



Regulatory Services

(Housing Inspection Services, Fire Inspection Services and Problem Properties Unit)

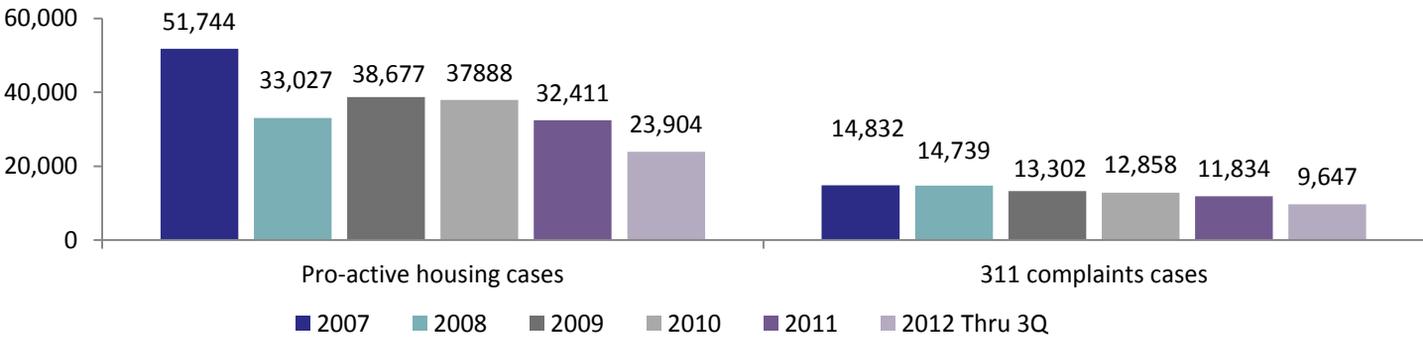
November 27, 2012

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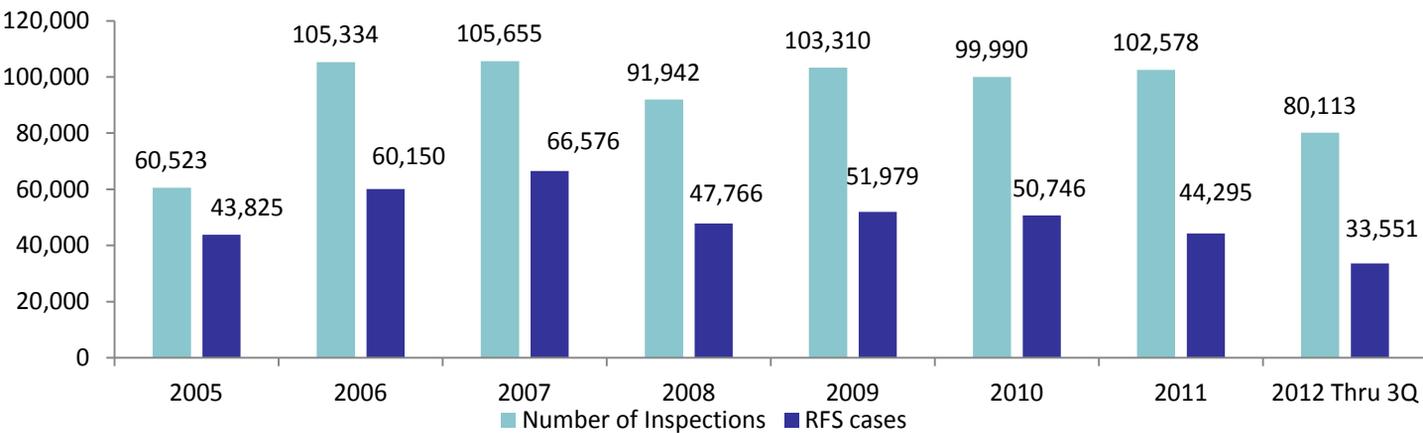
Regulatory Services

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Number of Proactive and 311 Driven (Reactive) Cases



Number of Housing Inspections and Cases



Note: One Request for Service (RFS) case may contain multiple violations.

Why are these measures important?

Every citizen within the city has a reasonable expectation to live next to and in a dwelling that is decent, safe, sanitary and meets the minimum housing standards set forth by our City. By responding to customer 311 complaints, conducting proactive nuisance condition inspection activities and implementing our systematic rental license program, we maintain and improve the housing stock. The City assists owners who are facing hardships comply with orders. As an example, the City includes a resource list within its violation notices. This information is also available on the division’s website. The resource list was expanded in 2011 to assist property owners in the tornado-impacted neighborhoods.

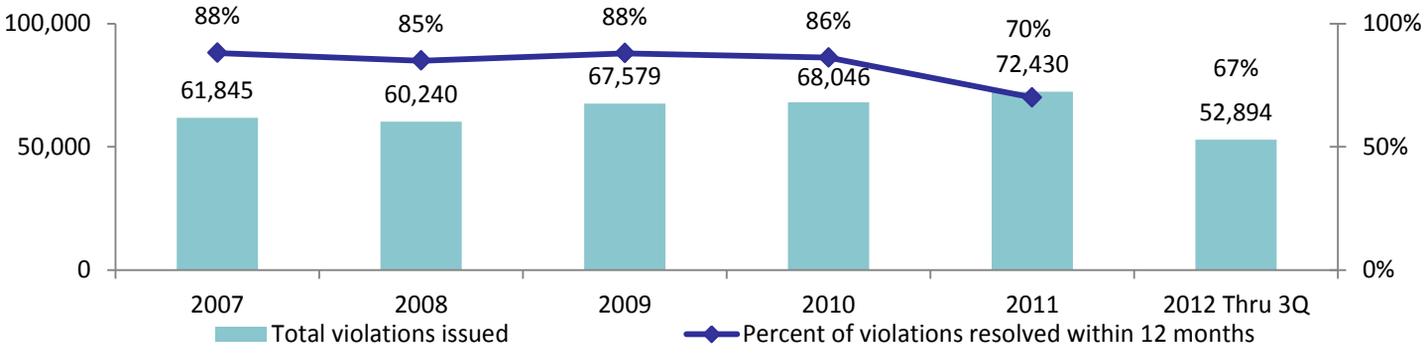
In the charts above and below, the term “cases” refers to a set of orders issued to a property owner. These are typically grouped by type of violation. A “violation” refers to a specific code deficiency. The term “inspection” refers to a visit by an inspector to a property and is associated with a specific case. In 2011, Housing deployed resources to the tornado damaged communities in North Minneapolis. The tornado both increased the number of violations issued and slowed the resolution of violations. Over time, rates of compliance will improve as violations from previous years are resolved.

What will it take to make progress?

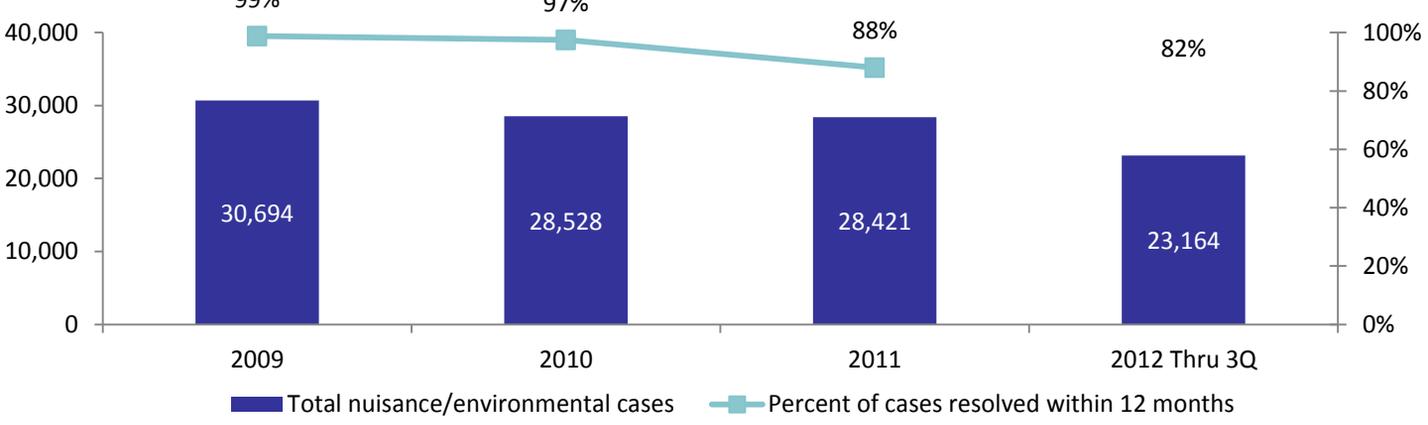
Focused inspections are integral in assuring that residents are living in safe housing. The current strategies Regulatory Services deploys are proactive code enforcement, including the tiered inspection program and the rental conversion inspection program, and promptly responding to citizen complaints. Proactive enforcement produces visible improvement in neighborhoods.

Data continued on next page...

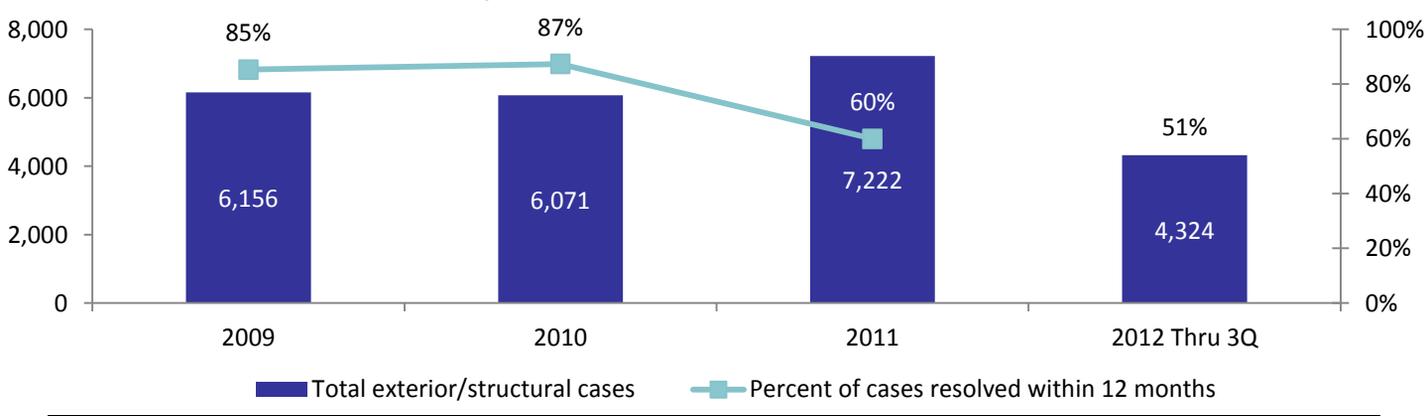
City-wide Housing Violations Issued and Percent Resolved



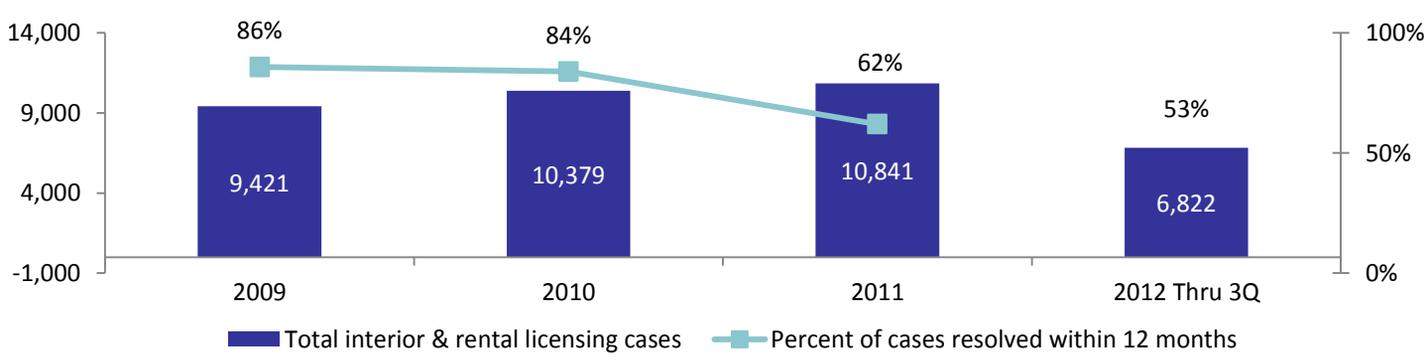
Nuisance/Environmental Cases Issued and Percent Resolved



Exterior/Structural Cases Issued and Percent Resolved

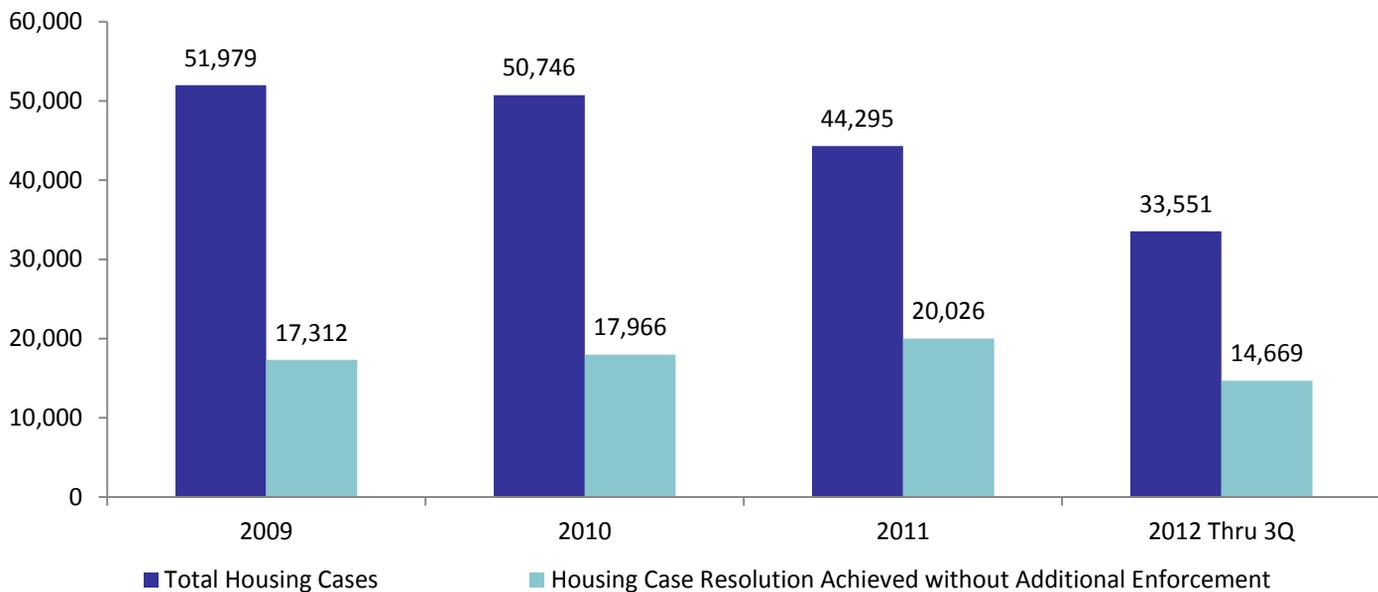


Interior and Rental Licensing Cases Issued and Percent Resolved





Housing Case Resoultuion without Additional Enforcement



Why is this measure important?

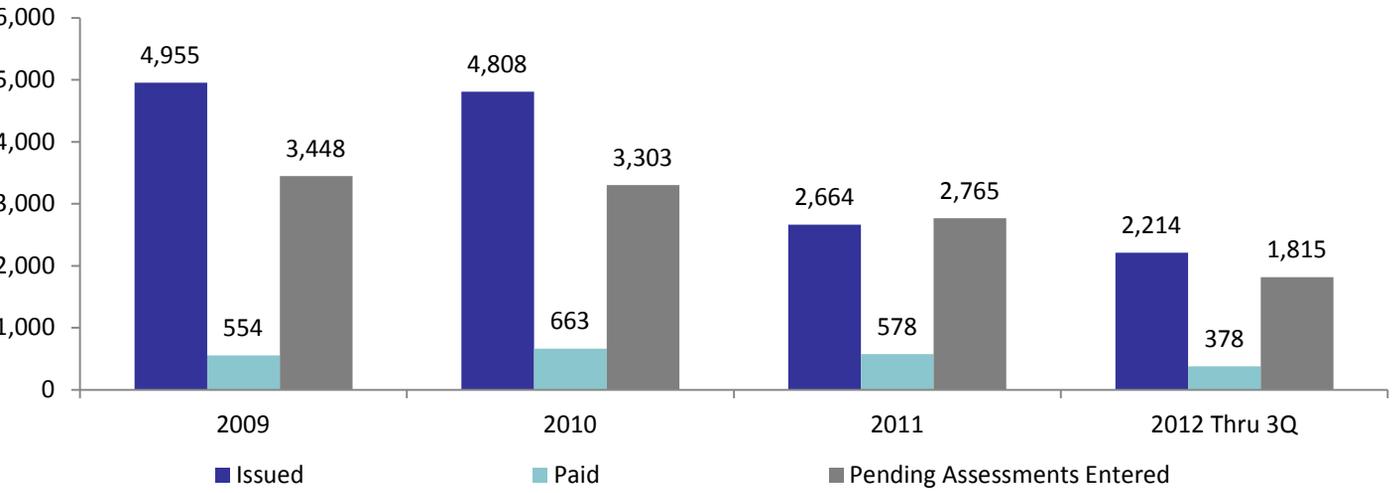
The core mission of Housing Inspection Services is to promote quality housing and livable neighborhoods for all residents. This work is done through education and enforcement of the Housing Maintenance Codes. If a resident receives a violation from Housing Inspection Services and complies without the need for additional enforcement it saves time and financial resources. Compliant property owners have an expectation that all property owners are held to the same standards. This measure indicates the level of housing inspection cases city-wide that achieve compliance without additional enforcement needed. Additional enforcement for case resolution includes contractor abatement of nuisance conditions, criminal summons, administrative citations, condemnations and license revocations.

What will it take to make progress?

Adequate staffing throughout the enforcement process is critical; without the necessary resources timely case closure is difficult. Maintaining good systems of enforcement and continued education with property owners makes a difference in repeat cases that must go to additional enforcement methods. Additional strategies include continuing our work with policy makers and stakeholders and reviewing best practices in other cities.



Administrative Citations Issued, Paid & Moved to Pending Assessments (Unpaid)



Why is this measurement important?

Regulatory Services implemented the administrative citation program in 2004 as a cost recovery tool.

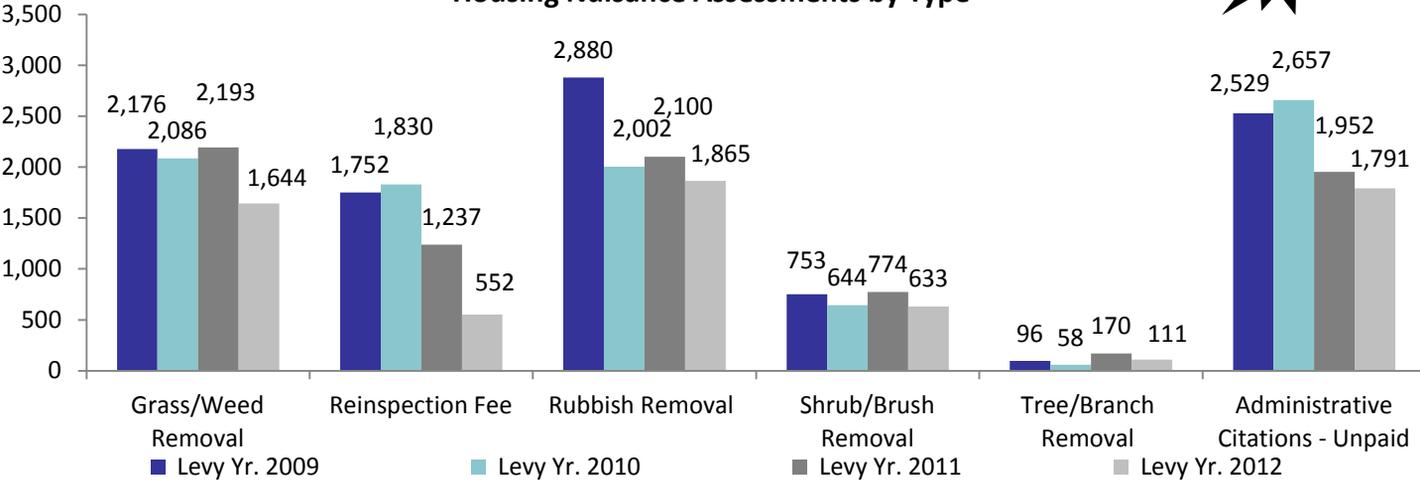
This process assesses a civil penalty for ordinance violations (specifically exterior and interior structural violations – not nuisance violations) rather than a criminal charge. Those charged with a violation still have due process rights to a hearing before a neutral hearing officer and rights of appeal, but this civil process is quicker and simpler and avoids the stigma of a criminal record for violators. The process is intended to be more informal and less intimidating for all involved and it is also less costly, since it does not involve the use of attorneys.

What will it take to make progress?

Continued proactive communication between inspectors and property owners avoids additional citations while resolving the violations. The City is also considering expanding this program, which would afford other divisions and departments the opportunity to take advantage of this cost recovery tool.



Housing Nuisance Assessments by Type



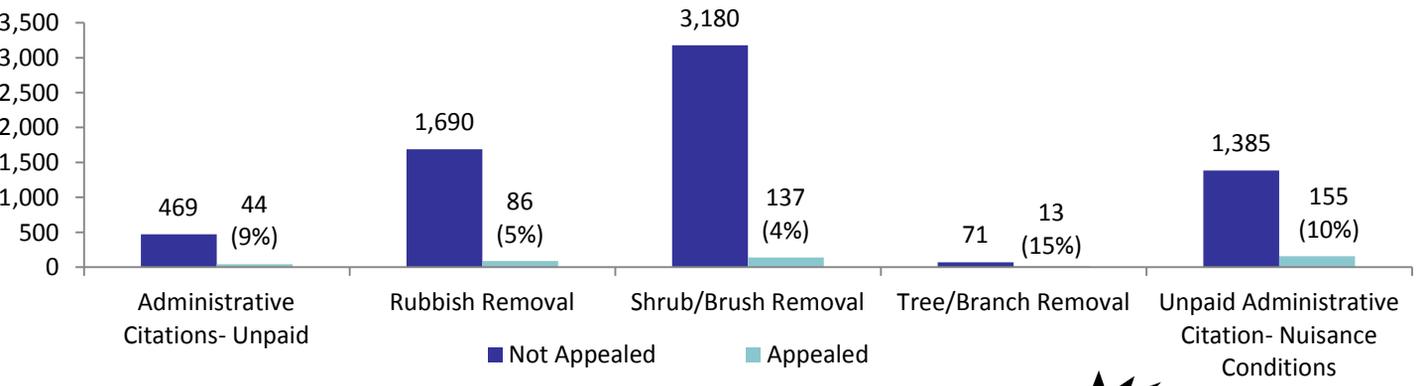
Why is this measurement important?

Assessments demonstrate clear and consistent enforcement of ordinances. Enforcement of nuisance conditions abated by the City’s contractors ensures the livability of the community, ensuring a safe and sanitary neighborhood and avoiding urban blight. Specifications for contractors and established staffing levels can be anticipated by reviewing this historical data.

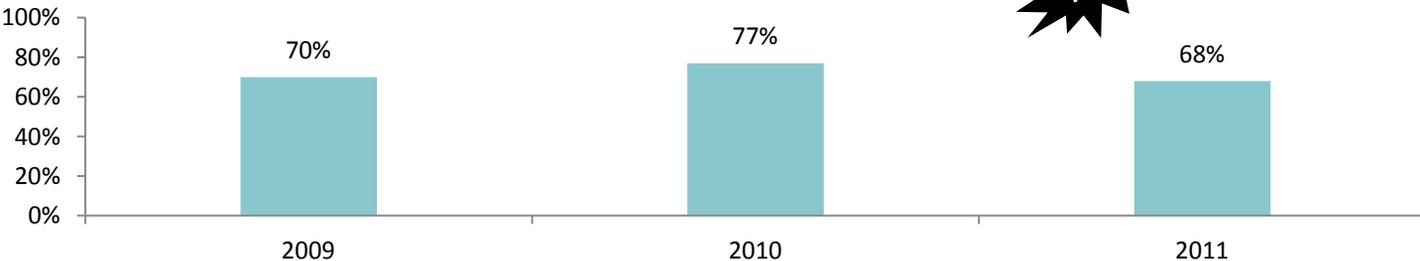
What will it take to make progress?

Neighborhood nuisance violation sweeps conducted by summer interns allows area housing inspectors to focus on structural and rental licensing inspectors. Continuing the summer intern program is integral to maintaining livable neighborhoods. Consistent quality inspection procedures will allow the City to prevail on appeals and retain as much of the assessments as is possible.

Housing Nuisance Assessments Not Appealed, Appealed & Percent of Total Assessments (Levy Yr. 2012)

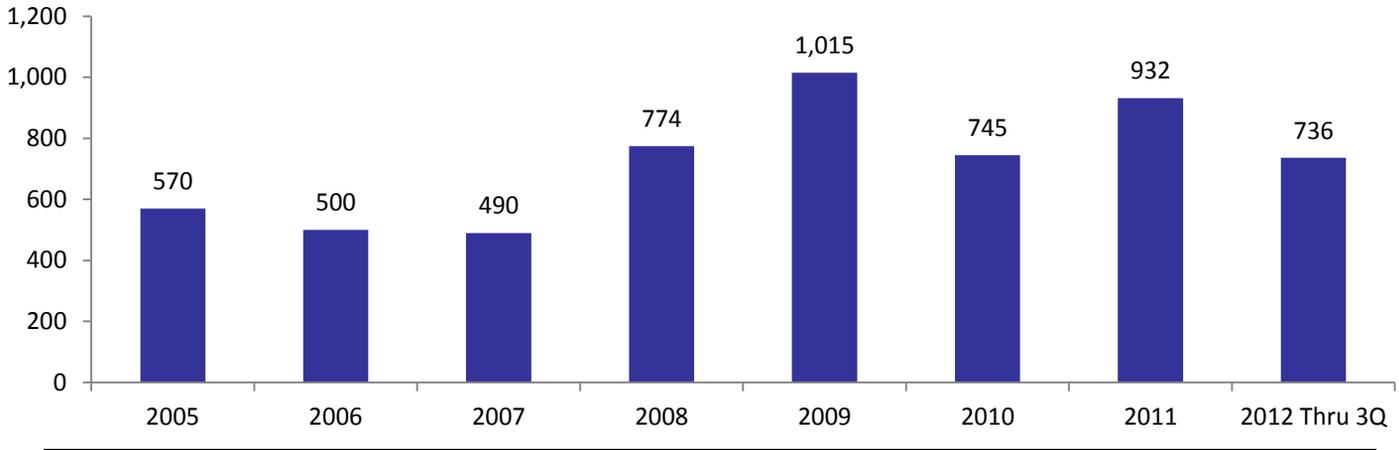


Percent of Housing Assessments Collected





Rental Conversions 2005-2012



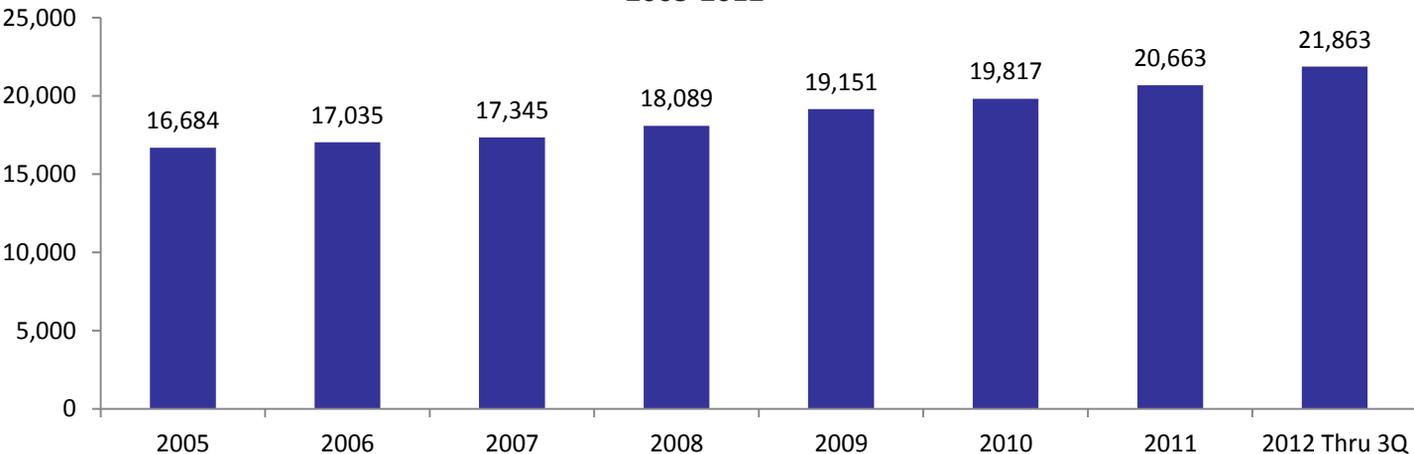
Why is this measure important?

Since 2007, there has been a dramatic rise in conversions and rental license permits of single family homes from owner occupied to rental in the city. These trends raise questions as to their impact. The benefits of home ownership result from the belief that homeowners have a greater financial stake in their homes compared to renters. Studies have linked homeownership with reduced crime, higher incomes, less reliance upon welfare and more politically active residents among other benefits. The City recently implemented programs in which properties are inspected upon conversion from owner occupied to rental and when a rental property changes ownership.

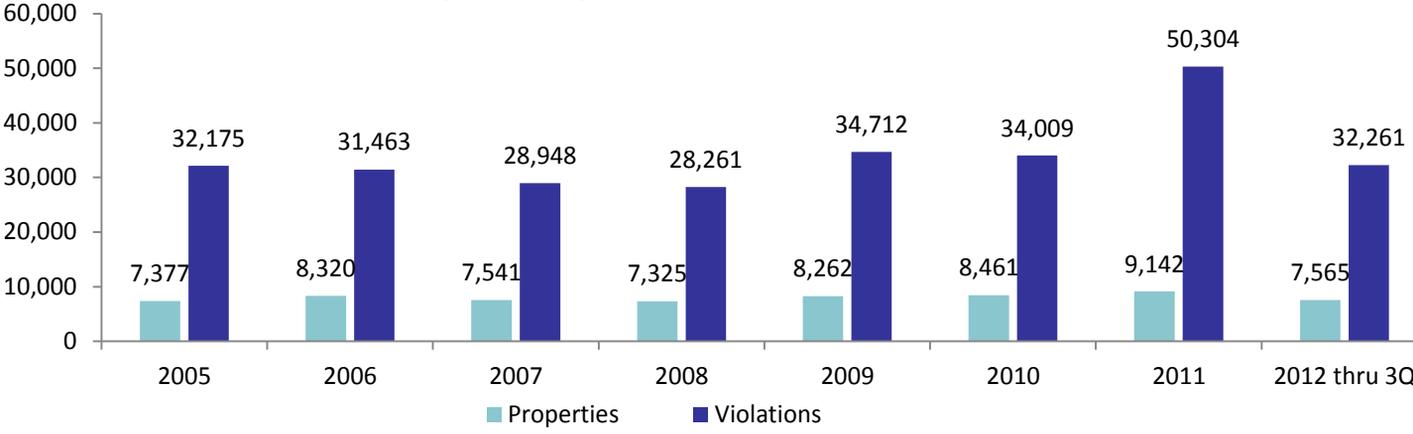
What will it take to make progress?

To help stem the movement to more rental properties, a coordinated effort by the City, State and Federal agencies is necessary. Working together, these agencies can provide homeowners and prospective homeowners with targeted funding, education and financial incentives that assist and promote homeownership in all neighborhoods. Rental properties, even well managed ones, are much more demanding of City resources. They require more proactive licensing inspections and complaint driven inspections and administrative services to hold rental property owners accountable. The inspection is intended to ensure properties meet the minimum Housing Maintenance Code requirements and comply with rental licensing standards.

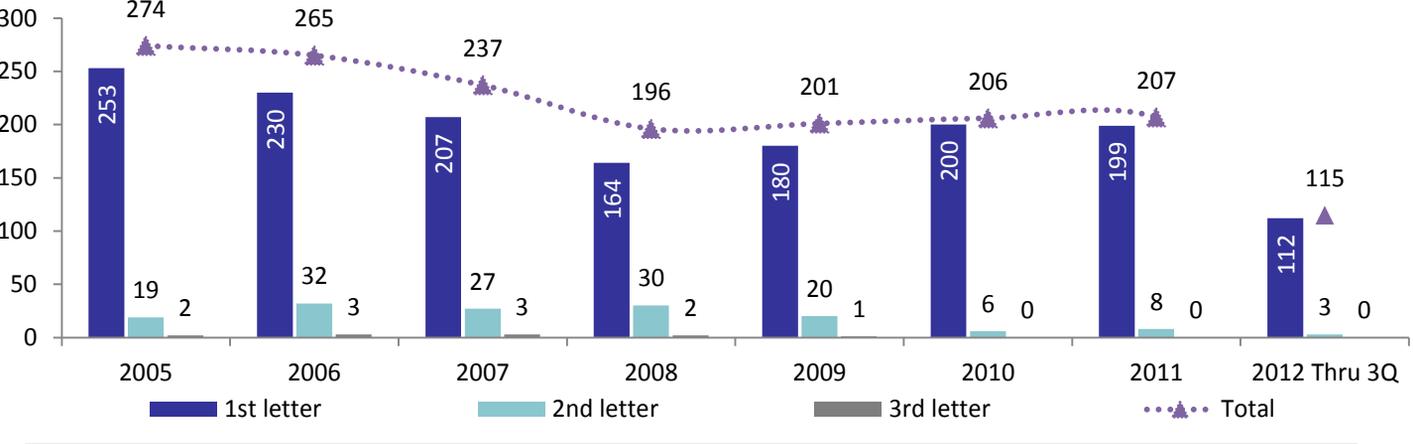
Rental Licenses Issued 2005-2012



Rental Properties Inspected and Violations Written



Enforcement of Rental Properties (Premises Notices)



Why is this measure important?

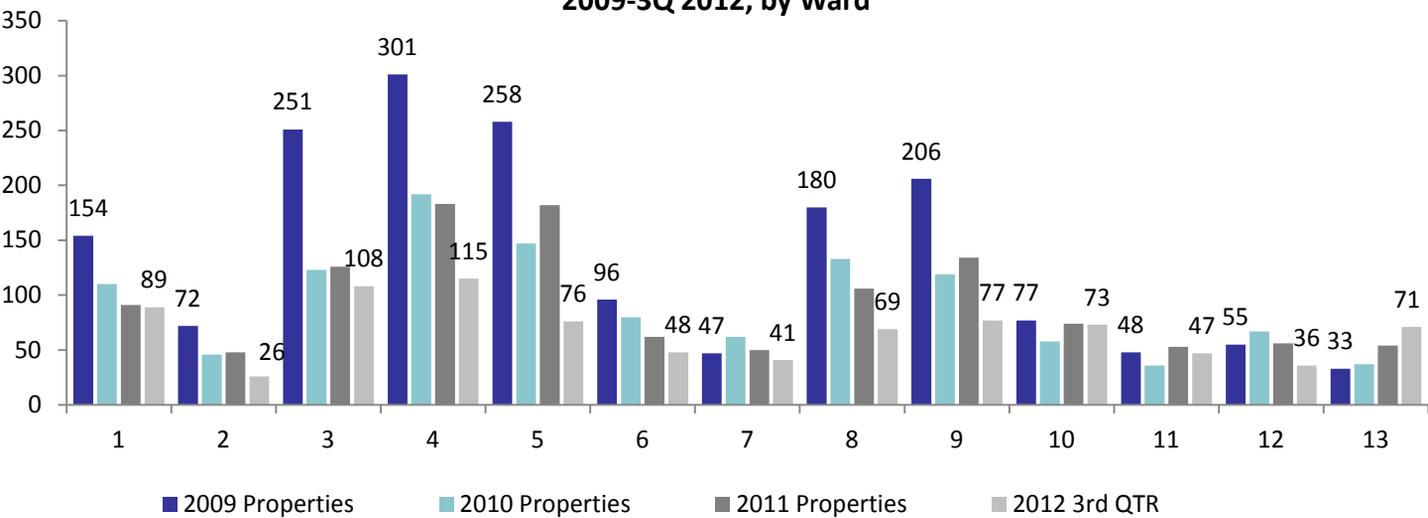
The health and livability of a neighborhood is directly affected by nuisance behavior. Rental property owners have a responsibility to operate their businesses in a manner that does not adversely affect the health and livability of the neighborhood. The increase in violations on the rental property violation chart is attributable to tornado damaged rentals and the implementation of the Tier Inspection Program in 2011.

Conduct on premises letters are sent to the rental property owner by the Minneapolis Police Department when a tenant or guest has been involved in nuisance behavior at the property. The rental property owner is required to take action to resolve the nuisance behavior and to submit a management plan detailing how the rental business will be operated to prevent any further occurrences of nuisance behavior. Failure to resolve the problem or submit a management plan could lead to the revocation of the rental license for the property.

What will it take to make progress?

In an effort to focus inspection resources where they are most needed, in 2011 the City implemented a tiered approach to rental license inspections. Rental properties which are poorly maintained and managed, based on set criteria, will be inspected annually. Continuing the tiered inspections program as well as continued enforcement of conduct on premises letters will lead to greater safety and increased livability.

**License Property Investigation Activity (Unlicensed Rentals)
2009-3Q 2012, by Ward**



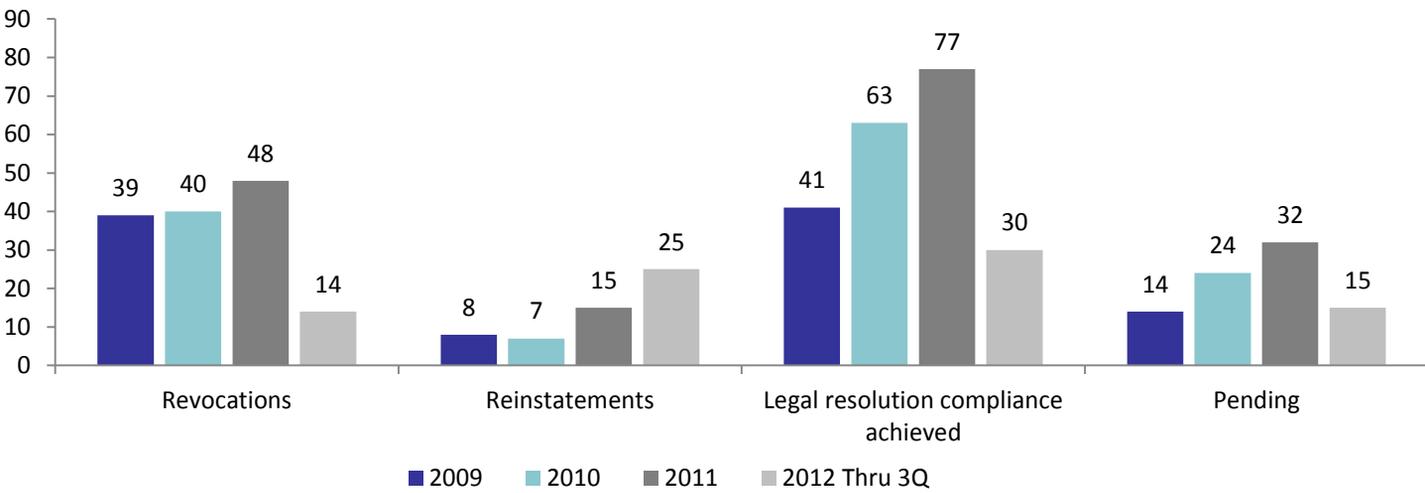
Why is this measure important?

Rental property owners who comply with licensing their properties and paying their license fees on time expect that other rental property owners are doing the same. Renters have the right to live in a safe, decent building. Unlicensed rentals mean that no inspection has been completed.

What will it take to make progress?

Housing inspectors identify unlicensed rentals during the course of their inspections and through 311 complaints. The inspectors annually conduct enforcement actions against property owners for expired unpaid licenses. The numbers above reflect the number of cases that either have expired licenses or new unlicensed rentals. Housing Inspection Services hired an additional housing inspector to dedicate their time to identifying city-wide unlicensed properties for rent or occupied with renters without a license. This inspector focuses on water department records, assessor data and rental ads to identify additional unlicensed rentals.

Rental License Revocation Actions



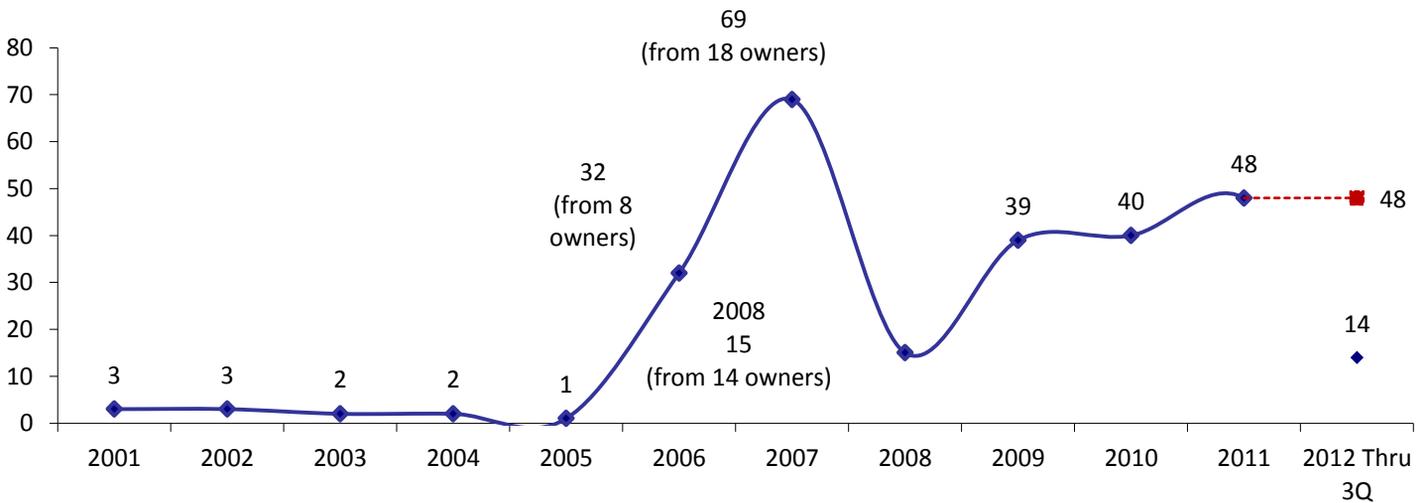
Why is this measure important?

The rental license revocations charts indicate the effectiveness of our current enforcement actions to address property owners who violate rental licensing standards. Over the past few years, the City Council has approved amendments to rental licensing ordinances that have provided Housing Inspection Services, the Fire Department and the Police Department more effective tools to address reluctant rental property owners. Once revoked, a rental license is not reinstated until the existing or new owner provides documentation that the property will be managed and maintained in accordance with licensing standards.

What will it take to make progress?

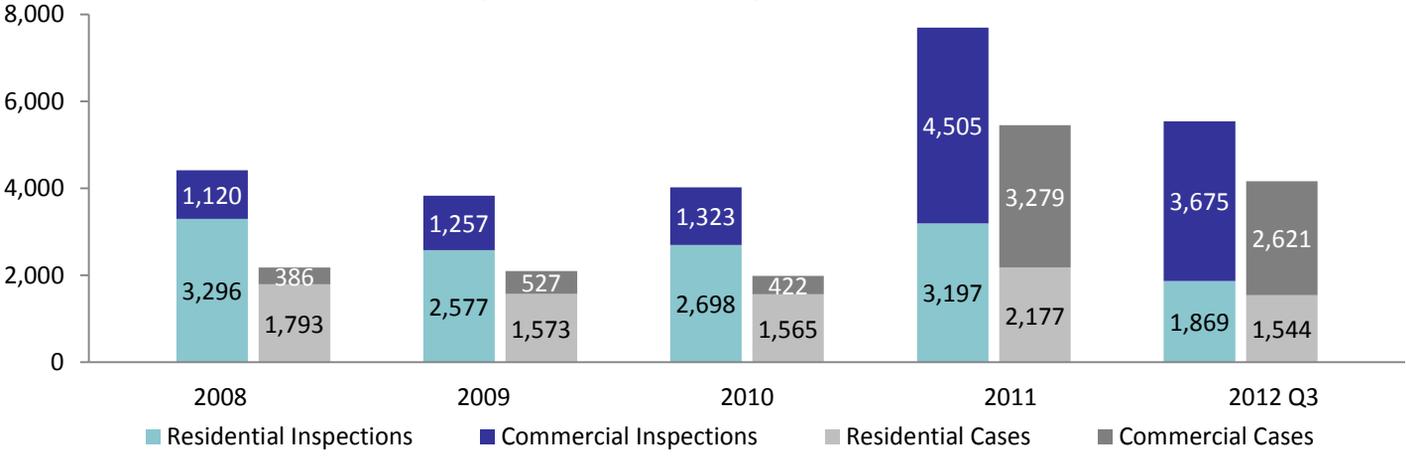
The City has developed automated systems to review rental property records to ensure compliance with all licensing standards. Those properties which fail to meet standards are given an opportunity to come into compliance. Failure to bring the property into compliance will lead to rental license revocation. We expect a higher percentage of properties achieving compliance through the ongoing use of these systems.

Rental License Revocations

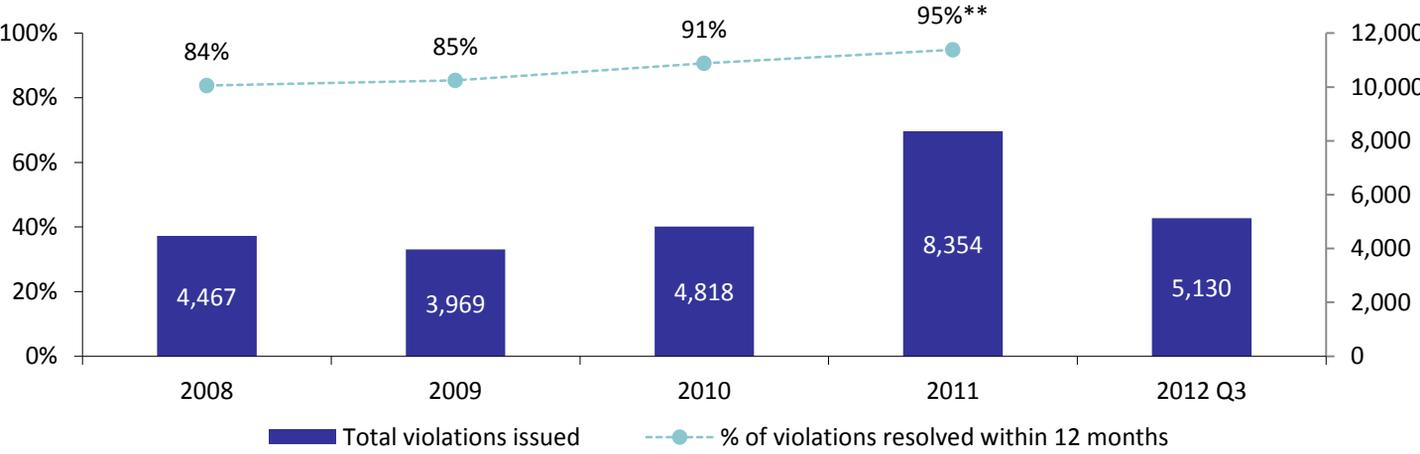


Note: 2008 -15 from 14 property owners; and 58 TJ Waconia properties which were pulled back by the City Attorney's Office.

Fire Inspection Services Inspections and Cases



Fire Inspection Services Violations Issued and Percent Resolved



**2011 resolution percent only includes those violations issued through Q3

Why are these measures important?

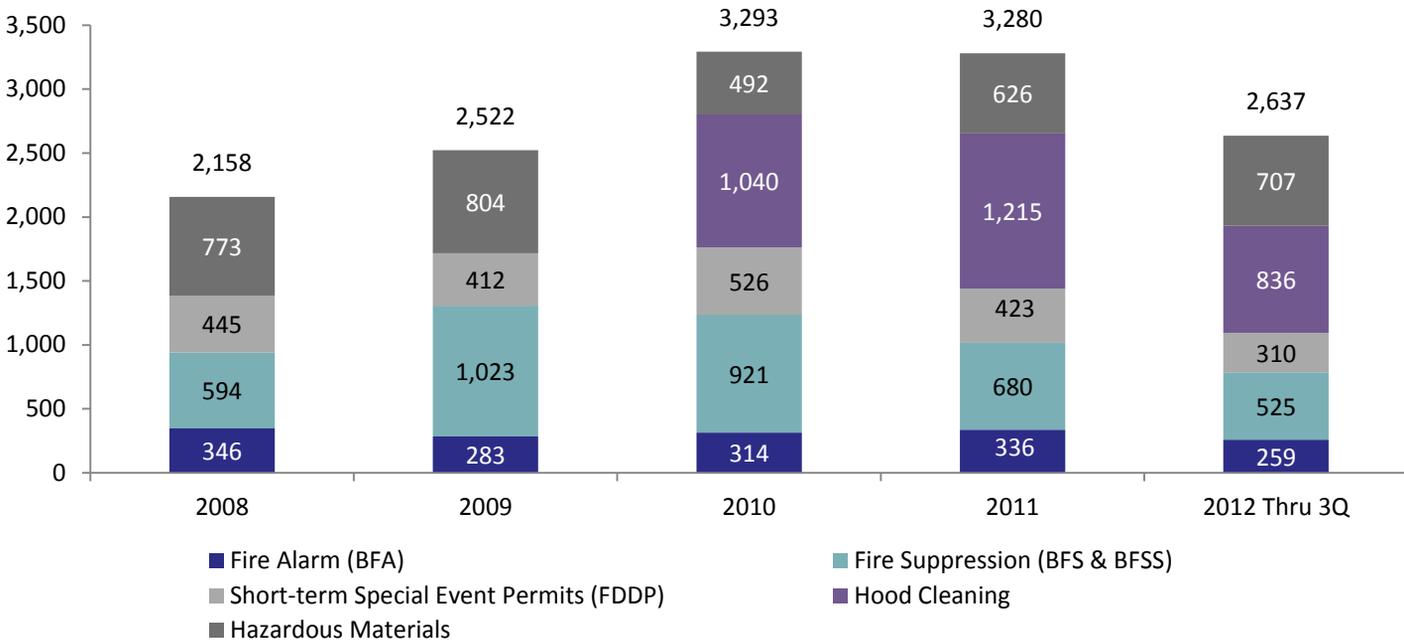
The continued inspections of high-occupancy dwelling units and registered commercial buildings are critical in maintaining fire and life safety building systems. This provides inspection staff the opportunity to network with residents and the business community to further define fire prevention activities.

What will it take to make progress?

If the proposed Regulatory Services reorganization is adopted, all commercial and residential inspections would be done by one department. This provides the opportunity for streamlined efficiency and better internal communication.

In addition to bridging the gap between inspections disciplines, these changes are expected to provide the framework for greater focus on fire and life safety measures, increased proactive inspections and an increased compliance rate.

Permits Issued by Fire Inspection Services



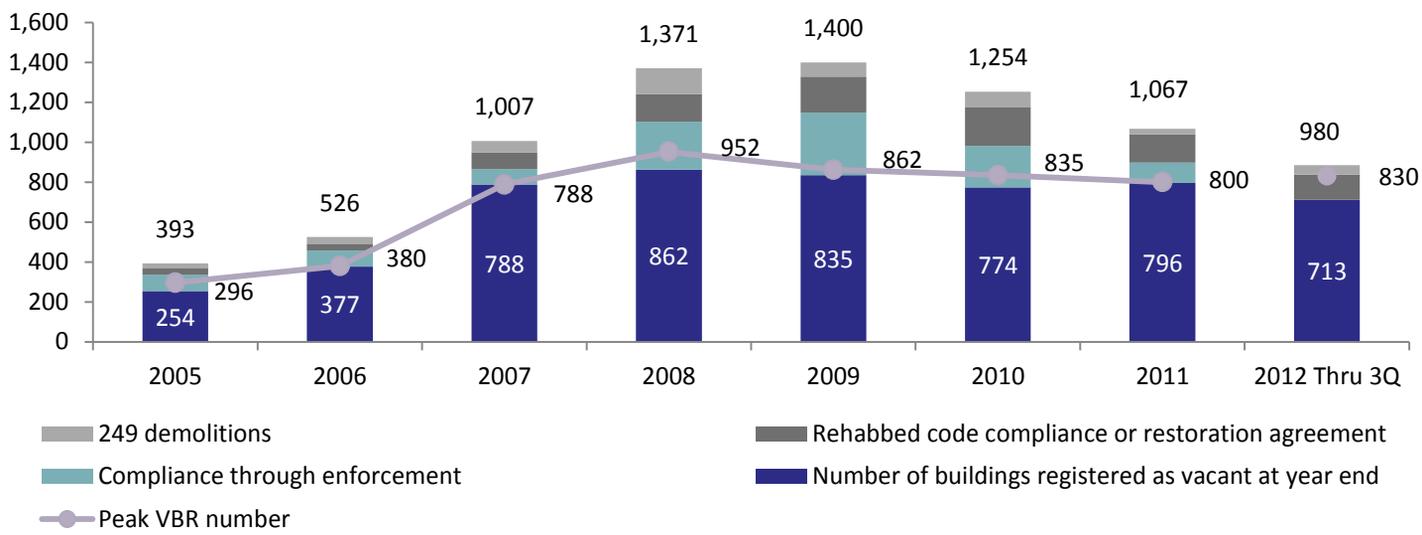
Why is this measure important?

In addition to high occupancy residential and commercial inspections, the Fire Inspections Services group also provides fire code related plan review and issuance of permits. This work is largely driven by ordinance requirements which are established for life/safety reasons as well as economic development trends.

What will it take to make progress?

As part of the reorganization effort, this work will be evaluated for potential process efficiencies and improved coordination with other City divisions and City customers. In addition, we are identifying meaningful measures to monitor the overall effectiveness of these operations.

Vacant Building Registration Activity 2005-3Q 2012



Why are these measures important?

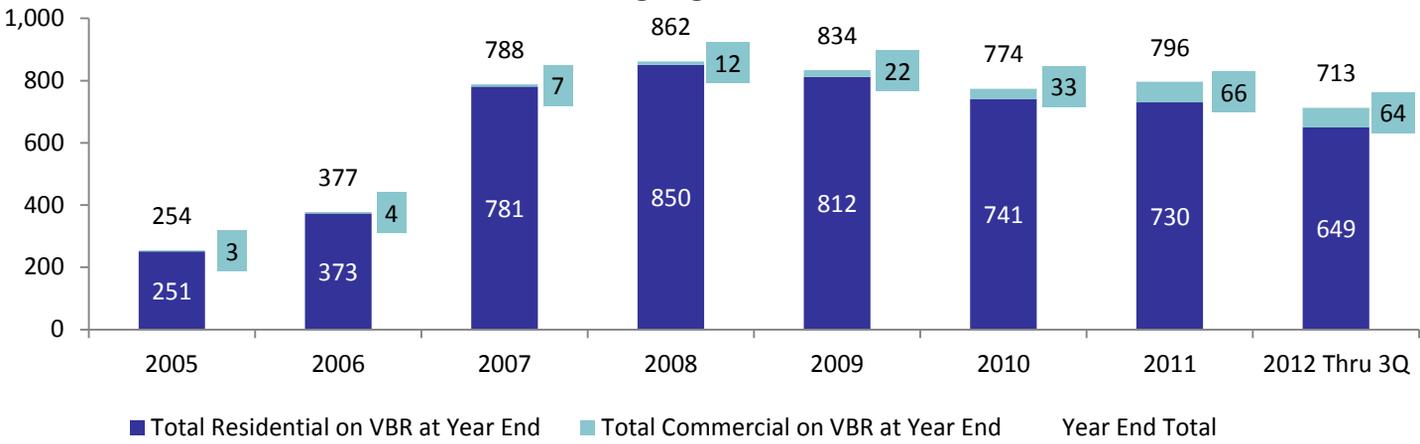
Vacant and boarded buildings negatively affect the safety and livability of the City’s neighborhoods. They frequently become havens for criminal activity and contribute to blight and reduce property values. The safety and livability of our neighborhoods is improved by using mitigating strategies such as rehabilitation, private/public acquisition, or demolition.

While there continues to be a relatively high number of properties registered as vacant, the number continues to decline. From its peak in 2009, Regulatory Services has continued to apply focused enforcement strategies – such as demolition and restoration agreements and collaborations with Community Planning and Economic Development and our non-profit partners. The current number of properties on the VBR list is slightly below the 2007 number which marked the beginning of the foreclosure crisis.

What will it take to make progress?

The City has made continual progress in addressing vacant properties. These successes are due to several factors. Specifically, the City is bringing properties into compliance using increased and consistent use of the Restoration Agreement tool and strategically acquiring properties with non-profit partners such as the LAND BANK and Hennepin County. A portion of the progress is also due to the improvement and recovery of the housing market. All of these elements have contributed to the reduction of properties that are vacant for prolonged periods and represent a shift away from the previous practice of “warehousing” vacant properties.

Year End Vacant Building Registration Enrollment



Why is this measure important?

There has been a recent change in the composition of the building types represented on the list. Commercial buildings now make up nine percent of the total inventory, while in 2008 it was approximately one percent. This change is partially attributable to new ordinances regarding vacant commercial properties, as well as the restructuring of the inspections responsibilities between the Fire Department and Regulatory Services.

Our analysis shows that the longer a building remains in the City’s Vacant Building Registration program, the more likely it is to experience serious structural decline. There is a direct correlation between time vacant and the cost to rehabilitate in the future. It is in the best interest of everyone to move the property back into the housing market as fast as possible and remove the blighting influence from the neighborhood.

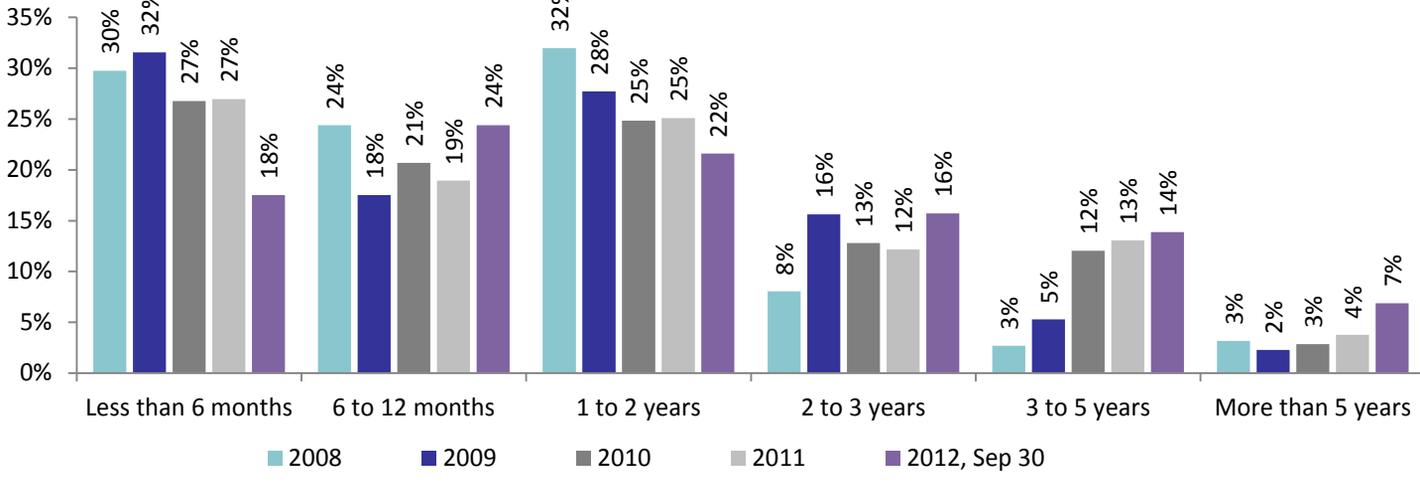
The percentage of properties registered in the program for 1-2 years dropped from 25 percent in 2011 to 22 percent as of September 30, 2012. However, the percentage of properties remaining on the VBR list for more than 2 years has increased by eight percentage points (29 percent to 37 percent). This may be explained by the fact that the more desirable properties for rehab are being absorbed by the improving market. These longer-term properties will require closer attention and analysis to determine if there are appropriate enforcement or economic strategies that might be employed.

What will it take to make progress?

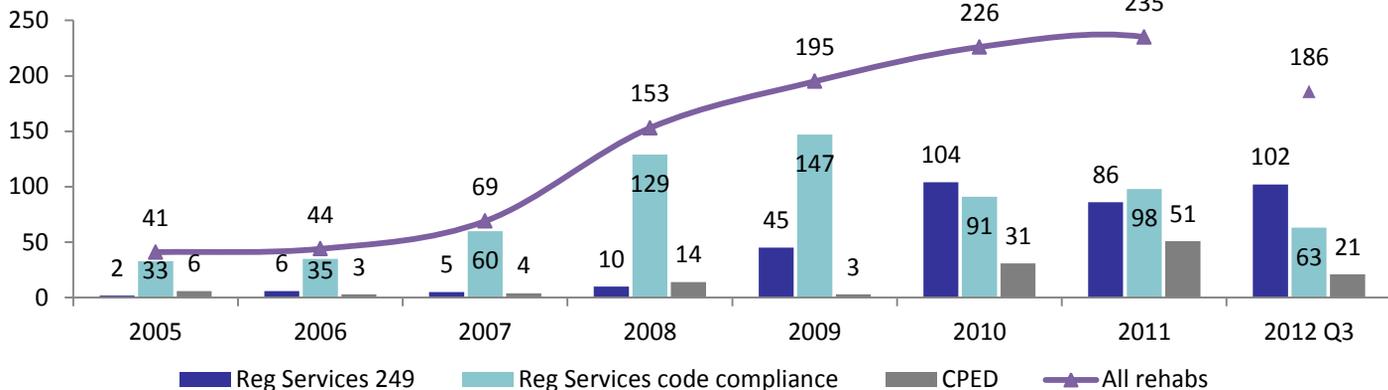
Even with the increasing number of properties that are more than 5 years vacant, progress continues to be made. Of the properties that have been on the list for more than 5 years, nearly 25 percent have active code compliance permits, a signed Restoration Agreement or an active order to demolish. To maintain this positive momentum, staff will continue our ongoing evaluation of properties to ensure that we are focusing our demolition efforts on the worst properties, increase the use of incentives such as the Restoration Agreement program and work with Code Construction Services to streamline other procedures such as Code Compliance requirements for our non-profit partners. In addition, over the past 6 months, the Problem Properties Unit has increased outreach (through mailings and phone calls) to properties that appear stagnant. For properties where we can locate a contact, this initial outreach has proven successful.

Data continued on next page...

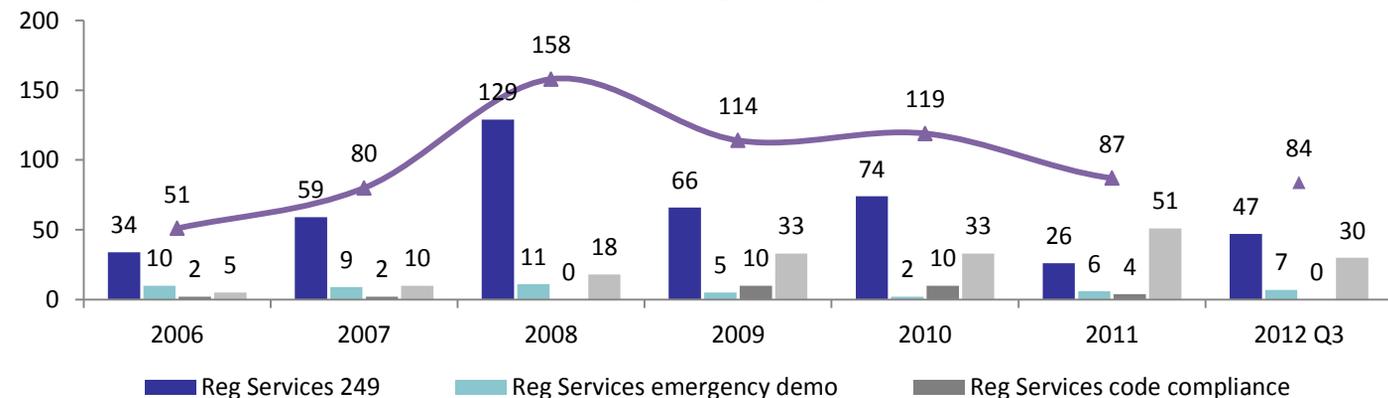
Length of Time on VBR List



Rehabs through Regulatory Services and CPED



Demolition Activity in Regulatory Services and CPED



Why is this important?

Regulatory Services has several main regulatory business processes that directly impact whether a property is rehabled or demolished. These processes are reflected in the charts above, which are separated into properties that were either rehabled or demolished.

The City continues to make progress in facilitating housing rehabs through our efforts with private owners and in public-nonprofit partnerships. As of the third quarter 2012, the number of rehabs for VBR properties is at 80 percent of last year’s total rehab activity. If this trend continues, 2012 will either meet or exceed the 2011 number.

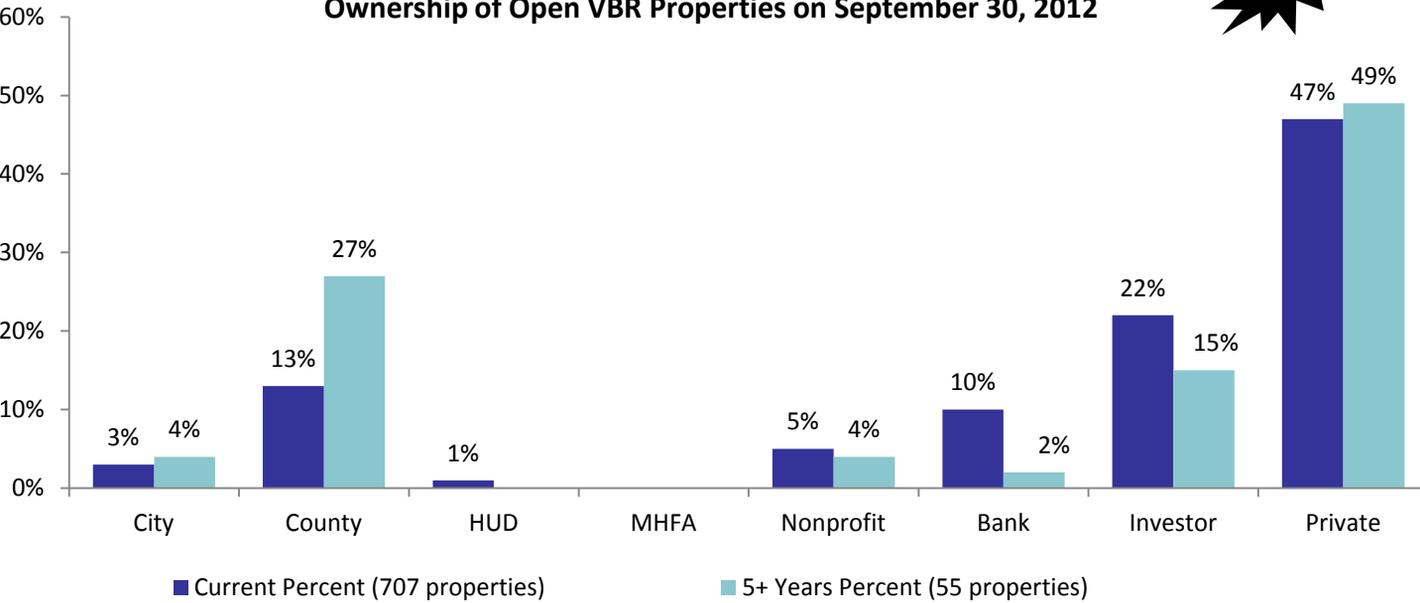
The number of demolitions has gone down somewhat since peaking in 2008. During 2008, the City of Minneapolis partnered with Hennepin County to eliminate 129 nuisance vacant properties. In 2009 and 2010, Regulatory Services used federal resources from the Housing and Economic Recovery Act of 2008 to demolish properties. Regulatory Services demolished over 100 buildings using these funds. Regulatory Services is analyzing conditions across the city to determine how to appropriately direct demolition activity in the coming years.

What will it take to make progress?

As the most dilapidated properties are removed from the housing stock, the use of demolition as a tool for nuisance abatement will naturally decrease. The City will continue to utilize it in appropriate situations. As the charts indicate, rehab activity is on the rise and is expected to continue. The City continues to provide positive incentive for rehabilitation through the restoration agreement program.



Ownership of Open VBR Properties on September 30, 2012



Why is this important?

Understanding who owns these vacant properties helps the City and its partners determine which strategies make the most sense for moving properties into the active healthy housing market and where to direct resources. Ownership was determined using records from the Hennepin County Taxpayer data system and divided into private owner (individual name), investor property (LLC or similar entity), nonprofit partner working with the City, or a public agency such as Hennepin County, HUD, CPED or the Minnesota Housing Finance Agency.

As demonstrated by this graph, about 50 percent of the properties registered as vacant (citywide) are owned by a private individual. Another twenty-two percent are owned by an investor, usually identified by a LLC and five percent are owned by a nonprofit developer, the City of Minneapolis, a state or federal agency or are in tax forfeiture. For certain sections of the City, the percentage of properties owned by the City or a non-profit increases to nearly twenty five percent. This result or measure represents the active acquisition policy by the City and non-profits in certain neighborhoods to help reduce the number of unattended vacant properties in an effort to stabilize the market.

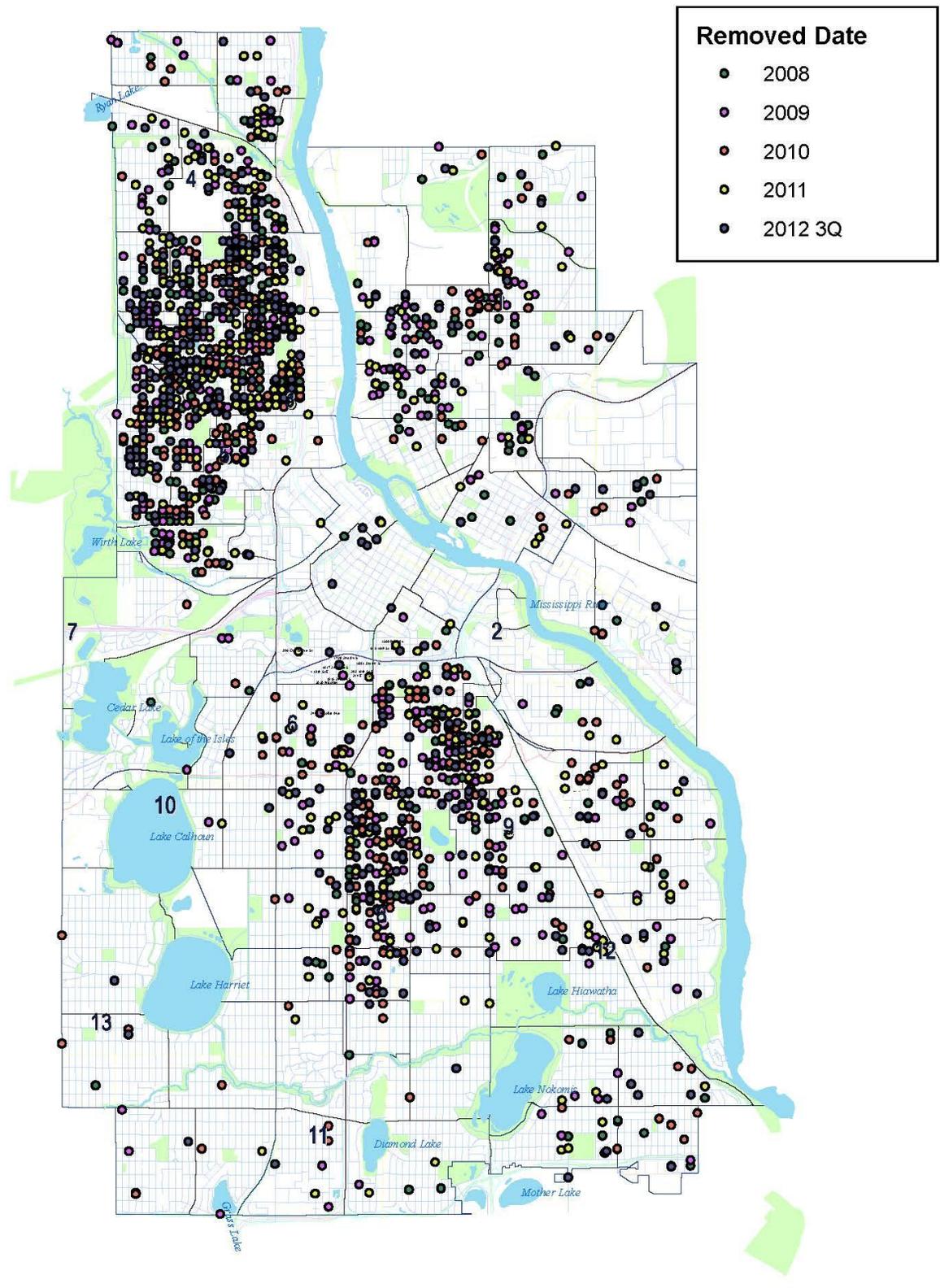
When analyzing the data in terms of length of time on the VBR list (55 properties have been vacant for more than 5 years) the percentage of properties that are owned by the County due to tax forfeiture jumps to nearly 30 percent.

What will it take to make progress?

The next steps in navigating the ongoing impact of the foreclosure crisis will require continued collaboration and partnership with Hennepin County, CPED and community organizations. It will involve taking a deeper look at the stories behind the vacant properties and developing additional strategies to prevent housing from lingering in a vacant status. As more properties are sold at Tax Forfeiture auctions, the City will need to find ways to work with Hennepin County and require that these properties are sold to owners who intend to improve them and then track progress after sales to ensure that the property is being brought up to code and follows other applicable regulatory requirements such as obtaining a rental license.

APPENDIX

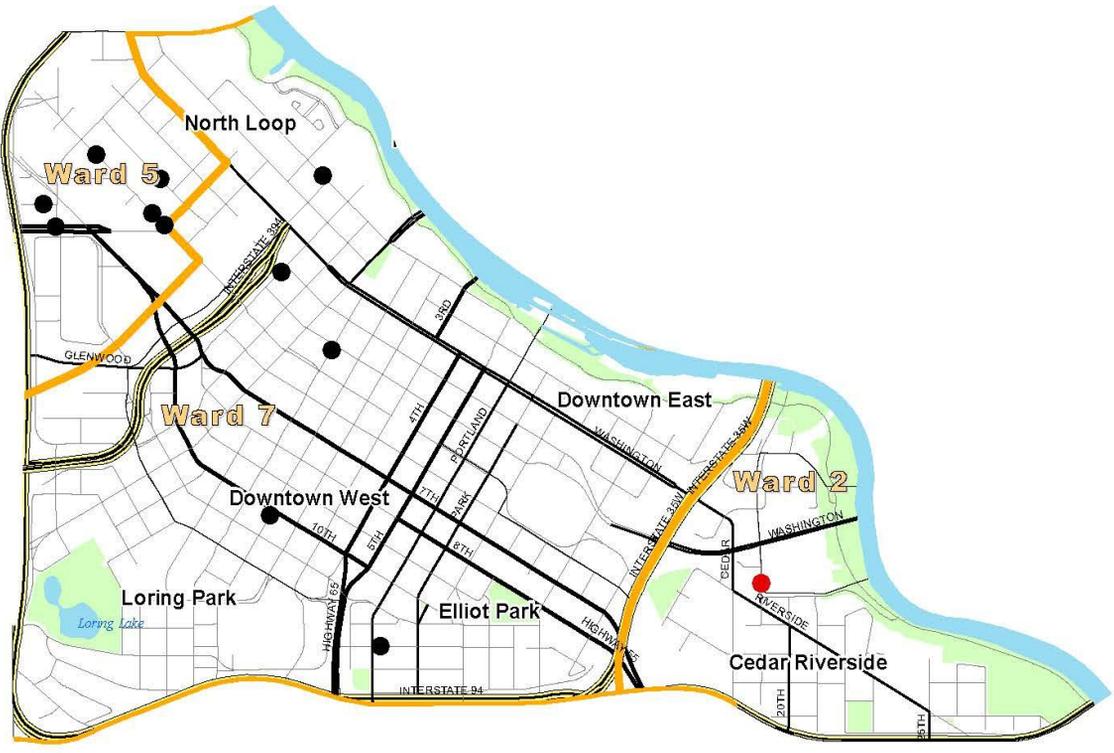
Properties Removed from Vacant Building Registration 2008 - 2012



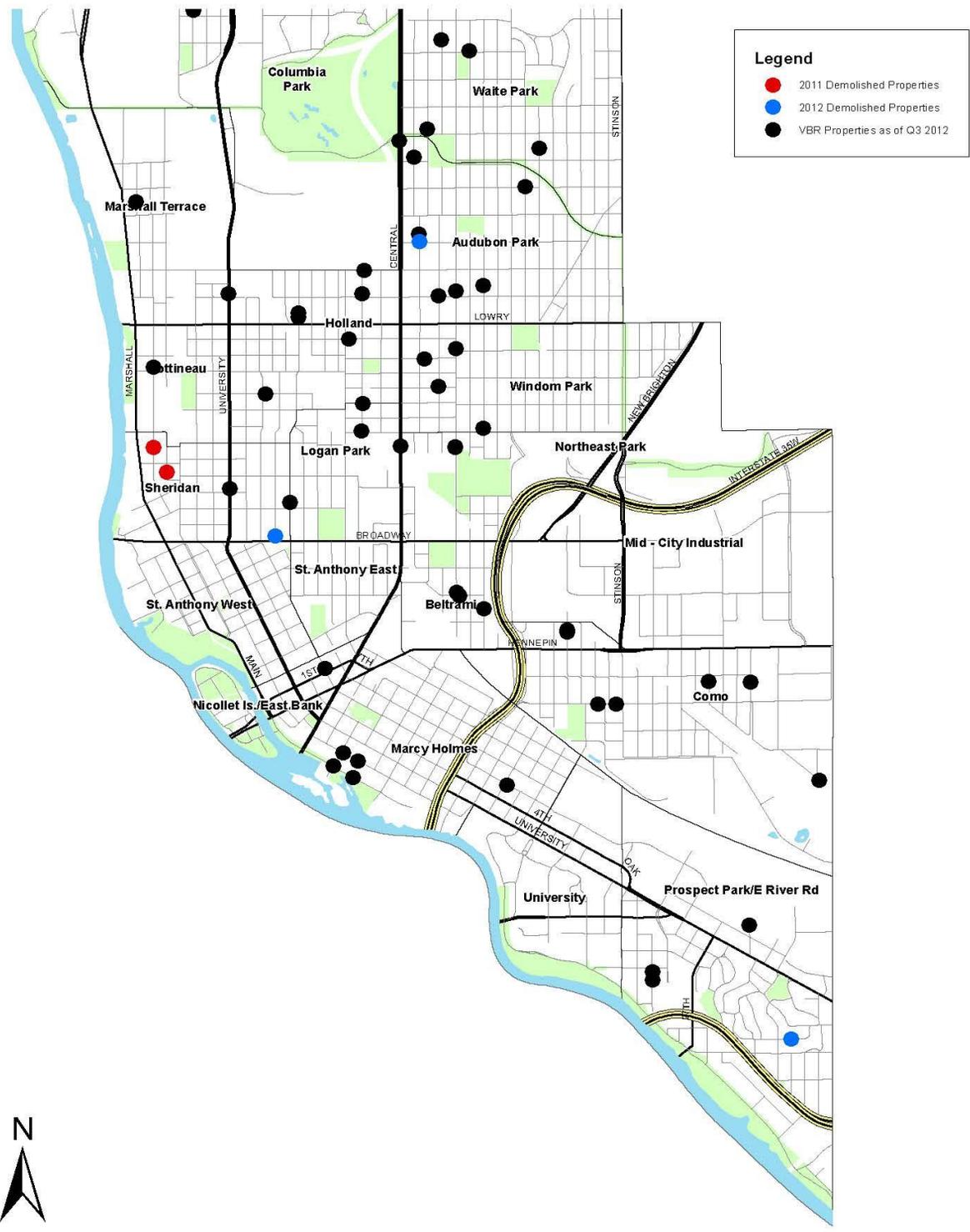
Downtown Minneapolis Properties Registered as Vacant and Nuisance Demolitions

Legend

- 2011 Demolished Properties
- 2012 Demolished Properties
- VBR Properties as of Q3 2012



Northeast and Southeast Minneapolis Properties Registered as Vacant and Nuisance Demolitions

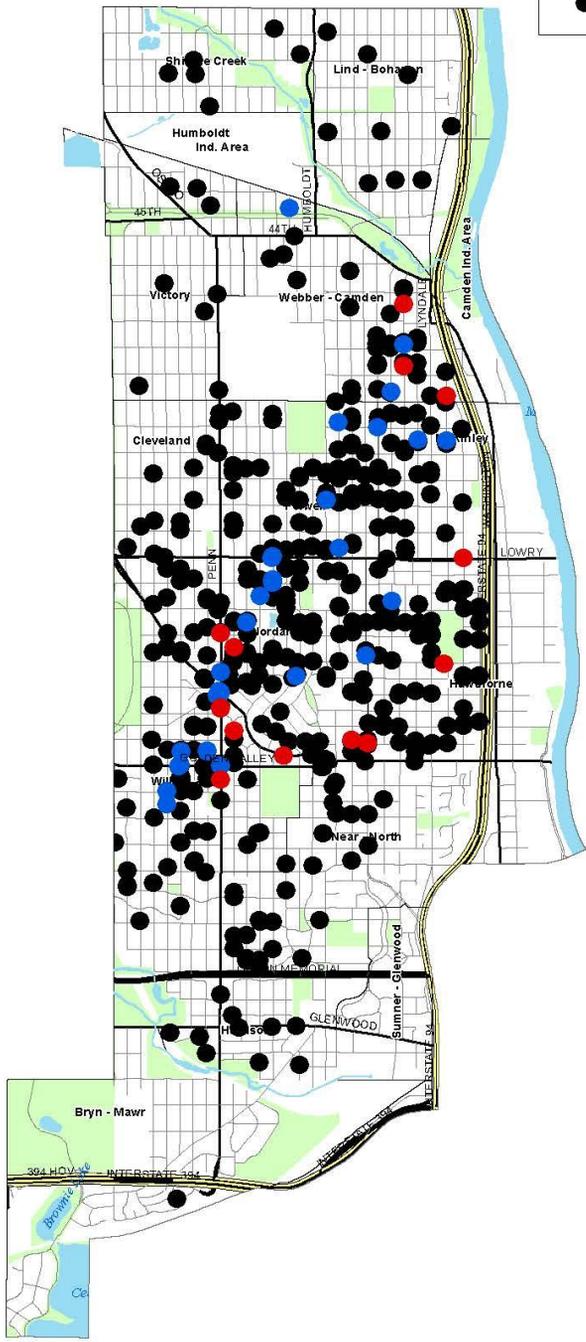


City of Minneapolis Department of Regulatory Services, 10/5/2010.

North Minneapolis Properties Registered as Vacant and Nuisance Demolitions

Legend

- 2011 Demolished Properties
- 2012 Demolished Properties
- VBR Properties as of Q3 2012

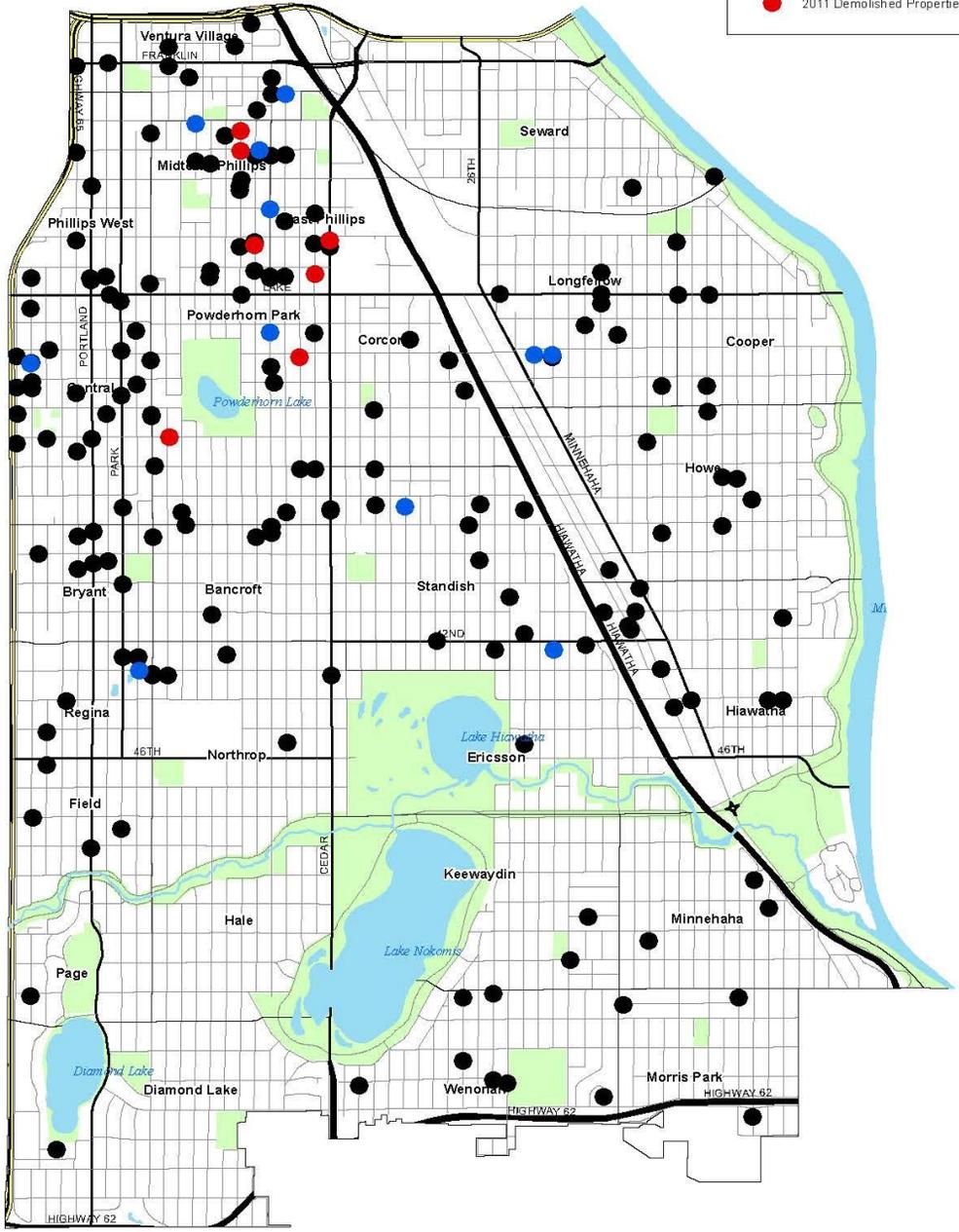


Created by A. Minge, City of Minneapolis Department of Regulatory Services, 11/2/09.

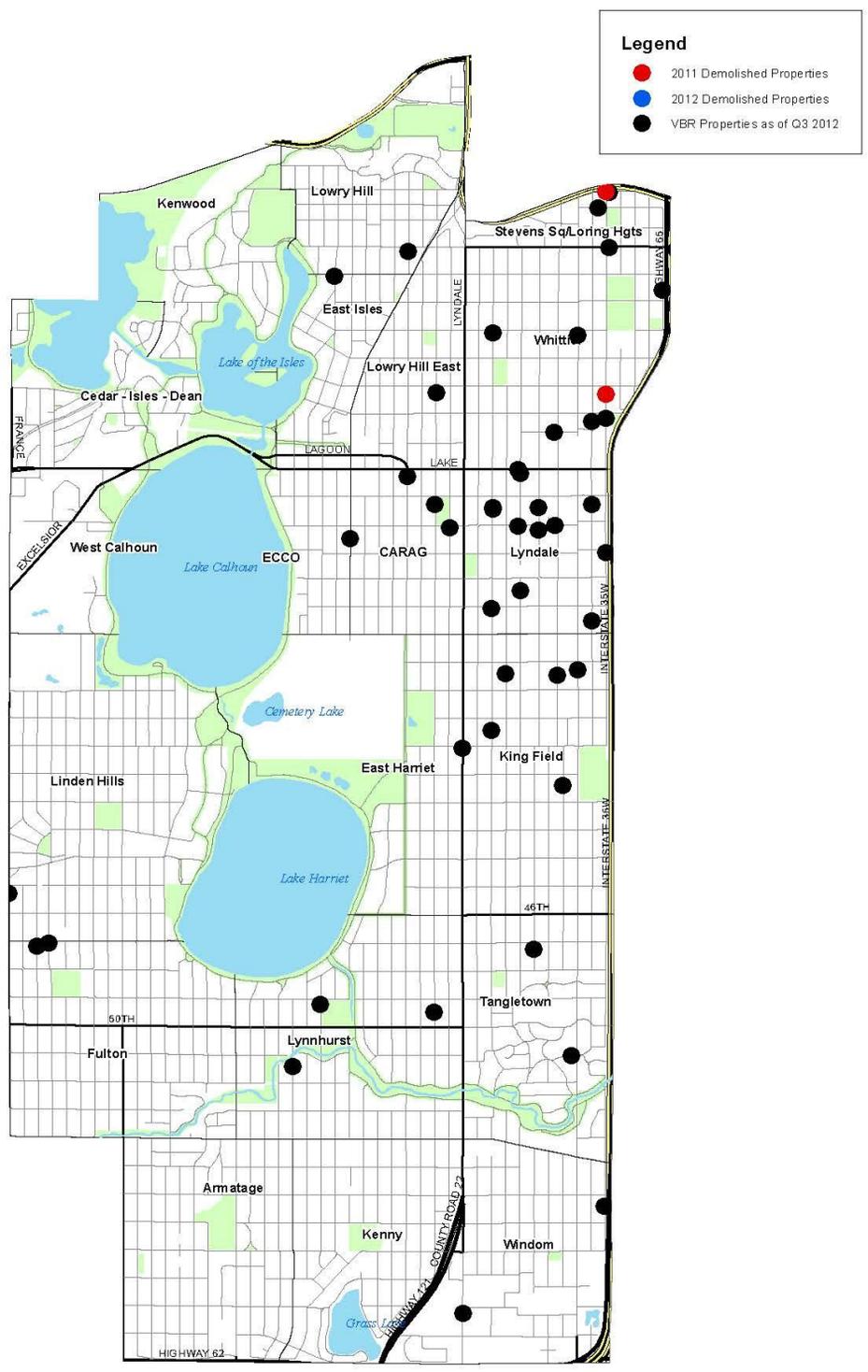
South Minneapolis Properties Registered as Vacant and Nuisance Demolitions

Legend

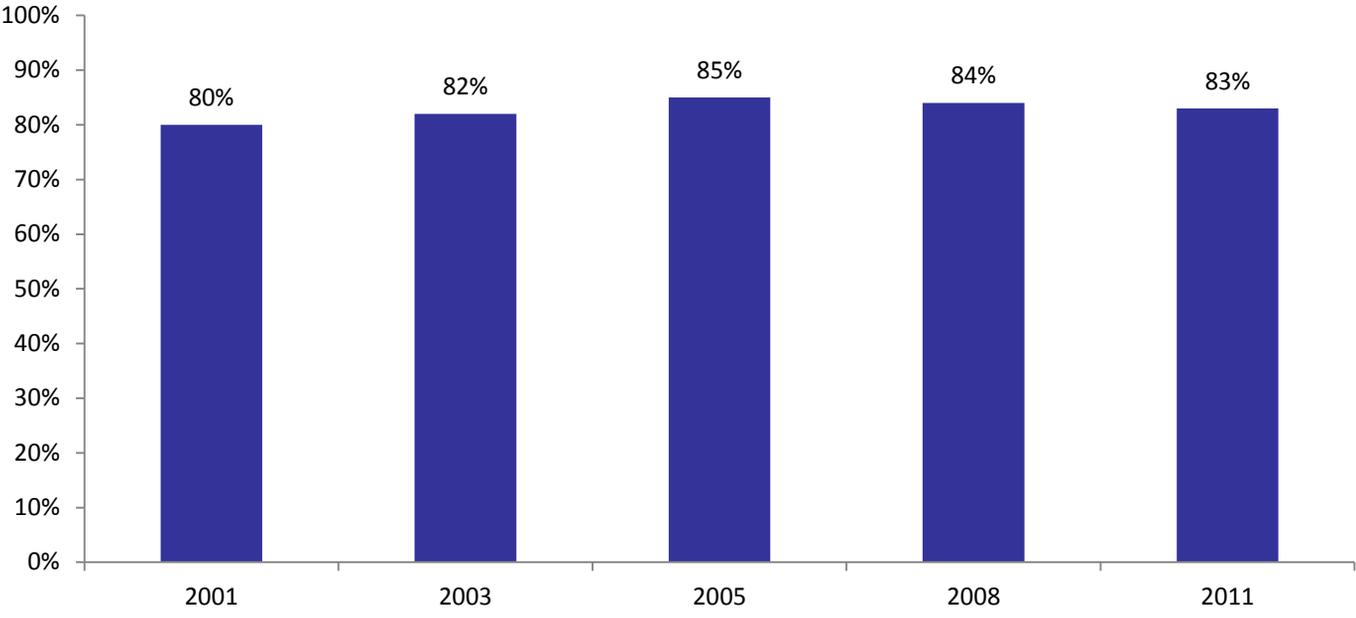
- VBR Properties as of Q3 2012
- 2012 Demolished Properties
- 2011 Demolished Properties



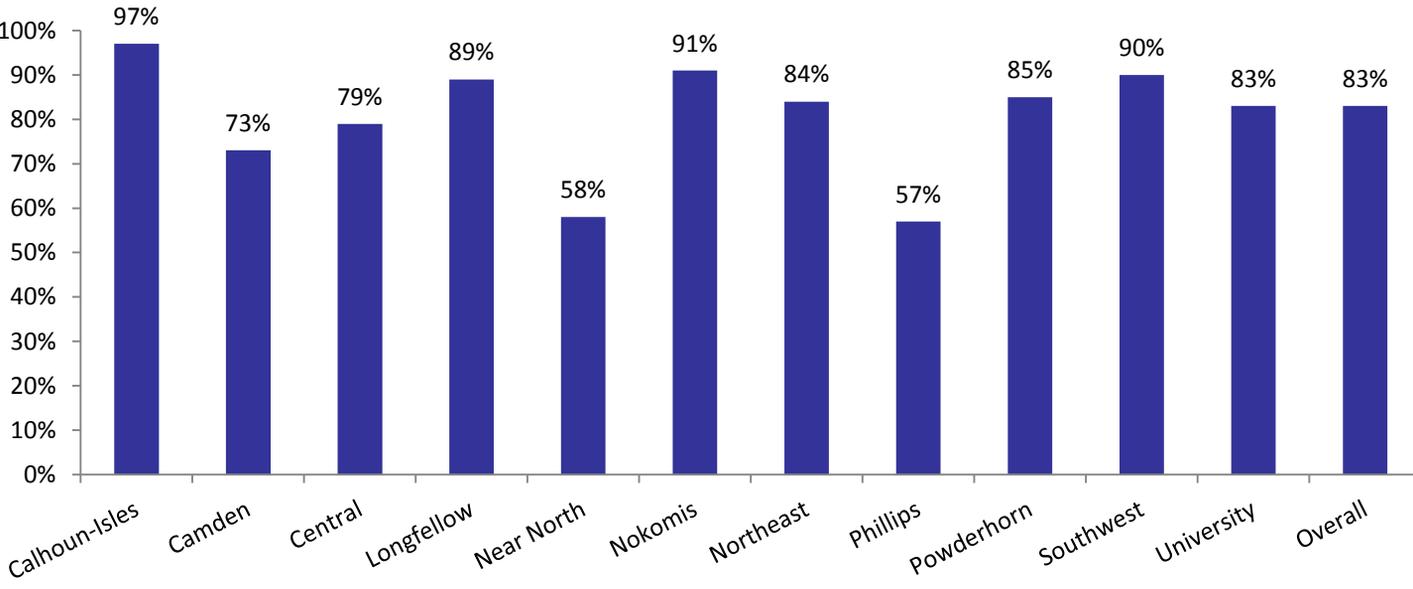
Southwest Minneapolis Properties Registered as Vacant and Nuisance Demolitions



Residents who agree their neighborhood is clean and well maintained



Residents who agree their neighborhood is clean and well maintained, by community planning district



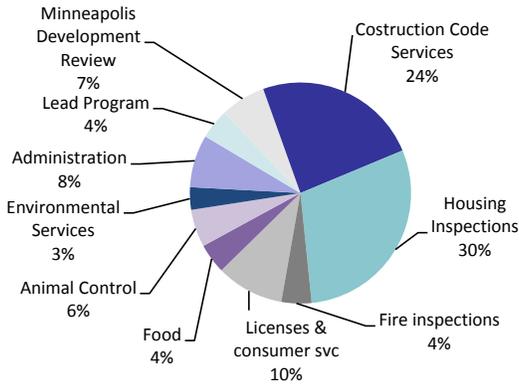
**Top 25 service requests as of June 30, 2012
Percentage Meeting Service Level Agreement**

Rank	Request Type	SLA	2012			2011		
			Case Count	On Time	Pct On Time	Case Count	On Time	Pct On Time
1	Graffiti complaint / reporting	20 Days	4,760	4,222	89%	3,262	2,568	79%
2	Sidewalk Snow & Ice Complaint	21 Days	3,695	3,418	93%	3,018	2,315	77%
3	Exterior Nuisance Complaint	15 Days	2,860	2,802	98%	3,271	3,103	95%
4	Abandoned Vehicle	14 Days	2,035	2,034	100%	2,245	2,216	99%
5	Parking Violation Complaint	5 Days	2,006	2,001	100%	2,691	2,488	92%
6	Residential Conditions Complaint	50 Days	1,990	1,979	99%	1,701	1,679	99%
7	Animal Complaint - Livability	11 Days	1,685	1,651	98%	1,618	1,588	98%
8	Zoning Ordinance Question	4 Days	1,210	1,137	94%	1,042	1,034	99%
9	Animal Complaint - Public Health	4 Days	1,010	947	94%	997	948	95%
10	Plan Review Callback	3 Days	997	966	97%	974	950	98%
11	City Attorney Callback Request	3 Days	777	713	92%	368	335	91%
12	Parking Meter Problem	3 Days	645	611	95%	1,157	1,120	97%
13	Pothole	12 Days	622	501	81%	4,572	2,779	61%
14	Rental License Followup	2 Days	578	577	100%	551	550	100%
15	Traffic Signal Trouble	7 Days	546	531	97%	532	528	99%
16	Repair Notice Question	2 Days	453	289	64%	454	261	57%
17	Complaint	5 Days	430	412	96%	452	437	97%
18	PPU Callback	3 Days	423	368	87%	New		
19	Traffic Signal Timing Issue	5 Days	348	284	82%	293	275	94%
20	Sewer Issues	1 Days	337	165	49%	306	179	59%
21	Residential Conditions Complaint HOD Tenant	15 Days	323	305	94%	337	299	89%
22	Suspicious Activity	7 Days	319	217	68%	New to Top 25		
23	Street Light Trouble	12 Days	314	265	84%	448	400	89%
24	Sewer Complaint Data	1 Days	294	293	100%	New to Top 25		
25	311 Police Report Callback	3 Days	292	278	95%	680	632	93%

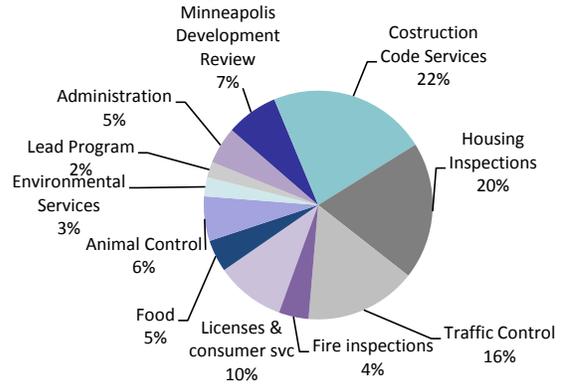
 Regulatory Service service request

Management Dashboard: Regulatory Services

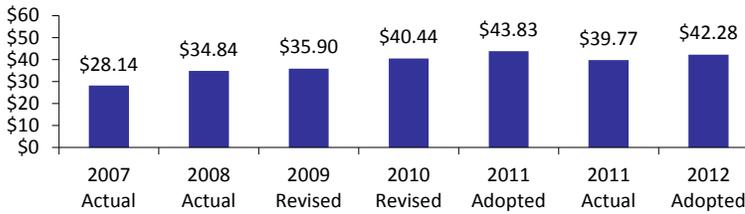
Expenditures by Division 2012: \$40.07 million



Positions by Division 2011: 286.3 employees



Revenue (in millions)



Expenditure (in millions)



Loss Prevention Data

Year	2007	2008	2009	2010	2011
Workers Comp	\$182,870	\$154,332	\$243,818	\$158,521	\$198,316
Liability Claims	\$16,206	\$20,673	\$6,659	\$3,809	\$26,867

Average Sick Days Taken per Employee

Year	2007	2008	2009	2010	2011
Days	7.8	7.6	8.6	9.3	9.4

Workforce Demographics

Year end	12/31/2003	12/31/2011
% Female	46%	52%
% Employee of Color	17%	22%
# of Employees	247	356

* Workforce Analysis Detail included in notes

Overtime Costs

Year	2007	2008	2009	2010	2011
Hours	4,683	6,059	2,991	7,068	5,204
Cost	\$155,693	\$214,234	\$100,411	\$203,067	\$202,053

Employee Turnover and Savings

Year end	2007	2008	2009	2010	2011
Turnover	11%	5%	10%	11%	8%

Positions Vacancies

Year end	2007	2008	2009	2010	2011
Percent of Total	8%	6%	5%	7%	8%

Performance Reviews Past Due in HRIS

As of	November 21, 2012	68%
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Retirement Projections

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number	14	6	8	7	6	3	5	12	11	9	8
% of Workforce	4%	6%	8%	10%	12%	12%	14%	17%	20%	23%	25%

Notes:

Average Sick Days taken per Employee

Notes:

- (1) Above data is based on the payroll calendar year not the calendar year.
- (2) Does **not** include employees who have separated from the **department** and may have used sick leave during the payroll year.
- (2a) Does **not** include employees who were in a suspended ("S") Pay Status at the end of a given payroll year.
- (2b) **Includes** employees who are in a paid ("P") Leave of Absence status and an unpaid Leave of Absence status ("L").
- (3) Employees can use more sick leave than earned in a given year (Assuming that they have accrued leave that has carried over).
- (4) Work Days Lost = Hours Used/Eight (8)
- (5) Usage Rate = Hours Used/Hours Earned
- (6) Overstated as it assumes everyone is FT and worked the entire year.
- (7) 2003, 2004 and 2005 data includes Traffic Control which became part of the Police Department through December 31, 2009.
- (8) 2009 data does **not** include Traffic Control
- (9) **2009 had 27 pay periods**
- (10) 2010 data includes Traffic Control. It does **not** include 911

Overtime Costs

- A) OT amount - Fiscol. Reconciled with CRS and Data ware house queries.
- B) Hours - based on HRIS management reports with payroll data

Workforce Demographics

- A) Includes employee counts at year's end for 2003 and 2007.
- B) Only includes active FT regular employees.

Workforce Analysis Detail

3 of 8 categories indicate under-utilization:

Professional	70 incumbents	Female = 50.0%	Avail. = 52.0%
Technician	93 incumbents	Female = 30.1%	Avail. = 58.3%
Protect Svc. (non-sworn)	11 inumbents	Female = 36.4%	Avail. = 67.5% ; POC = 0.0% Avail. = 6.3%

Employee Turnover and Savings

- A) Turnover Savings= \$Budgeted (personnel) - \$Actual (personnel)

Position Vacancies

- A) Includes only budgeted positions.

Retirement Projections

- A) The projected time an employee is eligible to retire is based on service time in HRIS. For employees who received pension service credit in other organizations, the actual year of retirement eligibility may be sooner than the projections show.

