



Office of the City Manager

PUBLIC HEARING
May 28, 2019

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Timothy Burroughs, Director, Planning and Development Department
Subject: Rental Housing Safety Program Proposed Fee Increases

RECOMMENDATION

Conduct a public hearing and upon conclusion, adopt a Resolution amending Resolution No. 67,985-N.S. to amend the master fee schedule for the Planning and Development Department to increase the Rental Housing Safety Program (RHSP) annual, reinspection and penalty fees in FY 2020 and Fiscal Year 2021.

SUMMARY

The Planning Department proposes increasing RHSP fees to fund the establishment of a cyclical proactive inspection program to perform habitability inspections and increase tenant safety. The Building and Safety Division will expand the program over a three-year period with the goal of conducting proactive inspections covering all residential rental units in Berkeley on a five-year cycle.

Although the costs to administer the program have increased over the last years and are projected to increase substantially with the planned expansion of the program, the reinspection fees have not been raised since 2003, the late payment fees since 2005, the administrative lien fees since 2007, and the program annual flat fees since 2009.

FISCAL IMPACTS OF RECOMMENDATION

Table 1 displays the current RHSP fees and those proposed for fiscal years 2020 and 2021.

Table 1: Current and Proposed Fees				
Fee Type	Last Increase	Current Fee	Proposed Fee Increase FY20	Proposed Fee Increase FY21
<i>Annual Flat Fees</i>	2009			
Per Unit		\$26	\$40	\$56
Per Room		\$13	\$20	\$28
<i>Inspection Service Fees</i>	2003			
Initial Inspection		None	None	
1st Reinspection Violations Corrected		None	None	
1st Reinspection Violations not Corrected		\$300	\$400	
2nd Reinspection		\$400	\$600	
3rd and Subsequent Reinspection		\$400	\$800	
<i>Penalty Fees</i>				
Late Payment Fee 1-30 days delinquent	2005	10%	No change	
Late Payment Fee 31+ days delinquent	2005	20%	40%	
Administrative Lien Fee	2007	\$125	\$250	

Average rent for all units, including those not subject to rent control, has increased by 63% from 2011 to 2018 from \$1,870 to \$3,051, according to the information on the Rent Jungle website, which provides data going back to 2011.

The fee increases would cover cost increases the City has borne since the last time fees were raised in 2009, and would fund additional housing inspectors and administrative staff as well as 50% of the Resilient Buildings Program Manager position, established in 2018, which manages the RHSP. The increases would also support the additional workload of revenue collection responsibilities, which were transferred from Finance to the Rental Housing Safety Program in 2017. Additional detail on the calculations behind the proposed fee changes can be found in Attachment 2.

The operating budget for the RHSP in FY 2019 is \$1,144,021. Funds are collected and costs expensed in the Rental Housing Safety Program Enterprise Fund 375, which is an enterprise fund established to be self-supporting.

CURRENT SITUATION AND ITS EFFECTS

The Planning Department's Building and Safety Division is expanding the Rental Housing Safety Program with the goal of conducting proactive inspections of all rental units in the City of Berkeley on a cyclical five year basis. This expansion will ramp up over a three-year period. The expansion of the Rental Housing Safety Program is one of the City's Strategic Plan Priority Projects, advancing our goal to create a resilient, safe, connected, and prepared city.

Current RHSP reinspection fees were established in Resolution No. 62,230-N.S., adopted on September 16, 2003, and are charged when cited violations are not corrected within 30 days. Current late payment fees were established in Resolution No. 62,990-N.S. adopted July 12, 2005. The RHSP administrative lien fee, charged when a lien is placed on the property at the end of the fiscal year for unpaid fees, was established in Resolution No. 63,773-N.S. adopted on July 10, 2007. The current annual per room and per unit flat fees were originally established in Resolution No. 64,455-N.S. adopted on May 19, 2009. These resolutions were rescinded by resolution 66,598-N.S., when the RHSP fees were incorporated into the Planning Department's master fee schedule, effective July 1, 2014, which was updated by resolution 67,985-N.S.

RHSP fees support the enforcement of the Berkeley Housing Code (BMC 19.40), habitability inspections performed Housing Code Enforcement, and administration of the Rental Housing Safety Program (BMC 12.48). Fees fund housing inspections in response to tenant complaints, and randomly selected proactive inspections. Program staff are responsible for noticing, scheduling, and conducting investigations and reinspections, documenting and noticing code violations, conducting follow up inspections to confirm violations have been corrected, answering questions from landlords and tenants about code enforcement activities, maintaining and updating a database of property owner information, and collecting revenue.

Fees also support administration of the self-certification checklist, or Schedule A. The RHSP sends property owners information regarding the requirements of Schedule A annually and issues citations to owners who fail to provide a copy of the completed

Schedule A at the time of an inspection. Penalty fees and administrative lien fees pay for the cost of revenue collection on delinquent accounts.

Attachment 4 compares Berkeley's proposed new fees with fees charged by other California jurisdictions with rental housing safety programs. Annual fees range from \$22 to \$131 per unit; cities with lower fees typically do not proactively inspect all units in the jurisdiction. The cities of Richmond and San Pablo charge the higher fees of \$83 and \$78/unit, Santa Cruz, Los Angeles and El Cerrito charge \$50, \$43.42 and \$41/unit respectively, and Oakland and Hayward charge \$30 and \$22/unit. San Francisco's fee schedule varies based on the number of rental units, and San Jose has a tiered system charging between \$30 and \$131 depending on the number of violations found. The tier dictates the frequency of inspections and the percentage of units in the building subject to proactive inspections. Higher fees are necessary to fund sufficient staffing to conduct proactive inspections on all units.

Jurisdictions vary in the way they charge reinspection fees, by individual reinspection, by hour and by parcel. Oakland, El Cerrito and San Jose charge between \$206 and \$242 per inspection, while Santa Cruz, San Francisco and San Pablo charge between \$123 and \$158/hour. The City of Hayward is notable in the way it increases its reinspection fees to motivate compliance, from \$350/parcel to \$750 to \$1,150 to \$1,950/parcel. Higher reinspection fees for subsequent reinspections deter owners from postponing remediation work, reducing the likelihood that tenants will be exposed to potentially substandard conditions for prolonged periods of time.

New Staffing

Revenue from proposed fee increases will fund additional inspectors and administrative staff to increase the number of residential rental units inspected each year. RHSP staffing would increase from 6.75 to 10 full-time employees by the end of FY 2020, and to 14 FTEs by the end of FY 2021. Proposed new staff positions are:

FY 2020	1 Office Specialist III (July 2019) 2 Housing Inspectors (January 2020)
FY 2021	1 Accounting Office Specialist III (Sep 2020) 3 Housing Inspectors, including at least 1 Assistant Housing Inspector (Feb 2021)

The current and proposed organization charts as of the end of FY 2021 are included as Attachment 3.

BACKGROUND

City Council adopted Ordinance No. 6,651-N.S., on August 23, 2001, establishing the RHSP. Initially, the RHSP was financed by inspection fees charged to rental property owners, with the balance subsidized by General Fund and CDBG grant funding. The purpose of the RHSP is to encourage a collaborative effort among property owners, tenants, and the City to improve the quality and safety of rental housing in Berkeley.

The RHSP incorporates state-mandated housing code inspections conducted in response to tenant complaints and proactive inspections to identify existing or potential housing code violations before they compromise the health and safety of tenants. The RHSP further requires rental property owners to annually inspect their units and certify that specific housing safety standards are being met using the City's annual self-certification safety checklist, Schedule A, as adopted in the BMC Chapter 12.48. Property owners must supply a copy of the completed checklist to the tenant annually.

In 2003, the City established a goal of making the program financially self-sufficient, eliminating the need for General Fund or CDBG grant funding to subsidize the program with Resolution No. 62,062-N.S. Currently the program is completely supported by RHSP Enterprise Fund 375.

The Rental Housing Safety Program conducts Reactive Inspections and Proactive Inspections.

Reactive/Complaint Inspections: Housing Code Enforcement

The reactive/complaint inspection program, also known as Housing Code Enforcement, refers to the state-mandated housing code inspections conducted in response to tenant complaints or requests made by other City Departments.

Rules governing enforcement of building standards pertaining to the maintenance, sanitation, ventilation, use, or occupancy of residential units are mandated in Title 24 of the California Code of Regulations (known as the California Building Standards Code), Title 25 Chapter 1 of the California Code of Regulations (known as State Housing Law), and the City of Berkeley's Housing Code, BMC Chapter 19.40.

Upon receiving a complaint, inspectors schedule and complete an initial inspection of the rental unit. If any code violations are identified, staff issue a notice of violation/inspection results and schedule a re-inspection within 30 working days. If there is a substantial hazard, re-inspections are scheduled in a more timely manner. If the violations have been corrected at the inspector's return visit, no inspection fees are charged. For violations that have not been corrected, the property owner is assessed a \$300 re-inspection fee. Re-inspections are repeated approximately every 30 calendar days until the correction has been completed, with another \$300 fee for the second follow-up reinspection and \$400 for each subsequent reinspection. Current and proposed reinspection fee increases are detailed in Table 1 on page 2.

Property owners may request extensions from RHSP staff, during which time they are not charged reinspection fees. Common grounds for extensions include unit vacancy, unit access denied by the tenant, if the owner has applied for a permit and corrected any violations not requiring a permit, or if the owner has a signed contract with a contractor, who is not able to start work immediately. Office reviews are scheduled to monitor owner progress on correcting violations, including when permits have been issued or time extensions have been granted to ensure the

owner or property manager is progressing in a timely manner to correct the violation, and if work stops, enforcement resumes.

Proactive Inspections

The Proactive Inspection Program refers to inspections of randomly selected rental units, with the intent of identifying existing housing code violations before they become serious health and safety risks to tenants. This component was incorporated into the RHSP program (BMC Chapter 12.48), and adopted by City Council on July 24, 2002.

The Building and Safety Division's goal going forward is to conduct proactive inspections of all of Berkeley's approximately 29,000 rental units and approximately 3,600 associated common areas on a 5-year cycle. For each proactive case, based on prior experience, inspectors do an average of 2.5 inspections, including the initial investigation and 1.5 subsequent reinspections.

Inspections Numbers

Over the last three years Housing Code Enforcement has conducted an average of 290 reactive investigations annually, as well as 1,178 re-inspections, and 345 office reviews, and closed an average of 168 cases per year. Staff have conducted an average of 189 proactive investigations annually, 366 re-inspections, and 95 office reviews, and closed an average of 123 cases annually. Based on the current caseload, including both proactive and reactive inspections, the RHSP is inspecting 1.7% of units in Berkeley annually. The anticipated increase from 1.7% to 20% of the total rental units inspected each year will require a combination of productivity improvements and new staffing.

If the RHSP achieves efficiency improvements and reaches a productivity level where each housing inspector could conduct 8-9 inspections per day, including both initial inspections and reinspections, a team of 10 inspectors would be required to conduct proactive inspections of each rental unit on a five year cycle. In addition, two inspectors would be needed to continue responding to tenant complaints and conducting housing code enforcement for a total of 12 inspectors. A total of 9 inspectors would be required to conduct cyclical inspections on a 7-year cycle and 8 inspectors for an 8-year cycle, while maintaining housing code enforcement activities.

The two year fee increases will create a solid foundation towards establishing a 5-year cyclical inspection program. Following the implementation of efficiency and technological improvements, staff will assess in FY21 what additional fee increases and how many RHSP program staff may be needed to achieve the 5-year cycle.

As inspection volume increases and owners and property managers come to anticipate housing inspections, they may proactively improve their property maintenance. The RHSP will develop educational materials to assist owners with

preparing for inspections. Owners may also be motivated by the higher fees to correct violations more quickly. Then, a lower number of reinspections could be required and fewer than 12 inspectors needed to achieve a 5-year inspection cycle.

On December 1, 2015, the City Council referred to the City Manager a package of proposals to improve and expand the Rental Housing Safety Program¹. This included increasing fees, prioritizing proactive inspections, enhanced enforcement of Schedule A requirements, creating a mandatory cyclical inspection program, and allowing for confidential housing code complaints.

As the first step in the response, on May 5, 2016, the Planning Department submitted a report to the 4x4 Committee recommending creation of a new manager classification in the Building and Safety Division to lead the improvement and expansion of the program. In addition to supervising staff, the position would be charged with conducting a thorough assessment and ongoing evaluation of the housing inspection policies and procedures to determine how systems could be streamlined to increase productivity, performing financial planning, and researching best practices in other jurisdictions with the goal of expanding the RHSP toward a more proactive approach. Following additional presentations to the 4x4 Committee and multiple discussions and meetings with HR, this position was finally established by HR earlier in 2018 and approved by Council on September 13, 2018. On December 17, 2018, Jenny McNulty was hired as the Resilient Buildings Program Manager and immediately embarked on the task of improving and expanding the Rental Housing Safety Program.

This report represents the second step in the response, identifying changes to the fee structure to fund the establishment of a cyclical proactive inspection program. In the fall of 2019, the Planning & Development Department will provide the third report to Council to fully address all items raised in the December 1, 2015 Council referral “Revising the Rental Housing Safety Program”, submitted by then-Councilmember Arreguin. In the meantime, the team is working on a number of efforts to address improvements to the program, including:

1. Increasing fees to fund an increased number of proactive inspections;
2. Revising the single position Housing Inspector classification and replacing it with a housing inspector series consisting of Assistant Housing Inspector, Housing Inspector I, Housing Inspector II, and Senior Housing Inspector;
3. Studying best practices in other jurisdictions;
4. Replacing software used for program management and improving use of technology;
5. Evaluating workflow and making efficiency improvements;

¹ https://www.cityofberkeley.info/Clerk/City_Council/2015/12_Dec/Documents/2015-12-01_Item_28_Revising_the_Rental.aspx

6. Updating policies and procedures;
7. Developing Inspector Guidelines for conducting inspections and resolving common issues, to increase consistency among inspectors and allow for faster onboarding;
8. Rewriting the Housing Code;
9. Evaluating how to prioritize proactive inspections;
10. Developing educational materials for property owners explaining what to expect during a housing inspection to assist them with improving maintenance and avoiding reinspection fees;
11. Improving website content.

Commission and Committee Review and Comments

The 4x4 Committee and the Housing Advisory Commission reviewed the proposed fee increases. The 4X4 unanimously passed a motion to recommend approval of the proposed fee increases to City Council on April 4. The Housing Advisory Commission unanimously passed a motion to recommend approval of the proposed fee increases to City Council on April 7. Commissioners also provided input into program implementation. Staff also had a number of meetings and discussions with Rent Board representatives to solicit their input.

Berkeley Property Owner Association Review and Comments

Staff met with members of the Berkeley Property Owner Association (BPOA) for input on March 25, 2019. The original fee proposal provided to commissions and BPOA included a new \$200 reinspection fee to be established in FY21 for the first reinspection when all violations have been corrected. Currently there is no charge for the first reinspection if all violations have been corrected. BPOA members expressed opposition to the new \$200 fee for the first reinspection if all violations have been corrected. Staff heard the concern that was voiced, re-evaluated and modified the proposal to eliminate the \$200 fee. To make up for the lost revenue, the proposed annual fee has been increased to \$56/unit and \$28/room for FY21, because this was more tenable to property owners. The original proposed annual fee for FY21 was \$52/unit, \$26/room.

BPOA's notable comments and questions included the following:

- It's difficult to find tradespeople within 30 days, particularly for owners with few rental units.
- It would be helpful if the City could provide a more detailed list indicating what housing inspectors will look for.
- The program does not address issues associated with violations caused by tenants, such as situations where a tenant removes the battery from a smoke detector.
- Tenants often notify Code Enforcement of a problem without having notified the landlord first and given the landlord a chance to fix the problem.

- Stop thinking about landlords as bad guys, and start thinking about them as providing a very important service to the community.
- At times landlords believe violations noted by housing inspectors are petty and not true safety concerns.
- Owners are concerned inspectors add additional violations during follow-up reinspections.
- Could the City provide additional assistance for owners with hoarding tenants?
- Rent board regulations have resulted in thousands of residential units being removed from the rental housing stock in Berkeley.
- Could the City provide 30-60 days advance notice when scheduling proactive inspections instead of 2-4 weeks?

BPOA staff has offered to provide input and assistance into the development of educational materials to prepare landlords for housing inspections and into a revision of the Schedule A self-certification checklist.

ENVIRONMENTAL SUSTAINABILITY

Expanding the RHSP will encourage owners to invest in property maintenance, which may lead to installation of more energy efficient appliances or windows. There may be opportunities for other future potential environmental benefits, including coordinating enforcement with the Building Energy Savings Ordinance team. During inspections, inspectors verify that smoke detectors are properly installed in the required locations and that batteries are operational. This may improve the response time to fires, which would be destructive to the urban environment.

RATIONALE FOR RECOMMENDATION

The proposed fees will cover the costs required to maintain and expand the Rental Housing Safety Program to meet the health and safety needs of the City's rental housing stock, as previously directed by the City Council, without a General Fund subsidy. The increase in reinspection fees, particularly for 2nd, 3rd and subsequent reinspections are intended to increase compliance and allow inspectors to close cases sooner due to the disincentive to owners of facing higher fees. Currently, reactive inspections have an average of 4 reinspections and proactive inspections have an average of 1.5 reinspections. If owners were to comply sooner, inspectors could close cases more quickly and free up time to take on new cases.

Increases in penalty and administrative lien fees are intended to incentivize owners to pay their bills on time, to save the City the cost of collecting unpaid revenue, which is labor intensive, and to ensure cost recovery. If owners pay in a timely manner, this will free up administrative support staff to provide additional assistance with processing inspections. The proposed increase on the second late fee from 20% to 40% on accounts which are 31+ days delinquent will also provide consistency across City Departments, as the Finance Department charges 40% for business licenses which are

31+ days past due, whereas the RHSP currently only charges 20% for accounts which are 31+ days past due.

Established in 2003 at \$17/unit, annual RHSP fees have only been increased one time in 2009 to \$26/unit. As a percentage of average annual rent,² the \$26 fee represents 0.07% of the annual rent collected. Increasing annual fees from \$26 to \$40 to \$56/unit will result in this percentage going up to 0.11% then 0.15%, an increase of 0.08%.

ALTERNATIVE ACTIONS CONSIDERED

Staff considered adding a \$200 fee for the first reinspection, when all violations have been corrected. Staff considered adding a higher administrative lien fee of \$500, while studying the higher fee structure for the City of Hayward, a jurisdiction of similar size, which charges \$1,811/parcel as its administrative lien fee. Staff also considered limiting the subsequent reinspection fee to \$600, the proposed fee for the 2nd reinspection, in lieu of adding a higher 3rd and subsequent reinspection fee of \$800. Another option for funding the expansion of the RHSP would be a General Fund subsidy.

CONTACT PERSON

Jenny McNulty, Resilient Buildings Program Manager, Planning, 981-7451

Attachments:

- 1: Resolution
 - Exhibit A: RHSP Fee Schedule (Fiscal Year 2020)
 - Exhibit B: RHSP Fee Schedule (Fiscal Year 2021)
- 2: Budget and Rent Tables
- 3: Organizational Chart: Current and Proposed
- 4: Comparison to Fees in Other Jurisdictions
- 5: Public Hearing Notice

² Per Rent Jungle, the average monthly rent in Berkeley for 2018 was \$3,051, which equates to an average annual rent of \$36,610.

RESOLUTION NO. ##,###-N.S.

RENTAL HOUSING SAFETY PROGRAM FEE INCREASES

WHEREAS, the Rental Housing Safety Program (RHSP) was established by Council per Ordinance No. 6,651-N.S. on August 23, 2001; and

WHEREAS, Council adopted the current housing code re-inspection fee per Resolution No. 62,230-N.S. on September 16, 2003, the annual flat fee per unit/room per Resolution 64,455-N.S. on May 19, 2009, the current late payment fees per Resolution No. 62,990-N.S. on July 12, 2005 and the current administrative lien fees per Resolution No. 63,773-N.S. on July 10, 2008; and

WHEREAS, these fees were incorporated into the Planning Department master fee schedule without alteration on July 1, 2014; and

WHEREAS, on May 16, 2017, Resolution No. 67,985-N.S. updated and consolidated all fees for development-related services provided by the Planning and Development Department; and

WHEREAS, the City's goal is to make the RHSP self-sufficient.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Rental Housing Safety Program fee schedule for Fiscal Year 2020 (Exhibit A) is adopted, effective July 1, 2019 and the Rental Housing Safety Program fee schedule beginning in Fiscal Year 2021 (Exhibit B) is adopted effective July 1, 2020, and that Resolution 67,985-N.S. is amended to incorporate the new fees.

Exhibits

A: Rental Housing Safety Program Fee Schedule (Fiscal Year 2020)

B: Rental Housing Safety Program Fee Schedule (Fiscal Year 2021)

Exhibit A

Rental Housing Safety Program Fee Schedule (Fiscal Year 2020)

REINSPECTION FEES		
TYPE OF INSPECTION	HOUSING CODE STATUS	AMOUNT OF FEE
Initial Inspection	With or Without Cited Code Violations	None
1st Reinspection	All Cited Violations Corrected	None
	All Cited Violations Not Corrected	\$400.00
2nd Reinspection	Whether or Not All Cited Code Violations Corrected	\$600.00
All Other Reinspections	Whether or Not All Cited Code Violations Corrected	\$800.00

This fee schedule applies to each case being inspected. (Individual units, exterior/common areas in buildings and individual rooms in hotels are considered "cases" for the purposes of this resolution.)

PLEASE NOTE: It is the owner's responsibility to inform the tenant(s) of the scheduled inspection and arrange access to each unit to be inspected. The owner is charged whether or not he/she is present at the site during the scheduled inspection. However, owners may not be charged if the tenant refuses the inspector entry to the unit.

PENALTY FEES		
TYPE OF INSPECTION	HOUSING CODE STATUS	AMOUNT OF FEE
Late Payment Fee	Penalty fees will be assessed for every reinspection or annual flat fee delinquent 1-30 days.	10% of the delinquent amount when 1-30 days late
	Additional penalty fees will be assessed for every reinspection or annual flat fee delinquent 31+ days.	40% of the delinquent amount when 31+ days late
Administration Lien Fee	Accounts which remain outstanding after 60 days from the initial billing date shall be filed with the County of Alameda as a lien on the property. The lien amount shall include an administrative processing fee in addition to the initial billing amount and applicable late payment fees.	\$250 per account

ANNUAL FLAT PER UNIT/ROOM FEES		
FEE TYPE	RESIDENTIAL STRUCTURE	AMOUNT OF FEE
Annual Per Unit Fee	Residential rental buildings	\$40.00 Per Unit
Annual Per Room Fee	Residential hotels and boarding house (with five or more rooms)	\$20.00 Per Room

Exhibit B

Rental Housing Safety Program Fee Schedule (Fiscal Year 2021)

REINSPECTION FEES		
TYPE OF INSPECTION	HOUSING CODE STATUS	AMOUNT OF FEE
Initial Inspection	With or Without Cited Code Violations	None
1st Reinspection	All Cited Violations Corrected	None
	All Cited Violations Not Corrected	\$400.00
2nd Reinspection	Whether or Not All Cited Code Violations Corrected	\$600.00
All Other Reinspections	Whether or Not All Cited Code Violations Corrected	\$800.00

This fee schedule applies to each case being inspected. (Individual units, exterior/common areas in buildings and individual rooms in hotels are considered "cases" for the purposes of this resolution.)

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ANNUAL FLAT PER UNIT/ROOM FEES		
FEE TYPE	RESIDENTIAL STRUCTURE	AMOUNT OF FEE
Annual Per Unit Fee	Residential rental buildings	\$56.00 Per Unit
Annual Per Room Fee	Residential hotels and boarding house (with five or more rooms)	\$28.00 Per Room

Budget and Rent Tables

Table 2 projects costs and revenues with all the fee increases. Costs include additional personnel and non-personnel costs to increase the number of inspections.

Table 2: Projected Costs and Revenues 2019 - 2022			
Fiscal Year	Costs (Including all Staff Increases in FY20 and FY21)	Total Revenue (Including all Fee Increases in FY20 and FY21)	Annual Surplus/Deficit
FY19 (Current Budget)	1,144,021	1,175,216	31,195
FY20 Proposed	1,802,989	1,804,857	1,868
FY21 Proposed	2,392,482	2,421,525	29,044

Projected revenue is broken out by fee category for the next two years in Table 3.

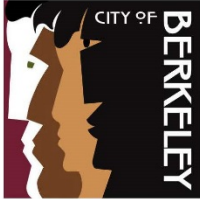
Table 3: Projected Revenue per Fee Type with Fee Increases			
Fee Type	FY19 Fees	FY20 Fees	FY21 Fees
Annual Fees	724,533	1,144,649	1,624,909
Reinspection Fees	395,520	609,944	701,064
Penalty Fees	49,440	113,863	117,041

Table 4 compares the proposed percentage increase to fees with increases in median rent for rent-controlled units and the cost of living since the time the fees were last raised.

Table 4: Comparison of Fee Increases to Rent and Cost of Living Increases				
Fee Type	Last Change	% Increase of Proposed Fee in FY20	Median Rent Increase to June 2018*	Cost of Living Increase to 2018**
Annual Flat Fee	2009	54%	52%	17%
Reinspection Fee: 1 st with Violations	2003	33%	94%	36%
Reinspection Fee: 2 nd Reinspection	2003	50%	94%	36%
Reinspection Fee: 3 rd and Subsequent	2003	100%	94%	36%
Administrative Lien Fee	2007	100%	68%	21%

*For rent-controlled units only. Source: Rent Board Market Median Report "Market Medians: January 1999 through June 2018", dated Feb 21, 2019

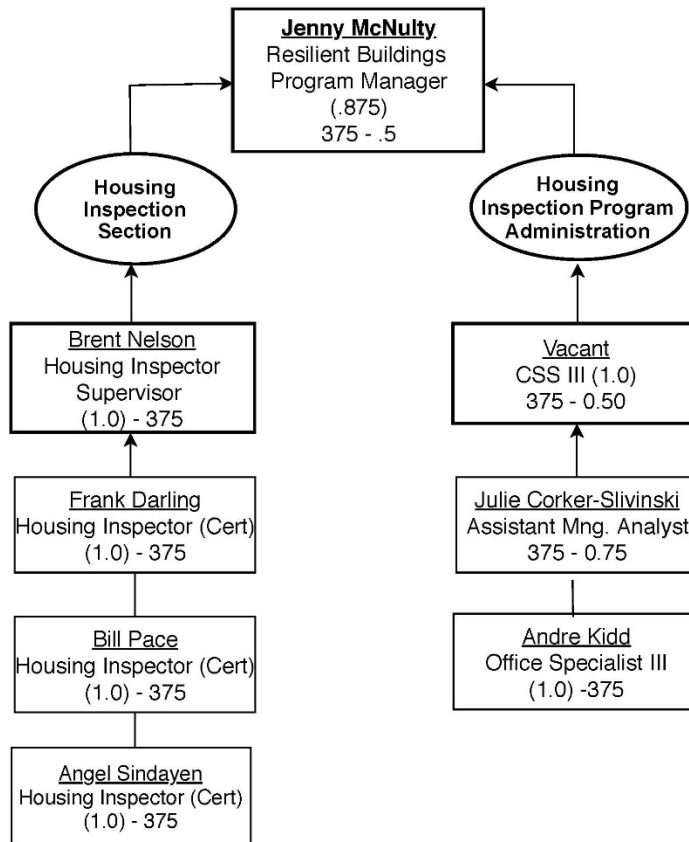
** Source: <https://www.aier.org/cost-living-calculator>



Planning and Development Department
Rental Housing Safety Program (RHSP) &
Housing Code Enforcement (HCE)
(Existing) FY2019
(last revised 04/17/19)

Attachment 3

Total FTEs =
6.75

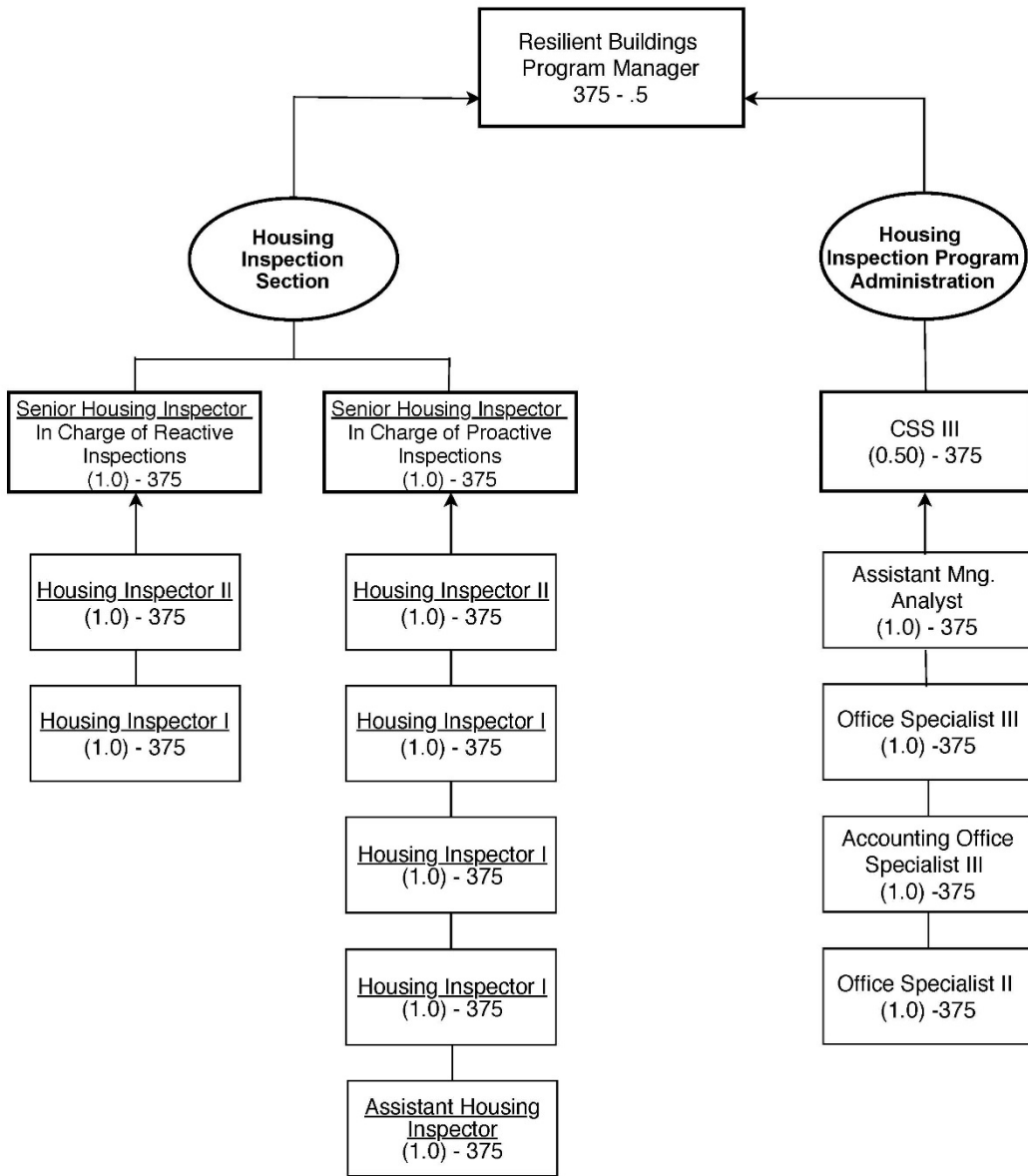


Note: Some positions have split funding with the Permit Service Center Fund 833 and provide additional services to the Planning Department. Only the percent supported by Fund 375 is shown on the organizational chart.



**Planning and Development Department
Rental Housing Safety Program (RHSP) &
Housing Code Enforcement (HCE)
Proposed Future Expansion FY2021
(last revised 04/17/19)**

Attachment 3
Total FTEs =
14



Note: Some positions have split funding with the Permit Service Center Fund 833 and provide additional services to the Planning Department. Only the percent supported by Fund 375 is shown on the organizational chart.

**Comparison to Fees in Other Jurisdictions
With Proactive Inspections of a Portion of Units or All Units**

City	Reinspection Fee
Berkeley Current Fee	1 st with violations not corrected: \$300 /inspection 2 nd : \$300 Subsequent: \$400
Berkeley Proposed Fee 2019 Proposed New Fee 2020	1 st with violations not corrected: \$400 /inspection 2 nd : \$600 3 rd and subsequent: \$800 1 st with violations corrected: \$200
El Cerrito	\$241 for Single Family \$211 for 1 st unit Multi-Family / \$120 for additional units
Hayward	Investigation with violations found: \$350 /parcel 1 st with uncorrected violations: \$350 2 nd : \$750 3 rd : \$1,150 4 th +: \$1,950
Los Angeles	1st: \$201.50 Subsequent: Property placed in Rent Escrow Account Program; fee of \$50/unit monthly and a 10-50% rent reduction for tenants
Oakland	\$206 /inspection
Richmond	Initial Inspection Fee: \$157 /unit Reinspection fee: \$66 /unit
Santa Cruz	Reinspection Fee: \$123 /hour
San Francisco	\$158.10 /hour
San Jose	\$242 /inspection
San Pablo	\$126 /hour

City	Annual Fee
Berkeley Current Fee	\$26 /unit and \$13 /room
Berkeley Proposed 2019 Proposed 2020	\$40 /unit and \$20 /room \$52 /unit and \$26 /room
El Cerrito	\$41 /unit
Hayward	1-4 units: \$88 /building 5+ units: \$22 /unit
Los Angeles	\$43.32 /unit
Oakland	\$30 /unit
Richmond	\$83 /unit
San Francisco	Single/multifamily: \$52 /unit Apartments 3-12 units: \$326/year Apartments 13-30 units: \$488 /year Apartments additional units: \$55 /10 units
Santa Cruz	\$50/unit annual registration fee + \$22 /unit annual inspection fee. Annual Self-Certification Fee: \$22 /unit per 20% of units
San Jose	Tier 1 = \$30 /unit Tier 2 = \$65 /unit Tier 3 = \$131 /unit
San Pablo	\$391 /building \$78 /unit

City	Late Payment Fee	Administrative Lien Fee
Berkeley Current Fee	1-30 Days Delinquent: 10% 31+ Days Delinquent: 20%	\$125 /account
Berkeley Proposed 2019	1-30 Days Delinquent: 10% 31+ Days Delinquent: 40%	\$250 /account
El Cerrito	1.5%	
Hayward	Total amount past due on invoice + \$630 assessment fee + 1.7% Alameda County fee	\$1,811 /parcel
Los Angeles	Annual Fee: 100% Reinspection Fee: 150% (Increases from \$201.50 to \$503.75)	
Oakland	31-60 Days Delinquent: \$30 + 25% /unit 60+ Days Delinquent: \$30 + 50% /unit	\$125 /lien
Richmond	1-30 Days Delinquent: 10% 31-60 Days Delinquent: 25% 60+ Days Delinquent: 50%	
San Francisco	Monitoring fee (on final bill): \$52 /each month with violations unpaid or uncorrected	\$173.91 or 10% of unpaid balance including interest (whichever is greater)
Santa Cruz	30%	
San Jose	31 – 60 Days Delinquent: 25% 61 – 90 Days Delinquent 25% plus interest at a rate of 1.5% per month	
San Pablo	Delinquent charges invoiced + \$25 OR 10% amount owed (whichever is greater)	

**NOTICE OF PUBLIC HEARING
BERKELEY CITY COUNCIL
RENTAL HOUSING SAFETY PROGRAM FEE INCREASES**

Notice is hereby given by the City Council of the City of Berkeley that a public hearing will be conducted by said city council of the City of Berkeley at which time and place all persons may attend and be heard upon the following:

The Planning Department is proposing to increase Rental Housing Safety Program annual, reinspection and penalty fees.

Table 1: Current and Proposed Fees				
Fee Type	Last Increase	Current Fee	Proposed Fee Increase FY20	Proposed Fee Increase FY21
<i>Annual Flat Fees</i>	2009			
Per Unit		\$26	\$40	\$56
Per Room		\$13	\$20	\$28
<i>Reinspection Fees</i>	2003			
Initial Investigation		None	None	
1st Reinspection Violations Corrected		None	None	
1st Reinspection Violations not Corrected		\$300	\$400	
2nd Reinspection		\$400	\$600	
3rd and Subsequent Reinspection		\$400	\$800	
<i>Penalty Fees</i>				
Late Payment Fee 1-30 days delinquent	2005	10%	No change	
Late Payment Fee 31+ days delinquent	2005	20%	40%	
Administrative Lien Fee	2007	\$125	\$250	

The hearing will be held on, MAY 28 at 6:00 p.m. in the School District Board Room, 1231 Addison Street.

For further information, please contact **Jenny McNulty** at 510-981-7451.

A copy of the agenda material for this hearing will be available on the City's website at www.CityofBerkeley.info as of **May 16, 2019**

Written comments should be mailed or delivered directly to the City Clerk, 2180 Milvia Street, Berkeley, CA 94704, in order to ensure delivery to all Councilmembers and inclusion in the agenda packet.

Communications to the Berkeley City Council are public record and will become part of the City's electronic records, which are accessible through the City's website. **Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the City Council, will become part of the public record.** If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the City Clerk. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the City Clerk at 981-6900 or clerk@cityofberkeley.info for further information.

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I hereby certify that the Notice for this Public Hearing of the Berkeley City Council was posted at the display case located near the walkway in front of Council Chambers, 2134 Martin Luther King Jr. Way, as well as on the City's website, on May 16, 2019.

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Mark Numainville, City Clerk