



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

ORD-25

333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802 (562) 570-5237

June 2, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt an Ordinance amending the Long Beach Municipal Code by adding Chapter 18.30 relating to a Proactive Rental Housing Inspection Program (PRHIP) read the first time and laid over to the next regular meeting of the City Council for final reading. (Citywide)

DISCUSSION

On January 7, 2014, the City Council approved the 2013-2021 Housing Element, which was subsequently certified by the State Department of Housing and Community Development on April 2, 2014. In accordance with State law, each jurisdiction must update its Housing Element periodically. The City's certified Housing Element covers the planning period from 2013 to 2021. One objective of the Housing Element is to conserve and improve existing affordable housing. One of the strategies that was set forth to accomplish this objective was detailed in Program 3.3, which required staff to research various proactive code enforcement programs, such as a rental escrow account program, the State of California's Franchise Tax Board substandard housing program, and other alternative approaches to proactive code enforcement efforts.

Staff has concluded its research, and on March 6, 2015, provided a memorandum to the Mayor and City Council that provided a discussion about the Los Angeles Rental Escrow Account Program (REAP) and the State's Franchise Tax Board Program (Exhibit A – Memorandum to Mayor and City Council). The memorandum also summarized the City's current proactive code enforcement efforts. Staff also conducted research on other proactive code enforcement programs in Sacramento, Oakland, Santa Ana and Anaheim, and rent escrow programs in Sacramento and Elk Grove. Both Sacramento and Elk Grove have a proactive inspection program, which is much the same as the program Long Beach implements as part of the Code Enforcement division. Both cities said the program is very effective in identifying and rectifying habitability issues in rental housing, and that the rental escrow program embedded in their codes is not utilized when working with landlords and tenants. In other words, neither city administers their regulations associated with rent escrow programs.

Based on a recent City Attorney's opinion regarding the implementation of a REAP-like program's reliance on rent control, the lack of other active rent escrow programs in other

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cities, the City's current excellent compliance rates and the significant administrative and financial burden of a program such as REAP, staff concluded that the City's existing proactive code enforcement program meets the City's goals and objectives for maintaining safe and habitable conditions in its housing stock.

Since 1966, the City's Health and Human Services Department operated a proactive inspection program for properties consisting of four or more residential rental units. The reason for the 'four or more' provision of this program is that the City's business license classifies these buildings as a business. This program was designed to ensure that the City's rental housing comply with the minimum standards for health, safety, and welfare of the public, in compliance with California Health and Safety Code Section 17920. This proactive program incorporates annual inspection fees to help defray the costs of enforcement as provided for in California Health and Safety Code Section 17951. In FY13, this proactive inspection program was transferred to the Code Enforcement Division in Development Services as part of the City's Government Reform efforts. It was noted at that time that this proactive inspection program was not codified in the Long Beach Municipal Code, and that any local modifications to the minimum standards required by State law should be codified.

The proposed Proactive Rental Housing Inspection Program Ordinance documents the existing proactive inspection process and complies with the minimum State standards. Additionally, staff has included new language that provides additional local components to the process to provide better communication with property owners and tenants. These components are as follows:

- Notification to property owners and tenants prior to City staff conducting a proactive inspection;
- A Tenant/Landlord Rights and Responsibilities brochure to be provided to tenants by the landlord. This brochure includes language advising that tenants are allowed to exercise their legal right, such as requesting habitability repairs, without the threat of eviction;
- Modification to the inspection process when responding to complaints so that no one unit is singled out;
- Increased frequency of fines for properties that are not brought into compliance.

Staff has met with stakeholder groups regarding this Ordinance on at least six occasions and has considered and incorporated feedback from Legal Aid Foundation of Los Angeles, Housing Long Beach, and the Apartment Association, Southern California Cities, Inc.

This matter was reviewed by Deputy City Attorney Kendra Carney and Budget Management Officer Victoria Bell on May 14, 2015.

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

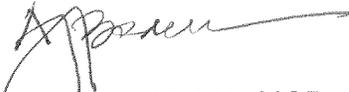
FISCAL IMPACT

The proposed Ordinance will not have a fiscal impact. Additional notification and the brochure will be funded by existing appropriations.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

AJB:AR:kq
P:\ExOfc\CC\2015\6.02.15 Proactive Rental Housing Inspection Program (PRHIP) v10.doc

Attachments: Exhibit A – Memorandum to Mayor and City Council
Proposed Ordinance for Proactive Rental Housing Inspection Program

APPROVED:



PATRICK H. WEST
CITY MANAGER



City of Long Beach
Working Together to Serve

Date: March 6, 2015
To: Patrick H. West, City Manager *P.H.W.*
From: Amy J. Bodek, Director of Development Services *AJB*
For: Honorable Mayor and Members of the City Council
Subject: Results of Research on Comprehensive Code Enforcement Options

On January 7, 2014 the City Council approved the 2013-2021 Housing Element, which was subsequently certified by the State Department of Housing and Community Development on April 2, 2014. In accordance with State law, each jurisdiction must update its Housing Element periodically. The City's certified Housing Element covers the planning period from 2013 to 2021. The Housing Element sets forth the City's objectives that focus on the following issues: (1) conserving and improving existing affordable housing; (2) providing adequate sites for new housing; (3) assisting in the development of affordable housing; (4) removing governmental constraints to housing development; and (5) promoting equal housing opportunities for Long Beach.

Pursuant to the City's adopted Housing Element (Program 3.3), this memorandum "conclude(s) research on rental escrow program, Franchise Tax Board Substandard Housing Program, and other alternative approaches," with the goal of reporting to the City Council by the end of 2014 on the feasibility, cost effectiveness and administrative burdens.

I. Rental Escrow Programs

The best method of presenting information on rental escrow programs is to discuss the Los Angeles version of the Rental Escrow Account Program (LA REAP) and provide a REAP-like analysis for Long Beach. In this manner, an equal compare and contrast scenario is possible. Current code enforcement programs, such as the Rental Housing Inspection Program (RHIP) and the standard referral process of reporting habitability issues, will be discussed.

Los Angeles REAP

Tenant's rights organizations, such as Housing Long Beach and Legal Aid of Los Angeles, have requested that the City adopt a program that resembles LA REAP. According to the stated purpose of this program, the LA REAP Ordinance reads, "It is the purpose of the provisions of this article to provide a just, equitable and practical method, to be cumulative to and in addition to, any other remedy available at law, to enforce the purposes of the Housing Code set forth in Section 161.102 and to encourage compliance by landlords with respect to the maintenance and repair of resident building, structures, premises and portions of those buildings, structures and premises."

Section 161.102 is found in the Los Angeles Municipal Code under the Los Angeles Housing Code (Attachment A – Article 2 Rent Escrow Account Program). LA REAP is outlined in the following bullet points and is managed by the Los Angeles Department of Housing and Development (LAHD):

- Applies to multi-unit residential properties (2+ units) that are:
 - The subject of one or more correction notices.
 - The period allowed by the correction notice, including any extensions, expired without compliance (120 days).
 - The cited violations affect the health or safety of the occupants.
- If unit is accepted into REAP, LAHD issues a written determination to landlord. Landlord can appeal this determination to the General Manager. Hearing Officers are assigned by the General Manager and work within the REAP program.
- The landlord, tenant or enforcement agency can appeal the General Manager's decision to an Appeals Board. A filing fee of \$150 is required.
- Tenants of properties placed in LA REAP program can be given a rent reduction determined by the LAHD (severity of the violations found is considered, and reductions can range from 10 percent to 20 percent of existing rent).
- An escrow account is opened and tenants in affected units are given the option to pay their reduced rent into the escrow account or to landlord. A monthly summary report is mailed to property owner of all tenant payments received through the escrow account.
- A notice that property is in the LA REAP program is recorded against the property title with the County Recorder's Office.
- A \$50 monthly administrative fee is collected by LAHD for each unit in the LA REAP program.
- A property owner, tenant, enforcement agency or creditor may submit an application to have funds released from the escrow account for repairs or to pay utilities. Tenant may request funds for relocation purposes. General Manager hearing is scheduled. Decision of hearing officer can be appealed to Appeals Board.
- To clear title, property must be removed from the program, no outstanding violations can exist, and all fees due to LAHD and others must be paid. Owner is then given the remaining funds. The owner must provide a W9 form for funds to be released. LA REAP staff will then recommend to the LA City Council to remove property from the LA REAP program. Owner may then begin collecting full rent.

LA REAP is not in the Code Enforcement division and a special LA REAP unit functions to handle the administrative part of the program. LA REAP is an intensive administrative program, i.e., creating and managing escrow accounts,

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holding many office hearings, managing the repairs made, and appearing before the Los Angeles City Council as the final hearing body for removal from LA REAP.

Long Beach REAP-like Analysis

LA REAP purports full cost recovery based on the collection of \$50 per unit per month. In Long Beach, full cost recovery would be a minimum of \$196 per unit per month. The difference is likely based on economies of scale, as the City of Los Angeles has significantly more rental units than the City of Long Beach. In addition, the LA REAP \$50 rate does not consider indirect costs incurred by the City Attorney and Financial Management. Staff has spent considerable time and energy trying to determine the full cost of the LA REAP program, but cannot determine these indirect costs. In addition, despite public records requests, the City of Los Angeles is unable to provide that information, but does acknowledge that there are hidden costs to the program.

Staff has prepared an analysis of the programmatic steps above and applied it to the City of Long Beach (Attachment B – REAP Program Costs First Year of Operation). In the City of Long Beach, approximately 558 units might be considered eligible for enhanced code enforcement. A Long Beach-focused Rental Escrow Account Program would require 13 full-time employees as seen in the attachment. Although staff has not been able to acquire a final analysis of Los Angeles indirect costs, Attachment B does capture direct and indirect costs associated with the potential of creating a LB REAP program. This analysis assumes that landlords will take advantage of the appeals process. Based on a total cost of \$2,235,381, each unit in REAP would pay \$334.00 per month in the first year. For all ensuing years, one-time setup costs would not be incurred, and each unit in REAP would cost \$273.00 per month.

II. Proposed Rental Housing Inspection Program (RHIP)

Since 1966, the City's Health and Human Services Department has operated a proactive inspection program for properties consisting of four or more residential rental units. This program was designed to ensure that the City's rental housing comply with standards for health, safety, and welfare of the public in compliance with California Health and Safety Code Section 17920. This proactive program incorporates annual inspection fees to help offset the costs of enforcement as provided for in California Health and Safety Code Section 17951. In FY13, this proactive inspection program was transferred to the Code Enforcement Division in Development Services as part of the City's Government Reform efforts. It was noted at that time that this proactive inspection program was not codified. As such, staff has prepared the outline of a draft RHIP ordinance that, if adopted, will reside in Title 18 of the Long Beach Municipal Code. It is anticipated that the draft ordinance will be presented to the City Council in the next few weeks.

The proposed draft RHIP ordinance codifies the existing proactive inspection process. It also provides additional components to the process to provide better communication with property owners and tenants. These components are as follows:

- Notification to property owners and tenants prior to City staff conducting a proactive inspection.
- Development of a Tenant/Landlord Rights and Responsibilities brochure to be provided to tenants by the landlord. This brochure includes language advising that tenants are allowed to exercise their legal right, such as requesting habitability repairs, without the threat of eviction.
- Modification to the inspection process when responding to complaints so that no one unit is singled out.
- Increased fines for properties which are not brought into compliance.

III. State of California Franchise Tax Board Substandard Housing Program

The State Franchise Tax Board allows State and local agencies the ability to issue a determination that a property is substandard and refer that determination to the Tax Board. A determination disallows income tax deductions for interest, taxes, amortization, and depreciation for rental units determined to be substandard.

The California General Fund transfers tax revenues generated from the disallowed income tax deductions to the local Code Enforcement Rehabilitation Fund. The Franchise Tax Board allocates and disburses funds to the cities and counties that generate the notice of substandard housing.

Substandard housing means occupied dwellings from which the taxpayer derives rental income or unoccupied or abandoned dwellings that meet both criteria listed below:

- 1a) Occupied rental dwellings that violate State law or local codes dealing with health, safety or building.

OR

- 1b) Dwellings that are unoccupied or abandoned for at least 90 days and have been cited for housing conditions that constitute a serious violation of State law or local codes dealing with health, safety or building, and constitute a threat to public health and safety.

AND

- 2a) After written notice of violation by the regulatory agency, the housing has not been brought to a condition of compliance within 6 months after the date of notice.

OR

- 2b) Good faith efforts for compliance have not been commenced as determined by the regulatory agency.

If a property meets the requirements above, the City would prepare a Tax Board designated form and mail to the taxpayer (property owner), and advise the taxpayer of the agency's intent to notify the Franchise Tax Board of the noncompliance within 10 days unless an appeal is filed, where the appeal may be filed and a general description of the tax consequences of the filing. Appeals shall be made to the same body and in the same manner as appeals from other actions of the regulatory agency. If no appeal is made within 10 days, or after disposition of the appeal is sustained, the regulatory agency shall notify the Franchise Tax Board of the noncompliance. The local agency must also record a copy of the notice of noncompliance in the office of the recorder for the county.

Once a property is brought into compliance, the local agency would prepare a Tax Board designated form advising of compliance. The tax code has requirements that the local agency will report this activity to the "appropriate legislative body" each July 1.

Attached is a cost analysis for this program (Attachment C – REAP Program Costs State Franchise Tax Board Substandard Program). The administrative cost for this program is estimated at approximately \$230 per unit. Administrative citations are the costs that will be applied to the tax roll.

Barriers to Implementing a LB REAP-like Program

The City Attorney recently opined that the City of Long Beach currently lacks the rent control measures necessary to enforce a similar program (Attachment D – City Attorney Rent Escrow Account Program Review). This is primarily related to the tenant protections contained within the LA REAP, which disallow tenant evictions while the unit is in LA REAP, prohibits eviction for six months after the unit has been removed from the program, includes the prohibition of the landlord to raise the rent on a unit, and enacts rent reduction and escrow impounds for a unit. All of these aspects of tenant protections within the LA REAP use rent control as their basis. Absent a rent control ordinance in the City of Long Beach, there is no ability for the City to impose these financial constraints on a private landlord.

Discussion

The need for rental habitability ordinances and associated programs is to ensure that tenants have clean and safe places to live and that the City maintains a quality stock of housing options. This is stated in the Los Angeles purpose for the REAP Ordinance and in the proposed Long Beach Rental Housing Inspection Program ordinance. The City currently has several programs that address this purpose, and data indicates that 90 percent of code complaints are resolved in 120 days or less. In the case of the remaining 10 percent, landlords are considered to be delinquent, are charged additional administrative charges and are subject to prosecution by the City Prosecutor. Typically, four landlords a year are referred to the City Prosecutor.

The key to measuring the success of a code enforcement program is the compliance rate, the timing of compliance, and the cost of implementing the programs. In this case, the Code Enforcement Division attains an excellent compliance rate of 90 percent within 120 days and accomplishes this within current staffing levels.

There are approximately 76,049 rental units that fall under the purview of the RHIP. Of these, approximately 558 of the units inspected have habitability issues. That means that .007 percent of Long Beach units inspected have issues that remain unresolved after 120 days. This is a very small number and does not warrant an expensive new program, like REAP, to be added to the City's regulations related to housing habitability.

Staff's review of LA REAP has determined that a similar program in Long Beach would not ensure that the outlying 10 percent of landlord-tenant issues would be resolved in a timely manner. In fact, according to LA REAP staff, a unit stays in the program for an average of 17 months. This is at least five months longer than current Long Beach Code Enforcement compliance rates. Staff finds this compliance rate unacceptable and a significant detriment to the REAP program.

Additionally, it is important to note that the escrow component of a REAP-like program in Long Beach will not focus resources on the barriers to addressing the remaining 10 percent of problem locations. Instead, it will simply create a 17-month, on average, administrative process that penalizes owners and does little to directly impact and improve the tenant's quality of life. At this juncture, staff believes tenants would be better served by building upon the success of our program and not to add, and attempt to implement, an additional bureaucratic layer, which lacks the financial feasibility that exists in the LA housing market due to its volume, and which will not directly benefit the quality of life of Long Beach residents.

However, staff does believe there are components of LA REAP that would enhance/strengthen our enforcement efforts to address the remaining 10 percent of problem locations. LA Reap "currently has five outreach contractors that are assigned to educate tenants about the Rent Escrow Account Program (REAP), encourage participation, and one contractor assigned to assist the landlords with outreach services to expedite the compliance process." Currently, we understand that our local non-profit stakeholders, i.e., Housing Long Beach and Legal Aid, who work directly with, and advocate on behalf of, the remaining 10 percent of tenants, have identified that there are a range of housing issues which remain for us to address, and that their clients have indicated a level of difficulty in working with or engaging with City enforcement efforts. The success of these groups in working with these tenants is that they are able to explain the City processes in regards to code enforcement and habitability issues, and in addition, Legal Aid helps tenants in court with eviction proceedings. Their success highlights the City's need to focus on an education and outreach campaign similar to that of the LA REAP program.

Recognizing that one of the largest barriers to our ability to succeed on enforcement efforts in the remaining pool of complaints has been our inability to explain the City processes in regards to code enforcement and habitability issues, and that the staff must find a way to reach and impact the quality of life of the remaining 10 percent of tenants who fall through our current enforcement efforts, staff will be recommending that the City Council consider annually funding an education and outreach campaign in the amount of \$75,000, to be issued pursuant to an RFQ, to fund outreach and coordinating agencies. While we identify and fund appropriate outreach and education agencies, staff proposes to concurrently work with the Apartment Owners' Association to further educate their members. Staff strongly believes the outreach conducted by these partnerships will foster a far more productive outcome than a REAP-like escrow account program in Long Beach.

City staff has met with both the tenants' rights groups and the Apartment Owners' Association to discuss the RHIP and LA REAP. Both stakeholder groups generally agree that the RHIP provides an effective tool in gaining compliance and providing a safe and healthy environment for the tenants of the City. Both groups have also provided comments to City staff on the proposed draft RHIP ordinance, many of which are being incorporated.

Recommendation

Based on the City Attorney's opinion, the significant administrative and financial burden to adopting and implementing a REAP-like escrow program for minimal enhancements in compliance measures, and current compliance rates related to the City's existing code enforcement activities, staff does not recommend the adoption of a REAP-like escrow program and, instead, recommends adopting a RHIP ordinance and the Tax Board's Substandard Housing Program in

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conjunction with funding an education and outreach campaign. These actions will provide additional tools for dealing with enforcing standard habitability conditions, and will focus the City's limited resources on programs that have been 90 percent successful and prevent adopting an unfunded mandate.

For further information regarding RHIP, please contact Angela Reynolds, Deputy Director of Development, at ext. 8-6369.

AJB:AR:kq

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Attachment A: Article 2 Rent Escrow Account Program

Attachment B: REAP Program Costs First Year of Operation

Attachment C: REAP Program Costs State Franchise Tax Board Substandard Program

Attachment D: City Attorney Rent Escrow Account Program Review

cc: Charles Parkin, City Attorney
Douglas P. Haubert, City Prosecutor
Laura L. Doud, City Auditor
Michael J. Mais, Assistant City Attorney
Tom Modica, Assistant City Manager
Arturo Sanchez, Deputy City Manager
Angela Reynolds, Deputy Director of Development

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ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AMENDING THE LONG BEACH
MUNICIPAL CODE BY ADDING CHAPTER 18.30
ESTABLISHING A PROACTIVE RENTAL HOUSING
INSPECTION PROGRAM

The City Council of the City of Long Beach ordains as follows:

Section 1. Chapter 18.30 is hereby added to the Long Beach Municipal
Code to read as follows:

Chapter 18.30

PROACTIVE RENTAL HOUSING INSPECTION PROGRAM

18.30.010 Findings and purpose.

A. The Long Beach City Council finds and declares the desire
to safeguard the stock of decent, safe, and sanitary rental housing in the
City through a partnership of property owners, tenants, the City, and the
community.

B. The City Council recognizes that the preservation of existing
rental housing stock is important. Rental housing provides needed
housing for many and is a valuable asset that must be preserved and
maintained. The City has significant interest in ensuring that rental
housing remains a desirable housing option for its citizens.

C. Even though most rental housing in the City meets building
and safety code requirements, overtime, housing may deteriorate due to
circumstance or intentional or unintentional neglect by property owners,

1 managers, and tenants. This deterioration may result in substandard
2 conditions that adversely affect the economic values of neighboring
3 structures, and that are hazardous to the public health and safety. In
4 some cases, property owners choose not to make the necessary repairs
5 because of cost, and tenants do not report the deficiencies.

6 D. California law requires that all rental housing properties
7 comply with the minimum standards for public health, safety, and welfare.
8 One effective way to seek compliance with those standards is through
9 routine periodic inspections of all rental housing properties and education
10 of property owners and tenants regarding their respective rights and
11 responsibilities. Accordingly, it is the intent of the Long Beach City
12 Council to enact the provisions of this Chapter as the basis for
13 establishing a Proactive Rental Housing Inspection Program aimed at
14 securing city-wide compliance of rental housing properties with minimum
15 standards. Citywide compliance will reduce and prevent blight and
16 ensure that all persons who live in rental housing units are provided
17 decent, safe, and sanitary housing.

18 E. As such, the City calls for the regulation and continuation of
19 the self-funding, pro-active inspection programs for residential rental
20 properties consisting of four or more dwelling units, known as the
21 Proactive Rental Housing Inspection Program.

22
23 18.30.020 Definitions.

24 As used in this Chapter, the following terms and phrases are
25 defined as follows:

26 A. "Director" is the Director of Development Services or an
27 authorized representative.

28 B. "Property Owner" is any person who owns one or more

1 residential rental properties consisting of four or more dwelling units. The
2 terms “property owner,” “owner,” “landlord,” “person,” and “operator” may
3 be used interchangeably herein.

4 C. “Person” is and includes any individual, partnership of any
5 kind, corporation, limited liability company, association, joint venture or
6 other organization or entity, however formed, as well as trustees, heirs,
7 executors, administrators, or assigns, or any combination of such
8 persons.

9 D. “Residential Rental Property” is a property or building or
10 portion of a building on a parcel of land where the parcel of land includes
11 at least four units that is rented or leased to tenants for residential
12 purposes. This includes but is not limited to apartment houses, boarding
13 houses, lodging houses, and rooming houses in the City of Long Beach.

14 E. “Tenant” is a person who occupies land or property rented
15 from a property owner by means of a rental agreement.

16
17 18.30.030 Scope.

18 The provisions of this Chapter shall apply to all owners of one or more
19 qualifying residential rental properties located within the City of Long Beach.

20
21 18.30.040 Proactive Rental Housing Inspection Program registration.

22 A. Each owner or operator, on behalf of the owner, shall
23 register for the Proactive Rental Housing Inspection Program (“PRHIP”)
24 on a form provided by the City’s Development Services Department.
25 Registration of existing residential rental properties which are subject to
26 this Chapter shall be due within sixty (60) days of November 1 of each
27 year. Registration of residential rental properties which become subject to
28 this Chapter after the first day of November of each year shall be due

1 within sixty (60) days of the date that the residential rental property was
2 acquired or converted into a residential rental property.

3 B. No person shall engage in the business of leasing rental
4 housing consisting of four or more units, unless:

5 1. Each qualifying residential rental property is
6 registered with the City;

7 2. The annual PRHIP fee is paid for each residential
8 rental property when payment is due; and

9 3. The property owner's residential rental business
10 license fee is current.

11 C. A residential rental property is registered with the City when
12 the property owner submits the following to the City's Code Enforcement
13 Division in the Department of Development Services:

14 1. A completed registration form, provided by the City,
15 that contains the following information:

16 a. A description of the residential rental property,
17 including but not limited to, the street address and assessor's parcel
18 number;

19 b. The number and a description of all rental
20 housing units on the rental property;

21 c. The name and current contact information for
22 the owner of the rental property;

23 d. The name and current contact information for
24 the local contact representative as described in Section 18.30.110; and

25 e. Any other information as reasonably required
26 by the Code Enforcement Division.

27 2. The annual PRHIP fee is paid.

28 D. All registrations shall be subject to verification by the

1 Director. It is unlawful for any person to knowingly make a false
2 statement of fact or knowingly omit any information that is required to
3 register a rental housing unit pursuant to this Section.

4
5 18.30.050 Proactive Rental Housing Inspection Program Fees.

6 A. Each annual registration for the PRHIP shall be
7 accompanied by a non-refundable fee in the amount established by
8 resolution of the City Council. The fee shall be used to defray the costs of
9 the administration and enforcement of this Chapter.

10 B. The annual PRHIP fee shall be levied for the program year
11 and each applicant shall pay the full fee for the program year upon
12 submission of the application for that year's PRHIP registration. For
13 residential rental properties which become subject to this Chapter after
14 November of each calendar year, program fees shall be prorated on a
15 quarterly basis.

16 C. A reinspection fee shall be imposed when an additional
17 inspection is conducted during the program year in accordance with
18 Section 18.30.120(D) of this Chapter. The fee shall pay for the costs of
19 the reinspection.

20 D. The PRHIP fee required by this Chapter is in addition to and
21 not in lieu of any general business license tax that may be required by
22 Title 5 of this Code.

23 E. The City Council shall establish the amounts of the
24 foregoing fees and any penalties for delinquent payment of such fees by
25 resolution.

26
27 18.30.060 Penalty.

28 A. Failure to Pay Annual Fee. In addition to any remedies the

1 City may elect to pursue pursuant to this Code, for failure to pay the
2 annual PRHIP fee when due, the Director of Development Services shall
3 add a penalty of twenty-five percent (25%) of the permit fee thirty (30)
4 days following the due date.

5 B. Interest. The failure of the owner to pay the PRHIP fee or
6 late penalty may result in the imposition of a special assessment and/or
7 lien against the residential rental property on which the violation occurred,
8 after which the amount so determined shall bear interest at the rate of
9 twelve percent (12%) per annum until paid, and/or filing of an action with
10 the Small Claims Court for recovery of the fine and late penalty. The only
11 issue to be adjudicated by the Small Claims Court shall be whether or not
12 the fines and possible late fees were paid. In the Small Claims Court
13 action, the City may also recover its costs, according to proof.

14 C. Failure to Register. If an owner fails to register for the
15 PRHIP as required by this Chapter, the fee due shall be that amount due
16 and payable from the first date when the person engaged in the
17 residential rental business in the City after the effective date of this
18 Chapter, together with the penalty prescribed in Subsection D.

19 D. Penalties for noncompliance.

20 1. The violation of any provision of this Chapter is
21 unlawful and constitutes a misdemeanor, punishable by a fine of not more
22 than one thousand dollars (\$1,000.00) or a jail term of not more than six
23 (6) months, or both. Each and every day a violation occurs shall be
24 deemed a separate violation.

25 2. In addition to the remedies set forth herein, the City in
26 its sole discretion, may also issue Administrative Citations in accordance
27 with Chapter 9.65 of this Code to any person or entity that violates the
28 provisions of this Chapter.

1 18.30.070 Appeal of late penalty.

2 A. Any recipient of a late penalty may appeal said penalty by
3 completing a written request for hearing form, obtained as directed on the
4 citation, and returning it to the Code Enforcement Division, within thirty
5 (30) calendar days from the date the late penalty is assessed, together
6 with a deposit in the total amount of the fee and any late charges.

7 B. Failure to file a timely appeal of the late penalty shall be
8 deemed a waiver of the right to appeal and to seek judicial review.

9 C. The hearing will proceed before the City's Board of
10 Examiners, Appeals, and Condemnation ("Hearing Board") in accordance
11 with the procedure set for in Section 18.30.080.

12
13 18.30.080 Hearing procedure.

14 A. No hearing to appeal an administrative citation shall be held
15 unless and until a request for hearing form has been completed and
16 submitted, and the deposit has been paid.

17 B. A hearing before the Hearing Board shall be set for a date
18 not sooner than fifteen (15) calendar days and not more than sixty (60)
19 calendar days from the date the request for hearing is completed and
20 submitted in accordance with the provisions of this Chapter. The cited
21 party requesting the hearing shall be notified in writing of the time and
22 place set for the hearing at least ten (10) calendar days prior to the date
23 of the hearing.

24 C. The Hearing Board shall only consider evidence that is
25 relevant to whether the late payment penalty is proper. Courtroom rules of
26 evidence shall not apply. Relevant hearsay evidence and written reports
27 may be admitted whether or not the speaker or author is present to testify,
28 if the Hearing Board determines that such evidence is reliable. Admission

1 of evidence and the conduct of the hearing shall be controlled by the
2 Hearing Board in accordance with the fundamentals of due process. The
3 Hearing Board may set reasonable limits on the length of the hearing, and
4 shall allow the appellant at least as much time to present his/her case as
5 is allowed to the City.

6 D. The failure of the appellant to appear at the hearing shall
7 constitute a forfeiture of the fine and a failure to exhaust administrative
8 remedies.

9 E. Any documents prepared by the City in connection with the
10 late payment penalty assessed may be submitted and shall constitute
11 prima facie evidence of the respective facts contained in those
12 documents.

13 F. The Hearing Board may continue the hearing or request
14 additional information from the enforcement officer, his/her designee or
15 the appellant prior to issuing a written decision.

16
17 18.30.090 Hearing Board's decision.

18 A. After considering all of the testimony and evidence
19 submitted at the hearing, the Hearing Board shall issue a written decision
20 within fifteen (15) business days of the hearing. The decision of the
21 Hearing Board shall be final.

22 B. If the Hearing Board denies the appeal, then the deposit
23 shall be retained by the City.

24 C. If the Hearing Board grants the appeal, then the City shall
25 refund the deposit within thirty (30) business days from the date of the
26 final written decision.

27 D. The appellant and City shall each be served with a copy of
28 the Hearing Board's written decision.

1 18.30.100 Tenant rights and responsibilities.

2 After August 1, 2015, prior to the commencement of any tenancy of
3 a rental housing unit, the property owner shall provide the tenant(s) with
4 information concerning tenant rights and responsibilities. The information
5 shall be provided in a form or forms approved by the Director.
6

7 18.30.110 Property owner contact representative.

8 A. All property owners shall designate a contact representative
9 with full authority to act on behalf of the owner for all purposes under this
10 Chapter, including the acceptance of service of all notices from the City.
11 The owner of the rental property may act as the contact representative.

12 B. A contact representative must establish and maintain a
13 telephone number and a mailing address.
14

15 18.30.120 Inspections.

16 A. Inspection requests. In accordance with the requirements of
17 this Section, the City shall be authorized to periodically conduct an
18 inspection of residential rental properties to assure compliance with all
19 applicable building, housing, and sanitation codes and ordinances.
20 Owners and tenants shall provide access to all common areas of a
21 residential rental property for inspection when requested by the City's
22 Code Enforcement Department and provide notice to tenants of the date
23 of inspection.

24 B. Frequency of inspections. It is the intent of the City that all
25 residential rental properties subject to this Chapter will receive a periodic
26 inspection.

27 C. Random sampling inspections. The inspection shall be
28 made of the exterior of the property, all common areas, all exits, and will

1 consist of a random sampling of no less than ten percent (10%) of the
2 rental units and garages where applicable in a residential rental property.
3 If the inspector determines that one or more violations exist on the
4 property, the inspector may conduct an inspection of additional units up to
5 one hundred percent (100%) of the units.

6 D. Reinspections. If during the inspection or any subsequent
7 inspection there are building, housing, sanitation code, other Long Beach
8 Municipal Code violations, or permit violations on the property which
9 prevent the City inspector from issuing a compliance card, one or more
10 reinspections of the residential rental property may be required before a
11 compliance card is issued.

12 E. Code enforcement. When during an inspection a building,
13 housing, sanitation code, or Long Beach Municipal Code ("LBMC")
14 violation is noted, the City inspector shall document the violation, advise
15 the owner or operator of the violation and of the action which must be
16 undertaken and completed in order to remedy the violation. Failure to
17 abate code violations in a timely manner may result in additional
18 enforcement action in accordance with Title 9 and 18 of this Code.

19 F. Compliance card. Upon the successful completion of an
20 inspection, subsequent inspection, or reinspection of the residential rental
21 property establishing that the property and its occupancy are in
22 compliance with all applicable building, housing, and sanitation codes, or
23 LBMC requirements, the City shall issue a compliance card to the owner.
24 Notwithstanding the foregoing, a compliance card shall not preclude code
25 enforcement or investigation on the property if during the rental housing
26 inspection certification period a code violation on the property is reported
27 to the City or otherwise observed by the City.

28 ///

1 18.30.130 Notice.

2 A. The City shall serve written notice of the date and time of
3 any inspection to be conducted pursuant to this Chapter, by mailing such
4 notice at least fourteen (14) calendar days prior to the date of the
5 inspection. Notice shall be mailed to the owner and the local contact
6 representative at their registered mailing address. In the case of multiple
7 owners of the same property, notice to any one of the property owners
8 designated on the registration application is sufficient notice.

9 B. The City shall also mail a copy of the inspection notice to the
10 rental housing units on the property.

11
12 18.30.140 Refusal to permit inspections.

13 A. If an inspection is scheduled and entry is thereafter refused
14 or cannot be obtained, the inspector shall have recourse to every remedy
15 provided by law to secure lawful entry and inspect the premises, including
16 but not limited to securing an inspection warrant pursuant to California
17 Code of Civil Procedure Sections 1822.50 through 1822.57. The
18 inspector shall provide notice that a warrant has been issued to both the
19 owner/operator and the tenant, invitee, or guest at least twenty-four (24)
20 hours before the warrant is executed, unless the judge finds that
21 immediate execution is reasonably necessary under the circumstances
22 shown.

23 B. Notwithstanding the foregoing, if the inspector has
24 reasonable cause to believe that the residential rental property is so
25 hazardous, unsafe, or dangerous as to require immediate inspection to
26 safeguard the public health and safety, the inspector shall have the right
27 to immediately enter and inspect the premises and may use any
28 reasonable means required to effect the entry and make an inspection.

1 18.30.150 Change of ownership.

2 When ownership of a residential rental property changes, either the
3 prior owner shall notify the Director of this event prior to the recordation of
4 an instrument of conveyance with the Los Angeles County Recorder's
5 office or the new owner shall notify the Director within sixty days after
6 recordation of an instrument of conveyance with the Los Angeles County
7 Recorder's office. If the Director is not so notified, the existing registration
8 and any associated compliance card for the residential rental property
9 shall automatically be null and void. The new owner will not have to pay
10 the program fees until the following calendar year provided all fees were
11 paid by the prior owner of the residential rental property.

12
13 18.30.160 Regulations nonexclusive.

14 The provisions of this Chapter regulating residential rental
15 properties are not intended to be exclusive and compliance with this
16 Chapter shall not excuse noncompliance with any other applicable
17 provision, requirement, or regulation of this Code or any applicable state
18 and/or federal law. Nothing in this Chapter shall limit or preclude
19 inspections conducted by the Fire Department for compliance with Fire
20 Codes.

21
22 18.30.170 Conflicts.

23 If the provisions, requirements, or regulations of this Chapter
24 conflict with or contravene any other provision, requirement, or regulation
25 of this Code, the provisions, requirements, or regulations of this Chapter
26 shall prevail as to all matters and questions arising out of the subject
27 matter of this Chapter.

28 ///

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Lona Beach, CA 90802-4664

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Section 2. The City Clerk shall certify to the passage of this ordinance by the City Council and cause it to be posted in three (3) conspicuous places in the City of Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the Mayor.

I hereby certify that the foregoing ordinance was adopted by the City Council of the City of Long Beach at its meeting of _____, 2015, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____
(Date)

Mayor