

## Registration and Inspection Program for Rental Housing

The following table summarizes how the direction provided at six meetings of the Housing, Human Services, Health and Culture committee since March of this year is implemented in Council Bill 117569. The committee discussed the Registration and Inspection program on March 28, April 11 and 25, May 9, July 13, and August 8, 2012. The table also reflects the consensus items detailed in the May 4, 2012 report to this committee as well as changes following public comments and stakeholder input on the most recent draft of the ordinance. Bolded points in the table highlight the most significant changes.

	<b>May 4, 2012 Central Staff report</b>	<b>Committee direction or stakeholder input</b>	<b>Council Bill 117569</b>
<b>1</b>	DPD will spend up to one year developing the tools to implement the program, including staffing, software development, forms, training, outreach materials, and other like tools	DPD will have one year following the effective date of the ordinance to develop the tools its needs to implement this program.	The legislation will be effective 30 days after adoption but has a phased implementation schedule that will include a fee ordinance in the fall of 2013 and the first registration requirements beginning in January 2014.
<b>2</b>	<p>DPD will spend the first three years following establishment of the program tools to register properties. The registration process would be rolled out as follows:</p> <ul style="list-style-type: none"> <li>• In the first 6 months, registration would be required for buildings with 7 or more units (3,407 properties);</li> <li>• In the second 6 months, registration would be required for buildings with 3 to 6 units (3,613 properties); and</li> <li>• In the second and third years, registration would be required for buildings with 1 to 2 rental units (35,000 properties).</li> </ul>	DPD will codify this requirement.	<p><b>SMC 22.214.040.A requires that all rental units be registered with the Department between January 1, 2014 and December 31, 2016 according to the following schedule:</b></p> <ol style="list-style-type: none"> <li><b>1. By July 1, 2014 all properties with 10 or more units;</b></li> <li><b>2. By January 1, 2015 all properties with 5 to 9 units; and</b></li> <li><b>3. By December 31, 2016 all properties with 1 to 4 units.</b></li> </ol> <p>See also point 8 on page 3 below.</p>

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3	Prior to being registered all property owners must prepare a declaration stating that all units on the property comply with the housing standards enforced in this program.	No change.	SMC 22.214.040.G.7 and .8 requires that 1) a statement sworn under penalty of perjury be submitted that all housing units available for rent meet the program standards and 2) the statement be established by declaration or through a physical inspection by a qualified inspector.
4	All rental units at a property must be registered in order to rent units. Registration authorizes the rental of the identified units for three years.	The term of a valid registration will be increased from 3 years to 5 years.	SMC 22.214.040C states that a rental housing registration shall be valid for 5 years from the date that it is issued. Government subsidized housing will be exempt from the inspection requirement if the rental units are inspected at least once every five years.
5	A new declaration will be required at the three year registration renewal period.	A renewal will be required at 5 years.	SMC 22.214.040.H requires renewal of a rental housing registration prior to the expiration of the existing registration (5 years) with updated property information and a new declaration.
6	DPD will maintain an on-line database of properties with information on number of units, owner information, the date of any inspections, and other similar information.	No change. DPD shall also post this database in an accessible place on its website	Section 16 of the draft Council Bill requires DPD to develop and maintain an electronic database, posted on the department’s website, to include the following program elements:  A. The information disclosed in the required application materials; B. The address, name of property owner, and contact information for any property that is subject to a denial or revocation; C. The date and outcome of any inspection; and D. The information disclosed under the certificate of compliance.

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7	DPD will propose that Council expand the existing 14 point housing code requirements in the 2010 ordinance, including a weighted point system for life-safety violations.	Initial direction to DPD to expand the list of housing code provisions in the 2010 ordinance to include elements recommended in the March 28, 2012 report put on hold based on concerns from DPD and property owners about increasing the complexity and costs of the initial program.	Expanding the requirements beyond the 14 housing code provisions in the current draft will be evaluated in the future once DPD has data to assess the sufficiency of the initial standards and the ability to consistently apply and enforce the standards.
8	If any property owner requests approval to register and rent units on a property, and that property has documented history of code enforcement violations, an interior inspection will be required.	The inspection requirement will be modified to require an inspection prior to obtaining a rental housing registration when that property has been subject to a code enforcement action involving more than two housing code violations enforced in this ordinance.	<p><b>SMC 22.214.050.D requires a property inspection <i>within the first year</i> when an owner has received 2 or more notices of violation, or one or more emergency orders, in the two years preceding adoption of the ordinance. The inspection could be conducted by a private qualified rental housing inspector. Current language is not clear about “the first year of what”.</b></p> <p><b>Because inspections will not begin under this program until 2015 (following the first round of registrations which are open through 2014), staff has prepared an amendment to clarify that: all properties with the noted history of violations must register in 2014 and be inspected in 2015.</b></p>
9	If DPD receives a code enforcement complaint on a property that is currently registered, DPD will use its complaint-based program to request an interior inspection from the property owner or tenant at a property.	No change.	DPD has current authority to request an interior inspection of a rental housing unit when a complaint by a tenant has been received. <b>If violations of the standards in this program are found such that the unit would fail inspection, SMC 22.214.050.C authorizes DPD to require all other units on the property be inspected.</b>

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<b>10</b>	DPD will expand its use of civil warrant authority when a third-party makes a complaint to DPD that a property may have a code violation; civil warrant authority would also be extended to cases when exterior assessments could be used as the basis for an interior inspection request.	No change.	No change.
<b>11</b>	DPD will conduct ongoing audits of property owner declarations as part of a larger program evaluation element.	Change to audit of inspection quality and consistency with declarations as part of larger program element.	SMC 22.214.050.J requires DPD to audit inspection reports and certificates of compliance by reviewing their completeness and accuracy. <b>DPD is authorized to do a physical inspection of the property as part of the audit process.</b>
<b>12</b>	DPD will conduct ongoing outreach to identify and register all rental properties.	No change.	No change.
<b>13</b>	DPD would impose civil fines when rental units are not registered or owner declarations are knowingly false.	No change.	SMC 22.214.075-085 sets forth a range of civil penalties and enforcement tools that include: 1. Violations for any requirement of the program or rule adopted to implement the program; 2. Knowingly submitting or assisting in submitting a falsified inspection report or certificate of compliance; 3. Failure to register a unit or property; 4. Failure to pay the registration renewal fee and submit a complete renewal application; and 5. Failure to transfer a property registration in a timely way.  <b>The enforcement provisions have been simplified so they match the processes used for other violations of the Housing Code, including daily penalties of \$150</b>

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			<b>or \$500. Specific additional penalties are also possible: \$5000 for false reporting and \$1000 for failing to meet registration requirements.</b>

<b>Additional committee/stakeholder direction or input</b>		
<b>14</b>	Following public comment, clarify and update definitions to make them consistent with State statutes	SMC 22.214.020 has updated definitions for Qualified Rental Housing Inspectors and Owner that align with definitions in RCW
<b>15</b>	<b>Update and correct overlapping definitions</b> of housing unit, rental unit, residential housing unit, and rental housing unit	These definitions were modified or merged.
<b>16</b>	<b>Following public comment, clarify exemptions for accessory dwelling units, major institutions and adult family homes</b>	<b>SMC 22.214.030 has been expanded to reflect these exemptions</b>
<b>17</b>	Following public comment, give additional time to update a change in registration	SMC 22.214.040.J allows 60 days to update registration information if ownership information changes
<b>18</b>	Following public comment, the process to revoke a registration should be updated and clarified	SMC 22.214.045, registration denial or revocation, has been updated to set forth the process to revoke a registration, including the process before the City’s Hearing Examiner
<b>19</b>	Properties inspected within the first five years of the program should be subject to inspection in the second five years of the program	SMC 22.214.050.A and B require that <b>at least ten percent of all properties registered under the program be inspected each year</b> using a random selection process. <b>All properties must be inspected at least once during the first ten years. Properties may be subject to an additional inspection after five years.</b>
<b>20</b>	Clarify the time allowed for a property owner to submit a Certificate of Compliance when notified by DPD that an inspection is required.	<b>SMC 22.214.050.F includes a 60 day time frame for submitting a Certificate of Compliance.</b>

21	Codify a requirement that property owners retain their third-party inspection reports for at least 5 years.	<b>Because the Certificate of Compliance will be filed with DPD, this requirement was not included. Property owners may decide whether to retain records or not.</b>
22	Following public comment, reference State statutes concerning a tenant’s rights and responsibilities regarding allowing entry for the purposes of an inspection	SMC 22.214.050.H now references RCW 59.18.150
23	Amend the existing code sections that allow buildings with more than 20 units to select up to 20% of those units for inspection; the amendment will change the percentage from 20% to 15%	SMC 22.214.050.G.1.b establishes that 15% of the units in a building will be inspected when there are more than 20 units. A maximum of 50 units per building will be subject to inspection.
24	DPD shall confirm, through a code amendment or in its rule making, that once a property passes its mandatory inspection that it will not be eligible for inspection again until the end of the defined registration period, unless a complaint has been made that the building is in violation of the housing code elements enforced in this program.	SMC 22.214.050.I establishes that a certificate of compliance, which is issued after a successful inspection, is valid for a period of 5 years. If DPD determines that there is a violation of the requirements of SMC 22.214.050.M (this program) in any of the units listed on the certificate, the property owner may be required to have all units inspected and obtain a new certificate of inspection.
25	A qualified housing inspectors registration should be revocable upon a finding of submission of false information or criminal activity related to an inspection	SMC 22.214.060E.
26	The ordinance will codify a requirement for a yearly written report to Council that includes an evaluation of the following program elements: <ul style="list-style-type: none"> <li>• The status of registration, including the</li> </ul>	Section 17 of the draft Council Bill requires DPD to submit the written report to Council on a yearly basis, with the first report due by June 1, 2014, and every year following.

	<p>extent to which previously undisclosed dwelling units have been found;</p> <ul style="list-style-type: none"><li>• The extent to which properties that have been subject to inspection have not completed the inspection within 60 days of selection;</li><li>• The results of the inspection process when a property with previous code enforcement history has been required to be inspected as a condition of receiving a registration;</li><li>• If the fee associated with the registration actually reflects program costs;</li><li>• The extent to which inspections have occurred on properties with a valid registration that have resulted from a complaint;</li><li>• The extent to which the civil warrant process has been used; and</li><li>• The extent to which audits have occurred on inspections</li></ul>	<p><b>DPD requests that the reporting date be changed to July 31, 2014 and each year following.</b></p> <p>This would allow reporting on the number of initial registrations received by July 1, 2014 per SMC 22.214.040 and will facilitate data collection and analysis on a standard quarterly basis.</p>
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