

## STAFF REPORT

**DATE:** July 7, 2015  
**TO:** City Council  
**FROM:** Stacey Winton, Media & Communications Officer  
Mike Webb, Assistant City Manager  
**SUBJECT:** Update and Direction of Renter Resources and Mini Dorms

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### **Recommendation**

Direct staff to pursue a preferred option(s) for Renters Resources and Mini Dorms as laid out in this report and return in the fall with a comprehensive program proposal after conducting further outreach and analysis.

### **Fiscal Impact**

Fiscal impacts at this time include staff time for research. Implementation of a program will likely have a cost associated with it, but that cost will not be known until a final plan is developed.

### **Council Goal(s)**

Rental resources are not specifically included in the City Council goals.

### **Background and Analysis**

Councilmember Lee requested staff review rental property resources offered by the City and develop a plan to address renter and property management issues.

Issues and concerns identified with renter and rental units include:

- Renter issues can include a wide variety of topics, including renter/landlord rights and responsibilities, deposits, property conditions, visual blight, code, and noise violations, and reporting of problems. These issues are currently dealt with in a piecemeal fashion and typically involve multiple parties, agencies, and sources of information/resources. Renters need a 1-stop resource for information.
- Low-cost mediation services are not currently widely available.
- Single family units that are not professionally and responsibly managed tend to have more property related issues than apartment units and more issues than single family units that are not professionally and responsibly managed.
- Renters are not empowered to report problems. They may be intimidated and/or not knowledgeable about their rights. This is exacerbated by an extremely low vacancy rate in Davis.

The City's housing stock includes (2014 data):

11,947 Multi-family (Apartment) rental units  
 13,418 Single family/Condominium/Duplex units\*  
 \* 3,887 are rental units (29%)

This totals 25,365 residential units in Davis with 62% of the units being rentals.

The following statistics show the number of visual blight, code, and noise violations in Davis.

***Code Violations by Property Type***

<b>Calendar Year</b>	<b>Total Violations</b>	<b>Rental Property</b>	<b>Owner Occupied</b>
2013	697	470 (67%)	227 (33%)
2014	696	463 (67%)	233 (33%)
2015 (thru 5/31)	216	115 (53%)	101 (47%)

***Rental Property Violations by Type***

<b>Violation</b>	<b>2013</b>	<b>2014</b>	<b>2015 (thru 5/31)</b>
Building Violation <i>(Work without permit, expired permit, substandard housing)</i>	122	119	68
Loud party/music <i>(Party)</i>	116	191	27
Planning Violation <i>(Accessory structure setback issues, zoning, illegal signs, too many yard sales, home occupations not allowed (i.e. auto repair), parking requirements, etc...)</i>	24	6	0
Public Works Violation <i>(Trash cans left in street, basketball hoops, yard waste in bike lane)</i>	61	1	0
Visual Blight @ Private property <i>(Trash, overgrown lawns, cars parked on lawn, non-op cars in private driveway, indoor furniture (couches) outside)</i>	147	146	20
<b>Total</b>	470	463	115

The statistics above indicate that the number of reported violations are proportional to the number of rental and owner occupied properties. These statistics do not include unreported violations. Furthermore, it should be noted that rental property ownership tends to have a much lower turnover rate than owner occupied properties. Only when properties change ownership are they subject to the City Resale Inspection Program.

**Options to Pursue:**

To address the rental concerns, staff offers the following options for Council consideration:

## **Option 1 – Develop a One-Stop Rental Resource Ordinance to Include an Inspection Process**

Attributes of such a program could include:

- Develop a renter resources website that would include:
  - Landlord/Renter Rights
  - Living expenses worksheet
  - Where to look for housing
  - Details of the application process
  - Education on lease provisions and possible Model Lease
  - Deposits
  - Move-in checklists
  - Habitability laws and guidelines
  - Roommate relations
  - Renter and landlord responsibilities
  - Move-out process
  - Information on how to access mediation services through Yolo Conflict Resolution Center or other resources
- Assist ASUCD with updating the Model Lease
- Consolidate all rental resources into one Ordinance.
- Require all rental units be registered with the City. This could include a registration fee (estimate \$25 per SF unit and \$50 per MF property). If the property owner does not reside in the area, they must provide emergency contact information, including a local contact within 60 miles of Davis, with full authority to act on behalf of the owner.
- Prior to commencement of a tenancy, an owner/manager/agent must provide the tenant with information regarding their rights and responsibilities on a form provided by or approved by the City.
- At the commencement of the lease, an inspection of the property shall be performed by the owner/manager/agent and the tenant using a City approved inspection checklist. The checklist verifying the inspection and review of the list shall be signed by the tenant(s) and the owner/manager/agent.
- Implement a Proactive Rental Inspection Program
  - Inspect all rental unit types to ensure that all rental properties are safe and habitable.
  - Could include inspection of properties on a periodic basis, generally once every two to five years. The outcome of the inspection could dictate how soon the next inspection will need to occur.
  - Multi-family properties may include inspection of the exterior of the property, all common areas, and a random sampling of interior units.
  - An option for a self-certification program could be developed which would include periodic audit inspections to verify that a property is qualified for self-certification.
  - An Inspection fee will need to be developed to ensure the program is self-funded and to match with necessary staff resources to implement it. The amount of this fee will depend upon the type and frequency of inspections performed. Based on current workloads, existing staff would not have the capacity to take on a rental inspection program, therefore additional resources

would need to be utilized. Initial start-up costs including staffing, vehicles, office space and equipment will need to be accounted for/reimbursed from the fee.

### **Option 2 – Develop Increased Rental Resources with No Inspection Program**

- Develop a renter resources website that would include:
  - Landlord/Renter Rights
  - Living expenses worksheet
  - Where to look for housing
  - Details of the application process
  - Education on lease provisions and possible Model Lease
  - Deposits
  - Move-in checklists
  - Habitability laws and guidelines
  - Roommate relations
  - Renter and landlord responsibilities
  - Move-out process
  - Information on how to access mediation services through Yolo Conflict Resolution Center or other resources
- Assist ASUCD with updating the Model Lease
- Consolidate all rental resources into one Ordinance.
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- Pursuing this option would not preclude adding an inspection component at a later date, should it be deemed warranted.

Councilmember Lee and City staff met with a local stakeholders group that included single-family and multi-family/apartment managers to discuss concerns and potential solutions. The group expressed concerns regarding an inspection program, in large part because of cost concerns, and felt Davis does not have the types of property management issues as other cities that have implemented rental inspection programs. They were open to additional renter/landlord education options. Staff also met with the Rental Housing Association of Sacramento to discuss issues and options.

## **History of Rental Housing Issues**

### **2003**

Large House/Mini Dorm Ordinance was adopted by Council, which required additional on-site parking for homes with more than four bedrooms and required design review for homes that exceeded a certain Floor Area Ratio (FAR) threshold. Both of these provisions have helped to address concerns of "mini-dorms" going into existing neighborhoods unchecked. An update on possible expansion of mini-dorm provisions is discussed further below.

### **2004**

- Staff analyzed the feasibility of a rental inspection program. This study was initiated due to an increase in illegal garage conversions. The study identified potential program costs for inspections of 14,000 units to be approximately \$217 for Annual Exterior Only Inspection and \$436 for Annual Interior & Exterior Inspection. The costs included staff time, vehicles, computers and office space.
- UC Davis conducted a Quick Survey to gather data on the type and extent of problems commonly associated with rental units as experienced by student renters in Davis. The survey had an impressive response of 3,789 students. Of this amount, 38% lived in University owned halls/apartments, 45% lived off campus in rental units, and the remaining lived with parents or outside of Davis. Of those living in off-campus rental units, the most common problems noted in the surveys with the rental units included mold, pests, and plumbing.
- In addition to the UC Davis Quick Survey, the UC Davis Honors Challenge (DHC) conducted a more in-depth survey of renters in the city (both students and non-students). The UC Davis Honors Challenge group consisted of five UCD Honors students and was led by Dr. Ken Verosub, of the UCD Geography Department in conjunction with city staff. As with the UCD Quick survey, the DHC examined the specific types of problems experienced in Davis rental units. However, the DHC study also examined the location of problems (e.g. where in the city did survey respondents live). This survey was administered, in-person, by students at north and south Davis supermarkets, on campus and at the Davis Farmers Market. It included student and non-student renters. The DHC survey had 286 respondents, which represents a good response rate for an in-person, in-depth survey. 90% of the survey responders were students. The areas of town the responders lived in included: 24% Central Davis, 24% North Davis, 25% South Davis, 19% West Davis, and 8% East Davis. Of the problems listed, the majority of which were resolved within 1-3 days of reporting the issues to the landlord or property manager. 90% stated they were comfortable with reporting issues to the landlord. 91% of the rental units were apartments. The most common problem noted were pests (91%) followed by plumbing issues. The majority of the pest problems were ants.
- In 2004, the City Council, voted to not pursue a rental inspection program, but to better utilize current programs in place such as the Code Enforcement program, Noise Ordinance, Resale program, Neighborhood Services program, Mediation Services and Crime Prevention.

**2005**

Council approved the Nuisance Abatement and Administrative Citation Ordinances, which allows a citation/fine to be imposed on a property owner.

**2009**

Oeste Manor Neighborhood Association drafted a Rental Safety Ordinance and presented to City-UCD Student Liaison Commission. The City-UCD Student Liaison Commission did not support the rental inspection component. The Oeste proposal included:

- Homeowner database accessible to the public 24/7
- Rental Inspection program
- Require a business license for all rental property owners
- Cost recovery system for Police calls related to parties

**2009**

City Council and the City-UCD Student Liaison Commission discussed the Oeste proposal at a joint meeting. The City Council directed staff to look into database options, use the Administrative Citation Ordinance to cite property owners and continue to use current City Ordinances and laws.

**2011**

ASUCD conducted a renter's survey as part of Housing Day. 71% of respondents stated they were Very Satisfied or Somewhat Satisfied with their current landlord; 78% stated they had not had a serious problem with a roommate and 29% stated they were Very Satisfied or Somewhat Satisfied with how much of their security deposit was returned to them.

**2013**

Staff met with Oeste Manor Neighborhood Associations representatives who stated their main objective was to have a 24/7 public accessible website with landlord contact information as well as to address visual blight concerns. Staff provided a spreadsheet noting all properties in their association and property owner contact information. Staff proposed a revitalization program in the area to include an education component and a higher Police & Code Enforcement presence. This went into effect in September 2013.

The primary administrative functions and responsibility for investigating nuisance violations was shifted to the Police Department to better integrate with community policing efforts such as those described for Oeste Manor above. Primary responsibility for investigating Zoning and Building Code violations remains with the Community Development Department.

**Update on Mini Dorm Provisions**

On September 23, 2014 staff presented the City Council with an update on "mini dorm" ordinance provisions in the zoning. The report can be found here: <http://city-council.cityofdavis.org/Media/Default/Documents/PDF/CityCouncil/CouncilMeetings/Agendas/20140923/07-Mini-Dorms-Update.pdf> The City Council directed staff to explore possible changes to the mini dorm ordinance and renter's resource ordinance.

The timing of the September 2014 update was largely in response to zoning and building code violations that took place at a rental property on Sunset Court. Staff believes that the code

enforcement actions undertaken on the Sunset Court property worked precisely as envisioned in the nuisance ordinance. Upon receipt of the complaint of illegal conversion into multiple unpermitted bedrooms the property was promptly inspected by staff, the code violations were recorded, the property owner was provided with an order to correct the violations, and the violation was remedied via removal of the illegal interior construction and verified by staff. The code enforcement program is designed to seek remedy of the violation, and is not designed to seek punitive remedies by way of fines – as long as the violation is remedied as ordered. Under the current nuisance code structure, fines are only imposed in the event that a property owner does NOT comply with a nuisance abatement order. In a situation like that of Sunset Court the primary “penalty” paid by the property owner is the expenditure of installing then removing the illegal construction.

In the September staff report options were outlined to possibly impose greater zoning restrictions (e.g. lower thresholds for review) for single family homes. For example, the City currently requires homes or remodels with five or more bedrooms to obtain a Conditional Use Permit (CUP). The threshold for requiring a CUP could be reduced to four or more bedrooms, for example. Where there is currently no maximum number of bathrooms that can be in a house, the zoning could be amended to require a CUP for new homes or remodels exceeding a certain number of bathrooms. Since the September 2014 report, there have been two code enforcement cases involving concerns about illegal conversion of garage or non-habitable space or integration of illegal bedrooms. One property is a rental, one is owner-occupied. Both are in the process of being remedied through the code enforcement process. Staff is not observing an influx of illegal conversions or a proliferation of illegal “mini dorms” being reported.

After further reflection and monitoring of illegal conversions of homes to mini dorms, staff believes that the approach of reducing the “thresholds” for triggering CUP’s may not be the most effective approach to further curtail “mini dorms”. Amending the zoning to lower the thresholds for review will likely tend to burden “legitimate” remodels with additional review time, costs, and process uncertainty. Staff believes that the primary goal may be to further discourage illegal conversions of homes to mini dorms (e.g. those property owners who do not seek the required permits and zoning approvals) for remodels. Further enforcement tools could help to thwart such activity from taking place. Possible options include:

1. Rental inspection program as described above
2. Incorporation of more stringent penalties and fines into the nuisance ordinance for property owners and contractors with egregious violations of the building and zoning codes resulting in illegal conversion of homes to multiple bedrooms and/or conversion of non-habitable space (such as garages).

Option #2 above could be pursued as a stand-alone enforcement tool with our current complaint-based code enforcement system, or could be coupled with a rental inspection program. Option #2 would require research and consultation with legal counsel. The intent of option #2 would be to provide a financial deterrent to property owners and a mechanism to recover full city enforcement costs when illegal conversions are performed. While staff believes that the current code enforcement mechanism are effective at seeking remedy to such illegal conversions, when they are reported, the Council may wish for staff to do additional research and report back with more information or implementation of option #2 above.