenance deficiencies at properties with rental housing. Similarly, if the outreach and education effort is strong, more tenants will have information on maintenance requirements and how to get help if there are problems. We believe consideration should be given to an outside party or agency conducting the program evaluation.

APPENDIX A

Compilation of All Stakeholder Input Received

Detailed stakeholder input was captured in its entirety and as such the information outlined below is inclusive of all points-of-view expressed.

Stakeholder Input in Response to Council Resolution No. 31221

1. The advisability of a program implementation date of October 1, 2011 for testing and registration of rental housing inspectors.

The Stakeholder Group largely agreed that the October 1, 2011 implementation for testing and registering private rental housing inspectors was not realistic given the complexity of the proposed program. They did not specify an alternate date.

2. The advisability of a program implementation date of April 1, 2012 for licensing of rental housing businesses.

The Stakeholder Group thought the implementation date too optimistic, but it did not offer a different date. However, other stakeholder ideas included:

- Not be a revenue generator for other purposes
- Clearly define “substandard”
- Not be too invasive
- Implement a rental housing licensing program first.
- License all rental properties immediately.
- An overall program design could/would evolve over time.
- Catch the “bad actors”
- Have clear inspection standards which are effectively communicated and aimed at significant code issues, not minor violations
- Gather data about the condition of Seattle’s housing stock and who runs a rental unit
- Take into consideration the power imbalance between tenants and landlords
- Not involve tenants in certification of housing conditions due to power imbalance and lack of knowledge
- Have a 3rd party or a city inspector perform inspections
- Inspect all rental housing units in the city, not a sample
- Inspect well maintained properties less often
- Require an inspection in order to obtain a license
- Plan for tenant displacements
- Vary the level of inspection: if an initial inspection reveals violations, a more detailed inspection could follow
- Include a robust education component
- Inspections must be cost effective
- Identify and eliminate illegal units

- Licenses should be subject to audit by the city
- A program must focus on prevention of injury and illness
- Implementation needs to be correlated with capacity and resources and should not be too rapid.

3. The scope and focus of a proposed rental housing inspection program, including whether it should be citywide, geographically focused, limited to buildings with a certain number of units or with a certain type of units, etc.

- If a mandatory program should be implemented, criteria for it should be: inexpensive, useful, practical, targeted and consider tenant displacement
- Mandatory inspections would establish a baseline
- Broad community education on the rights and responsibilities of landlords and tenants, and the requirements of the licensing program;
- Wide scope with few exceptions
- Build a paper trail
- Document all legal housing units
- Identify all properties with illegal housing units
- Crackdown on the division of a house into illegal units is important
- Any inspection program must capture illegal units
- Focus on properties with a history of code violations
- Focus on properties against which a complaint has been made
- Properties with exterior conditions might be an indicator of interior violations
- Any city-wide inspection program should be phased in on a geographical basis
- Assessments, educational advice, and counseling calls should be used by DPD to generate information about property and tenant demographics and be used to inform the further development of a physical inspection program using tier timeframes.

Licensing

- Have robust pre-conditions to receiving a license.
- License buildings, properties, and/or units
 - License a building or a property—identify each rental unit in the building or on the property on the license
 - License each housing unit
 - Licensing each housing unit might be too expensive
 - If a building is licensed, include a way to enforce the license on units that are squeezed into the existing structure.
 - License properties
 - License addresses

- License people
 - License property managers
 - License the people who interact with tenants, not the property owners.
 - If a property has multiple owners, license the property manager responsible for the building
 - Licensing a management company is problematic for cash flow reasons and circumstances where an owner would fire and rehire;
 - The management company needs owner cash flow to remedy noncompliance.
 - License individuals renting the units to tenants
 - License property owners
 - It is problematic to license multiple owners of a property.
 - Licensing should take into consideration properties with tenants in common (TIC); current ordinance language would require all TIC to have a license, but this does not make sense.
 - Consider licensing the property vs. licensing individual units
 - Representatives
 - Each licensed property should have a designated representative whom the City may contact for remedy
 - A licensed representative need not be the landlord.

Inspections

- Inspect buildings with an on-site manager
- Inspect buildings with no on-site manager
- Inspect buildings with a long permit history
- Inspect buildings with a history of complaints
- Inspect buildings with a history of violations
- Only inspect violators
- Inspect all units; the scope of substandard housing units cannot be known with just a complaint-based system
- The number of occupants in a dwelling unit should determine whether or not it is inspected
- Inspect low-end properties (those with lower assessed valuations)

4. The appropriate inspection standards to be included in a proposed rental housing inspection program.

- Inspection should be tied to the exterior appearance of a building
- Inspection should be related to the nature of the housing unit
- Inspect only discrete spaces (as where there is a lock on the door)
- There should be different inspection standards based on the age of a property
- Add a few items to the standards based on the Public Health Seattle-King County analysis
- There should be different inspection standards based on the number of units (e.g., structural standards could be more important to single family residences or duplexes than in multi-family buildings)
- Do not adopt a “one size fits all” list of standards

- A mandatory program need not inspect for things related to comfort or convenience
- Any program must include fire and life safety standards

Options offered regarding Ordinance 12331

- Narrow it: it is overly broad, too expensive, has no priorities, and lacks focus. Concern: how detailed or proscriptive an inspection would take place. For example: if each room is required to have lighting, how does that translate to the unit built with switched outlets for lamps rather than overhead lighting?
- Add duties of tenants
- Inspect for all of the fourteen (14) standards
- Inspect for the fourteen (14) standards and all standards listed in the Substitute Senate Bill 6459
- Inspect for the fourteen (14) standards plus some additional ones (not specified)

Options offered regarding the Pasco inspection standards matrix

- Under “General”
 - Do not inspect for any of the standards
 - Do not inspect for standards in Sections 1, 2, 3 and 4
 - Do not inspect for standards in Section 3
 - Do not inspect for standards in Sections 4 and 5
- Under “Electrical”
 - Emphasize inspecting standards in all Sections
 - Do not inspect for standards in Section 2
 - Do not inspect for standards in Sections 2, 3 and 4
- Under “Plumbing and Heating”
 - Do not inspect for standards in Section 3
- Under “Structural”
 - Do not inspect for any of the standards
 - Do not inspect for standards in Sections 3 and 5
 - Do not inspect for standards in Sections 1, 2, 3 and 5
- Under “Sanitation”
 - Do not inspect for standards in Section 4
 - Do not inspect for standards in Section 5
 - Do not inspect for standards in Sections 4 and 5

Options offered regarding the Seattle Housing and Building Maintenance Code

- 2. 2206.020 Floor Area
 - How a unit may be divided can be a problem; consider how space is leased out to the tenant
 - Focus on the structure, not on how the tenant chooses to use the unit (e.g., choosing to sleep in a closet). Whatever a landlord rents out should be legal, should have a legal existence (not only meet code standards).
 - Set a minimum square foot area for an inhabitant and consider the number of people in a unit; small spaces pose fire and safety issues

- Minimum square feet per occupant is hard to inspect for so the license should state the maximum number of people the unit may be leased to
- Any program must distinguish and apply the correct standards for a housing unit or a dwelling unit
- Limit the number of people who can occupy a single family residence
- 22.206.040 Light and Ventilation
 - Sections B and C of this section of the HBMC should be included in the Ordinance
 - Confirm that ventilation exists
 - Standards should differ depending on the age of the unit
 - Prioritize ventilation over light through a window; if the window is to provide ventilation, ventilation should take priority
- 22.206.050 Sanitation
 - For Section D, in establishing a standard level, be concerned about inspection costs
 - Inspections should have a hierarchy; add weight to items that will kill you
 - Section D: be specific, such as measuring CO emitted by cooking appliances
 - Retain all of Section D in the Ordinance
 - Again, distinction between housing unit and dwelling unit is important.
- 22.206.060 General Structural Standards
 - Distinguish if licensing a dwelling unit, housing unit, or both kinds of units.
 - Section is overly broad; focus should be on safety.
 - Make structural safety a top priority.
 - Offer rankings in the level of severity.
 - A complete structural inspection would be very expensive.
 - Address imminent problems immediately.
- 22.206.070 Shelter
 - No options offered
- 22.206.080 Maintenance
 - No federal, State or local code covers the existence of paint chips on the ground; all sections currently in Ordinance should stay and Section F (in HBMC) should be added, with a focus on lead-based paint.
 - Define and inspect the most important components of a building;
 - Consider whether these building components are critical for this purpose rather than inspecting the entire building
 - Maintenance section seems to be a more detailed restatement of the General Structural Standards – don't need both
- 22.206.090 Heating
 - Technique for measuring temperature except during the winter months is unclear
 - The term “appliance” can be confusing and might better be removed.
 - Inspect to verify a permanently installed heating system which works when turned on.
 - Measuring temperature to certain standards can be costly.
 - Inspect to verify a functioning, sufficient heating system
 - Inspect to specific standards; just because a heating unit turns on does not mean it is effective. The important thing is whether it keeps tenants warm enough
 - The age of a building affects whether this is a heat source in each habitable room; prefers language on Pasco form

- Don't get into degrees of temperature as a standard
- 22.207.100 Ventilation Equipment
 - The term "approved type" is too general
- 22.206.110 Electrical Equipment
 - One can be very thorough in checking an electrical system.
 - Electrical issues can be cheap to fix and can be deadly. Tenants incorrectly think they can fix things themselves safely.
- 22.206.120 Maintenance
 - No options offered
- 22.206.130 Minimum Fire and Safety Standards
 - Section "A" in current code should be added to inspection standards enumerated in ordinance
 - Inspector would need to have specific knowledge of code requirements existing in 1972 and 1990. The issue is how a property owner would know what requirements apply for older buildings.
- 22.206.140 Minimum Security Standards
 - This section is not included in the Ordinance
- 22.206.160 Duties of Owners
 - Not in favor of routine inspection for licensing including pests; how to show compliance when certain pests take time to eradicate or cannot be eradicated but are controlled
 - Landlords should keep documentation regarding extermination of pests to show an inspector
 - Do not include A.1 and A.2. Landlord should not be held responsible for actions of a tenant; unit should not fail inspection because of tenant housekeeping.
 - Some pest issues are related to structural issues. Provide balance between landlord interests and tenant interests.
 - Do not include A.11. An inspector cannot determine if a tenant had the right number of keys.
 - The number of required garbage cans is currently in flux. How would an inspector know the number required by SPU?
 - CO detectors should be in all rental units regardless of what happens at the State level; if the CO requirement for 2013 by the State has exemptions then require it
 - Just inspect to make sure that are adequate, functioning locks
 - Verify that a unit's external door is secured rather than verifying key distribution to tenants
 - Distinguish between multi-family and single family residences as to garbage cans and removal service.

Options offered regarding weighted systems and Fort Worth's and Tukwila's inspection checklists

- Fort Worth's is not very informative as to what is being measured.
- Use only items on the Tukwila checklist that deducted 25 points; the 25-point items are serious ones.
- A more simplified format than Tukwila's would be useful
- Consider the restaurant inspection checklist used by Seattle King County Public Health.

- Weighted standards a good approach which allow balance of interests and discretion.
- Include deal-breakers in a weighted approach.
- Distinguish critical issues from less important ones.
- Include a pass/fail section and then points for the rest.

5. The advisability of inspecting all units in building versus inspecting a sampling of units, and if sample is advised, the appropriate method of and procedures for sampling.

Inspecting all units

- All housing units, without exception should be inspected.
- All housing units should be inspected every five (5) years.
- All housing units should be inspected every three (3) years
- All housing units should be inspected every ten (10) years.
- It is impractical and unnecessary to inspect all rental units in the city—there are just too many.

Inspecting a sampling of units

- A random sample should be used when inspecting multi-unit buildings
- Random sampling of rental units is okay provided there is a good sampling methodology developed that is reflective of the building
- Any random sampling method needs to have the result that includes units that are comprehensively reflective of the building
- Multi-unit properties subject to inspection should be subject to sampling.
- Sampling as many as 20% of units is too high.
- There should be a sliding scale contingent on the number of units (For example, up to 20 units, then up to 60 units) for inspecting multi-unit buildings.
- Single family residences would have to be handled separately.
- Inspections should be staggered and proportional for both initial inspections and renewal inspections.
- It is only necessary to inspect five percent (5%) of the units in the city each year.

6. The appropriate inspection interval, e.g., annually, every 2 years, every 3 years, before renting to a new tenant, etc.

- The frequency and timing of inspections should not be administratively burdensome; inspections could be on an annual, three (3 year), or five (5) year cycle, rewarding good landlords by requiring less frequent inspections.
- Properties that are not newly constructed or condominium conversions would be inspected every five (5) years, unless code violations are found, and then more often.
- Set up a tiered program whereby all rental units should be inspected within three (3) years.
- An inspection program every five (5) years, and then every two (2) years if problems are discovered
- Properties with a history of violations should be inspected more frequently than those without violations
- Base frequency on complaint violations

- Where violations are found, a building would be inspected annually, where no violations are found, a building would be inspected every five (5) years
- Inspect a unit each time Section 8 unit tenant moves out
- Do random inspections like Seattle King County Public Health does with restaurants
- Allow property owners to self inspect units and declare them in compliance with all inspection standards. If violations are found under complaint, require an annual inspection for a period of time.
- Inspections should be staggered and proportional for both initial inspections and renewal inspections.

7. The applicability of the rental licensing and inspection program to new rental housing units either constructed or converted to residential rental housing after the effective date of the program.

- Distinguish between newly constructed units versus units that are newly on the rental market.
- For new construction, the certificate of occupancy should trigger the new license.
- New housing units should be exempt from inspection, possibly for ten (10) years
- Exempt new units or units converted to condominiums for a period of ten (10) years.
- Only inspect new or converted housing if complaints are received
- Once an inspection program is implemented, newly constructed units and those inspected as part of the condominium conversion process should not be inspected for five (5) years.

8. The appropriate inspection method, whether by private or public inspectors, or by self inspections by landlords, and the appropriate credentials for any inspectors making the inspections.

- Will need a wide range of people (deep pool) to do inspections
- There are not enough qualified inspectors to do the anticipated number of inspections, hence driving up the cost of the inspections.

Method

- Language in SMC 6.440.050 (Inspection and Certificate of Compliance Required) is good and should be retained.

By Private or Public Inspectors

- Consider inspector qualification process as a job training program
- Inspections could be subcontracted to a non-profit organization. Such a program could have an inspector training component.
- More jobs will be created because of the number of inspectors needed.
- Issue an request for proposal (RFP) for training.
- Farm out inspections to a non-profit with staff
- A third-party inspection does not need to precede a certificate of compliance.
- Self Inspections by Landlords

- Allow property owners to self inspect units and declare them in compliance with all inspection standards. If violations are found under complaint, require an annual inspection for a period of time.
- Self inspections could lead to provisional certifications
- Self inspections did not work for the banking industry
- A self-certification program could:
 - Accept declarations of results of other inspections
 - Accept insurance documentation
 - Reward owners with good track-records of prior inspections
 - Self certify that all units meet inspection standards. City could inspect a random number of units to validate certification.
- Provide the City the ability to randomly select and verify one (1) to two (2) units with inspections within a given period. Trust the landlord, but verify it.

Credentials

- Inspectors should have the same qualifications as state licensed home inspectors.
- Nonprofit housing authority inspectors may be suited to inspect
- There should not be a precondition to taking the test
- Cannot determine what qualifications inspectors must have until standards to which they will have to inspect are determined
- Feedback related to inspector qualifications would be based upon the inspection standards currently listed in the Council Ordinance
- State requires minimum standards in the State code with respect to structural issues; inspectors need training to inspect for this.
- Inspectors take classes on the code
- Need a process for removing an inspector from any “approved” list
- If inspectors fail to do their jobs, they should lose their certification

9. The advisability and cost of registering inspectors.

The Stakeholders did not discuss the cost of registering inspectors, indicating that they did not have enough information to do so.

10. The proposed cost of a rental housing business license.

The Stakeholders indicated that they did not have enough information to set a cost for the rental housing business license. The program design needed to be more fully developed before they could express their opinions.

- Seattle King County Public Health restaurant inspections: If the permit is lost, they must pay a fee to get a new permit.

11. What additional landlord and tenant protections/provisions might be needed to ensure its successful implementation.

Notice

- Provide sufficient windows of time for displacement outreach services which accommodate language translation for tenants and landlords when landlords are unable to fix their buildings
- Post each rental unit with a notice that it has passed inspection
- License needs to document which units are approved; a tenant wouldn't know which unit goes with which license without specificity on the license face

Initial Free Assessment

- An owner could request a free assessment of his/her property to identify code violations that needed to be corrected. However, only conditions related to life safety issues would draw a notice of violation or an emergency order.

Education

- Property owners could receive advice and counseling by calling DPD Code Compliance
- DPD should develop a comprehensive move-in/out checklist (beyond what is provided for in state law) that would highlight conditions tenants should look for.
- Include an assessment/education component.
- Licensees should receive educational materials regarding housing code standards.

Remedy

- Seattle King County Public Health restaurant inspections: There is an option to have a hearing to reinstate permit.
- Seattle King County Public Health restaurant inspections: Inspectors can change a routine inspection into an education inspection and warning and return in 2-3 weeks to inspect again.
- Program must allow for challenges to inspection reports and opportunities for landlords to comply
- Need a mechanism to enforce: could enforce a fix and fine the landlord. Fix by a deadline; if not fixed, then fine the landlord; if still not fixed, then shut the rental down (similarly, in the case of the federal government, housing would lose its subsidy, effectively shutting down the ability of the landlord to operate).
- A tenant whose property was inspected could not complain to DPD for a certain period, giving the owner the opportunity to correct any code violations.

License Revocation

- The barrier should be very high for revoking a license
- Do not revoke a building or property license. Rather, prohibit the rental of non-complying units, including units cited by DPD's complaint-based program; a bad unit could otherwise render the entire building unlicensed. Revoke the certificate of compliance for the one (1) or more units that fail inspection, but not the entire property.
- Forfeiture/revocation is an extreme act; if the ordinance allows for this it should reflect that it is an extreme measure and protections are needed against it.
- There should be an interim step in revoking a license, such as downgrading a license to provisional status. If the license was downgraded, the property could be subject to more frequent inspection.

Agency Coordination

- There should be inter-agency coordination with such organizations as Public Health Seattle-King County, DPD, and the Seattle Fire Department; PHSKC fears the program will flood it with rodent and pest complaints that PHSKC will not have the resources to process.
- There should be inter-agency cooperation and coordination among local inspection programs (DPD, Fire, Public Health Seattle-King County). Child Protective Services, for example, could flag issues for other agencies.

Real Estate Sales and Transferability

- Include a mechanism for an interim or grace period to handle real estate closings.
- Consider licensing like a car emissions test: if the car is sold it does not need a new emissions test.
- Need a mechanism for transitioning a license when a property is changing hands, perhaps a provisional license.
- A license should be transferrable (and its certification of inspection).
- Allow the purchase of a compliance certificate from the prior owner.

Program Startup

- There should be a free, proactive assessment availability period.
- The first inspection assessment is “free” and collects data. It is funded through grants and public/private agreements.
- A program design would evolve over time
- Set up a staggered, proportional approach for license renewal as it will not be possible to license 150,000 units within ninety (90) days. A staggered approach would have a similar number of inspections each month for initial licensing and renewal.
- Timing commitments are burdensome for the massive turnover in the University District when class sessions end.

Renewals

- A certificate of compliance can longer than one (1) year, but the license is limited to one (1) year by State law. These two should have the same periods.
- Keep the annual license renewal requirement but have different periods for the certificate of compliance.
- Set up a staggered proportional approach for license renewal as it will not be possible to license 150,000 units within ninety (90) days. A staggered approach would have a similar number of inspections each month for initial licensing and renewal.

12. If the exemptions proposed under CB 116857 are appropriate or should be expanded or contracted.

- Grant few exemptions in order to build a paper trail of complaints
- There should be revocable exemptions
- Exempt short term rental units, such as less than six (6) months in a two-year period (examples: stay-cation, house sharing, visiting university professors), should also be exempted.

- Exempt cases where home buyers rent homes back to sellers for less than two (2) months
- Units offered for short term tenancies (such as three (3) months) should be exempted
- Do not exempt owner-occupied rental units (as in a house share or roommate situation)
- Inspect owner-occupied single family residences if any of the rooms are rented
- Include owner-occupied and congregate housing
- Units owned and managed by organizations such as the Seattle Housing Authority that show a pattern of violations should be subject to mandatory inspection.
- Single family residences fall under the code, so if they fail it can be a revocable exemption
- What about mobile homes or manufactured homes not covered by Chapter 59.20 RCW
- Inspect rented units that are subject to Chapter 59.18 RCW.
- Inspect all accessory dwelling units
- Inspect single family occupancy, full dwelling units, congregate residences, and boarding houses
- If the land use permits a commercial use, but people live there, inspect (i.e. artist lofts).

Areas of Stakeholder Agreement or Broad Support

- There should be a residential rental licensing (or registration) program
- Licenses (or registration) should be issued to specific locations
- Licenses (or registration) should good for more than one year
- Contact information should appear on each license (or registration)
- All housing units covered by a license (or registration) should be listed by a unique identifier
- Very few rental housing units should be exempted from licensing (or registration)
- There should be robust education programs for landlords, tenants, and the greater community about rights, responsibilities, and the specifics of the licensing program
- Complaint-based housing code enforcement should continue
- A database documenting the condition of the rental housing stock should be included in the licensing program
- Licenses should be revocable under certain special conditions
- A licensing program should be transparent, creating an auditable paper trail.
- A licensing program should be phased in and licenses renewed on a staggered basis
- There is a desire to identify and correct the worst housing conditions and illegal units
- If a rental housing inspection requirement is implemented:
 - A weighted inspection system should be utilized (to reflect that some deficiencies are of greater concern than others)
 - Good landlords should be rewarded by having their housing units inspected less often than housing units where violations were found
 - Very few rental housing units should be exempted from inspection

Areas of Disagreement or Significant Divergence of Opinion

- Whether or not there should be a residential rental housing inspection requirement

- Whether or not a property owner should be allowed under certain circumstances to self-certify the condition of his/her rental housing units
- The standards to which a housing unit should be inspected

Areas of Disagreement Where There is Potential for Agreement Among Stakeholders

- Should a program for required inspections for residential rental housing be implemented
- What should be licensed (location, building, tax parcel)
- What information should appear on the license (there is already some agreement on some items)

Commonly Held Interests Among Stakeholders

Any licensing and inspection program must be:

- Inexpensive
- Useful
- Practical
- Targeted

Ideas Presented by Property Owner/Landlord Interest Group

Residential Rental Housing Licensing/Registration Program

The implementation of a Residential Rental Housing Licensing/Registration Program should precede the implementation of any Residential Rental Housing Inspection Program. The implementation of the licensing program should not necessarily presume or require the implementation of an inspection program at a later date.

Since a license by definition cannot be issued for more than one (1) year, the authorization to rent residential property could be called a permit, a certification, or a registration. These could possibly be issued by the Department of Planning and Development.

Almost all types of rental housing (i.e. few exceptions) should be licensed and there should be significant sanctions for renting housing without a license. Failure to secure a license of a rental housing unit would constitute probable cause for securing an inspection warrant.

A licensing program should be phased-in over time. It is impractical to have all housing locations licensed by or on one date. Phasing option include: Over 1.5 years from a specific date; by type of housing unit, by the number of housing units, by geographic area.

A location should be licensed. Each housing unit at the location would be listed by number, letter, or other unique identifier on the license.

Each license should list the name of a contact person (could be a person, corporation, limited liability corporation, partnership, etc.) and include a valid mailing address and telephone number.

An applicant for a license must have the permission of the property owner to apply for the license. The applicant must self-certify that he/she has knowledge of landlord-tenant laws and is familiar with the requirements of the licensing program.

The license applicant should self-certify all information by sworn statement on the license application. This information should be subject to audit by the City of Seattle. The license application should be readily available as a public document.

The licensing process should be transparent, creating an auditable paper trail and a database of available rental housing.

The license would be posted in a conspicuous place and its number written on each rental agreement.

A license should be revocable. However, revocation should be an extreme sanction and subject to due process. There needs to be incremental steps prior to revoking a license for an entire location. An interim step could involve prohibiting the rental of individual housing units at a location prior to revoking a license.

A license should be good for more than one (1) year—possibly for 3-5 years.

License renewals should be staggered and coincidental with the recertification of the condition of housing units, if a rental housing inspection program is implemented subsequent to a licensing program.

A licensing program should have a strong consumer education component so that landlords and tenants understand their rights and responsibilities, especially as they relate to the licensing program. “Information for Tenants” would be expanded to disclose detailed information about the licensing program and to provide an expanded checklist to document the conditions of a housing unit at the time of move-in and move-out.

Residential Rental Housing Inspection Program

The implementation of a Residential Rental Housing Inspection Program should follow the implementation of the Residential Rental Housing Licensing/Registration Program. The implementation of the licensing program should not necessarily presume or require the implementation of an inspection program at a later date.

Each housing unit at a location would be mutually certified by the landlord and tenant to meet all required inspection standards. This would be done by sworn statement. The process should be transparent with all certifications readily available for public review.

The mutual certification would be subject to audit by the City of Seattle. This could be done by auditing all licensing paperwork (including the sworn statement as to the condition of the housing unit) or through physical inspection of the housing unit by City staff.

A location or a housing unit failing an audit review would be subject to sanctions, up to and including the revocation of a location’s license or the right to rent a specific housing unit.

Inspection standards would be restricted to life/safety issues where there is an imminent threat or a circumstance in which an imminent threat is likely to develop. Specific standards would include: No open junction boxes, identifying labels in fuse or breaker box, free of visible evidence of mold, all egress windows operable, hot and cold running water available, operable heating system, ceilings and floors in reasonably good condition, no visible evidence of moisture intrusion, all entry doors operable and lockable, no obvious rodent or pest infestation, adequate number of operable smoke alarms, no excessive collection of debris on the premise, the availability of a working toilet.

All housing units at a licensed location would be subject to periodic recertification. Recertification should be practical and cost-effective. Housing units could be recertified at the commencement of a new tenancy, at time of rental agreement renewal, at the time of the renegotiation of the rental arrangement, or all housing units could be recertified after a specific number of years. If the latter option is chosen, the recertification should occur at the same time as license renewal.

The City's complaint-based housing inspection program should be continued whether or not there is an inspection program tied to licensing rental housing.

Ideas Presented by Tenant Advocate Interest Group

Residential Rental Housing Licensing Program

- A tax parcel should be licensed.
- A housing inspection program should be associated with the licensing program right from the beginning.
- Each license should list the property owner, his/her/its contact information such as address and telephone number, the year the license is issued, the year the license expires, all housing units covered by the license, and the tax parcel number(s).
- A licensing program should be phased-in over time. DPD should use its best judgment when to begin a licensing program, but it should be as soon as is practical.
- A license should be revocable. The standard for revoking a license should involve a serious condition or issue. A revocation could involve the failure to achieve a specific point total where a point system is being used or where life/safety violations are present.
- If a license is revoked, all tenants affected by the license revocation would not necessarily have to relocate, only those in units with serious conditions.
- Any housing unit located in a property affected by a license revocation should not be re-rented until all violations are corrected.
- A portion of the license fee should go into a relocation assistance fund to help tenants displaced by unsafe housing conditions.

- License renewals should be staggered and coincidental with the re-inspection of the condition of housing units.
- A license should not be renewed until all violations of standards, both major and minor, are corrected.

Residential Rental Housing Inspection Program

- There should be no self-certification of the condition of housing units. Specifically, tenants should not be a part of a self-certification program, because (1) outside inspectors could be neutral and (2) there is too much opportunity for pressure on tenants to certify or potential for retaliation for not certifying
- The general principal should be that landlords with no violations should be inspected less frequently than those that are often found in violation.
- All housing units should be inspected every three (3) years to begin with.
- Housing units that fail an initial inspection should be inspected annually for a period of time. How long would be determined by DPD.
- Housing units which pass an initial inspection should then be inspected every five (5) years.
- Inspections should be on a pass/fail basis with an opportunity to remedy defective conditions.
- If conditions in a housing unit or a building as a whole are found so bad as to warrant the vacation of the housing unit or building, there are processes already in place for relocation.
- Landlords could have his/her housing units inspected by a private inspector, an inspection organization, or by City personnel.
- Private inspectors and inspectors employed by inspection organizations must meet the standards established in state law. DPD could add to these standards if it chooses.
- A weighted inspection system should be used in conjunction with the standards as per previous discussions within this group and as outlined in the placeholder Ordinance.
- The City's complaint-based housing inspection program should be continued.

Education

- There should be both landlord and tenant education programs.

- The tenant education program should include the creation of a special document describing the licensing and inspection program that is translated into multiple languages. This document should be written by a landlord-tenant organization.
- There should be broad community education about the licensing and inspection program.
- The landlord, tenant, and community programs might possibly be funded by a portion of the licensing fee.

Appendix B

**Example of Exterior Inspection Criteria
From the City of Tacoma**

The City of Tacoma has established standards by which to evaluate the exterior condition of a rental property. If a property accumulates twenty-five (25) or more points, the City’s Provisional Rental License process is triggered, which is in addition to the requirement to obtain a business license for rental housing. See the table immediately below for a summary of the criteria Tacoma uses.

Item	Maximum Points
Overgrown/unsightly/untrimmed ground cover, trees, or shrubs	5
Junk/garbage/debris in yard	15
Abandoned/inoperable vehicle(s) in yard	15
Graffiti	25
Missing/unreadable address number or apartment numbers	10
Exterior stairs need repair/replacement	15
Handrails/guardrails on exterior stairs in yards need repair/replacement	10
Sidewalk(s)	15
Retaining wall(s)	25
Accessory structure needs repair or demolition	25
Improper use of recreational vehicle	25
Improper placement or use of a cargo container	25
Broken/plugged sewer	25
Use of semi-trailers for storage	25

For additional information on the Tacoma point system and the Provisional Rental Dwelling License, see Tacoma’s Minimum Building and Structures Code (Tacoma Municipal Code Chapter 2.01)