



## Memo

**Date:** September 3, 2021  
**To:** Honorable Mayor Armitage; City Council  
**From:** Erin LaPere, City Manager  
**Re:** Rental Registration and Inspection Program – Fee Schedule

As discussed at the August 16<sup>th</sup> meeting, the City Assessor has prepared a preliminary database of rental units in the city. He is still working on data regarding mobile home parks. Those are included in the fee schedule but we have not estimated the additional revenue that those registration would generate. Excluding those, there are an estimated 1,800 rental dwelling units over 608 properties identified by the city, including residential above commercial, apartment complexes, single family homes, and multifamily homes. Below is a breakdown of the rental units by category.

Type	Rental Units	Range Unit per Property	Properties
Mixed Use/Apt above Commercial	35	1-4	24
Apartment Buildings	912	9-120	22
Single Family Home	381	1	381
Multi Family Home	472	2-7	181

I would note, this database is accurate based on our current information utilizing assessing and tax records and the figures will change as we roll-out this program. Additionally, I expect that the base number of rental units will fluctuate over time. Persons sell properties and those that are currently rental units may become owner-occupied. Alternately, persons may purchase existing properties and convert them into rental units, or new multi-family housing could be constructed.

The fees should be tied to the expected costs for administering the services, as well as attempt to equitably distribute those costs. Accordingly, I would recommend a tiered fee schedule that would require a single base fee for single family structure, or single rental unit within a structure (e.g. apartment unit above a business), and a tiered fee for first unit with additional price per unit for each multi-unit structure.

\$100 for single-family home or single rental unit.

\$100 for first unit and \$25 per unit for multiple units, for example:

- Duplex, \$125
- Quad, \$175
- Mixed, 3 units above commercial \$150
- Apartment complex total of 120 units, \$3,075.

This would result in revenues of approximately \$90,600 every two years, or \$45,300 per year.

Councilmember McRae inquired about the change in revenue should we charge \$50 for each additional unit instead of \$25. That would result in \$120,400 every two years, or \$60,200 per year. The same breakdown per unit type would be:

- Duplex, \$150
- Quad, \$250
- Mixed, 3 units above commercial \$200
- Apartment complex total of 120 units, \$6,050.

If the City Council were to approve a flat fee structure of a set price-per-unit, the total revenue would be the dollar value times 1,800. For example, if we were to charge \$100 registration fee per unit, we would expect to generate \$180,000 every two years, or \$90,000 per year. However, this fee schedule may be found to be less equitable as the costs tied to inspection include exterior factors, which are mitigated by inspection of multiple units within one structure, among others. Council may also consider the multiunit fee schedule on a “per structure” basis so apartment complexes would be charged the base rate per building, not per property. In the example of \$100/\$25, if that complex of 120 units was composed of 15 buildings the fee would be \$4,125 every two years.

Depending on the fee structure decided for this program, the revenues generated would defray the necessary expenses of a code enforcement officer/rental inspector. Council should also be mindful that costs for general code enforcement would be borne by the General Fund, as would be expected for this type of service. The fees for rental program would not be expected fully fund other code enforcement.

Additional considerations for costs that need to be considered include vehicle and other equipment such as a cell phone. I am working on a cost analysis, including a comparison for contracting the services out, for Council to consider as part of the approval to amend the budget to hire staff to do this enforcement work. I expect to have that finalized for discussion at the September 14<sup>th</sup> Council meeting.

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