

Santa Cruz City Council Meeting

October 8, 2019

Issue: Residential Rental Inspection Services update

Staff Direction

Accept the Residential Rental Inspection Services update and provide direction to prepare an ordinance that requires a real property report be prepared prior to the sale or exchange of any residential building, provide direction to expand the tenant outreach programs in the community to include other City departments and external partner agencies to inform the community of various tenant protections, and provide feedback on a potential temporary amnesty program for unpermitted units that do not currently have the potential to be legalized.

Background

The Residential Rental Inspection Services (RRIS) is the City's self-funded, proactive inspection program for residential rental units that was enacted in August 2011. This stemmed in part from the September 2008 comprehensive settlement agreement between the City, County of Santa Cruz, University of California Santa Cruz (UCSC) and other parties as a means to help ensure maintenance of a healthy and safe residential rental housing stock in the City. The program was created to protect the most vulnerable in the community, regardless of their income, social economic status or legal residency, particularly given the known problem of deferred maintenance for an aging housing stock with an average age of nearly 50 years old in 2010.

The RRIS program works to assure tenants are not living in substandard conditions and requires that a minimum level of health and safety conditions are met. [Attachment 2](#) provides a checklist of the health and safety items that RRIS inspectors verify. The program has been very effective at improving living conditions for tenants, as has been regularly described in many of the recent City Manager's weekly reports to City Council. The RRIS program has over 11,400 registered dwelling units. This past fiscal year, 2019, the program conducted approximately 3,715 inspections to confirm compliance with the health and safety checklist. Of the inspections conducted, approximately 14 percent passed inspection the first time, while 86 percent required a

correction notice. Only one “Notice to Vacate” was issued due to RRIS inspections during fiscal year 2019. During budget discussions on May 9, 2019, the City Council directed staff to come back to Council with information for a discussion on the RRIS to include the following:

- Shift program to complaint based only
- Codify SB 1226 that was adopted last year allowing for enforcement of codes in effect at the time of construction
- Maintain landlord fees to fund program
- Bring structures up to code at the point of sale

Council Action: City Council heard comments by the city staff and the public on the pros and cons of the merits of the Residential Rental Inspection Services. Some council members wanted to stop the program as being ineffective to address tenant issues, while others felt the increase burden to the property owner on increase cost to bring the unit up to code may not result in addressing the lack of rental units in the City

Summary of Motion: Motion by Vice Mayor to request the staff to come back to the City Council with an updated report and how it applies to the state requirements in SB 1226. The city council agreed to remove the point of sale condition from the motion. The Council recommended that city staff return with an updated version of this issue in six months.

Council Vote

Yes: Unanimous

No: N/A

Chamber’s Position

The Chamber does not support the requirement to bring structures up to code at the point of sale. The legalization of unpermitted units or construction can take long periods of time often resulting in the discovery of a variety of new and unforeseen issues costing the seller precious time and money, neither of which may be affordable to the seller. As it stands, it is currently unclear what effect point of sale code enforcements would have on the selling price of homes and thus it is unclear what effect it would have on the Santa Cruz community. In light of this, the Chamber does not see it has a beneficial provision of the RRIS.

Additionally, the Chamber believes it is prudent to see how SB 1226 will be placed in state code prior to implementing a local ordinance that may or may not be consistent with state law. While it is beneficial in protecting the health and safety of renters, the Residential Rental Inspection Services can create distrust among neighbors and thus angst in the community by way of anonymous reporting. It can also result in the removal of dwelling units with minor code violations, which pose no threat to an occupant's safety and are simply a result of the time period in which they were built, from the rental market. Ultimately the Chamber believes that the City's establishment of any new code should be put on hold until state government officials are able to implement SB 1226.