

Reply to Common Council File No. 140909
From DOA-Budget and Management Division

October 28, 2014

Ref: 15BF

Common Council File Number 140909 extends the Residential Rental Inspection Program in the two areas it currently exists, and it also extends the program to an additional neighborhood. The purpose is to ensure rental properties comply with existing building maintenance, fire, and zoning codes.

The Residential Rental Inspection program (RRI) was created in Council File Number 090429, adopted in December 2009. The RRI program started in 2010 in two neighborhoods: the Lindsay Heights neighborhood and the neighborhood surrounding the University of Wisconsin Milwaukee.

The program requires owners of rental properties in designated residential areas to apply for a residential rental certificate from the Department of Neighborhood Services (DNS). A certificate is required for each rental unit in order for it to be rented. Following application, DNS conducts an inspection to verify that each rental unit complies with the building maintenance and zoning codes.

The cost of inspection is \$85 for each unit. The only exception to this is if a multifamily building has 10 or more units. In this case, DNS inspects a sample of dwelling units, of not less than 2 and not more than 10% of the dwelling units in the multifamily building. In no event will DNS charge a fee for more than 10 units in a building.

DNS issues a residential rental certificate if the inspection verifies that the dwelling unit conforms to the building maintenance and zoning codes and that there are no outstanding orders issued against the unit. The certificate is valid for four years from the date of issuance if no disqualifying violations are found at the initial inspection. A one year certificate is issued if disqualifying violations are found at the initial inspection. An owner failing to apply for a residential rental certificate of compliance shall be subject to a forfeiture of \$100 for the first failure to apply. The owner shall be subject to a forfeiture of \$150 for each subsequent failure to respond to a notice sent by DNS to apply.

The RRI program was created as a pilot program, with authorization for the program expiring on January 1, 2015, unless the program is extended by the Common Council. The enabling legislation also prohibited the creation of additional inspection areas during the pilot phase. Finally, the legislation directed the DNS Commission to evaluate the results and effectiveness of the pilot program and report to the Common Council these results and potential improvements to be made.

DNS has completed its evaluation of the program and submitted a report to the Council in File Number 140935. The report details the effectiveness of the program and recommends both continuation of the program in the Lindsay Heights and UWM neighborhoods, and also recommends expansion of the program to the St. Josaphat Basilica neighborhood. The report makes additional recommendations regarding improving the programs operations.

This ordinance was developed as part of Mayor Barrett's Proposed 2015 Budget. The Mayor supports the DNS Commissioner's recommendation to continue and expand the program. If continued and expanded, the program will require six authorized staff positions with a salary cost of \$179,917. Estimated fringe benefit costs are \$80,963. Other costs are estimated to be \$29,800, including supplies, materials and auto allowance. Total estimated costs are \$290,680. The estimated annual revenue for 2015 is \$196,000.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER
140909**



Eric Pearson
Budget and Policy Manager

ECP:dmr

FINANCE: 140909sr.doc