



Request for City Council Committee Action from the Department of Regulatory Services

Date: June 4th, 2012

To: Council Member Elizabeth Glidden, Chair – Regulatory, Energy & Environment Committee

Subject: Amending Title 12, Chapter 244 of the Minneapolis Code of Ordinances relating to Housing, Maintenance Code: Rental Dwelling Licenses: 244.1910, 244.1920, Substandard dwelling 244.1940 Denial; non-renewal; revocation; suspension & 244.1945 Reinstatement requirements

Recommendation: Approval of ordinance amendments

Previous Directives: On January 27, 2012, the City Council introduced subject matter of the ordinance and referred to Regulatory, Energy & Environment committee. On April 16th, 2012, the Regulatory, Energy & Environment committee set a public hearing for May 14, 2012. Public Hearing was postponed to June 4th, 2012.

Department Information

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Approved by:

Gregory K. Stubbs, AICP, Director of Regulatory Services

Thomas Deegan, Director of Housing Inspections

JoAnn Velde, Manager of Housing Inspection Services

Presenters in Committee: JoAnn Velde

Financial Impact

- No Financial Impact

Community Impact

- City Goals

Supporting Information

In Minneapolis, most rental property owners provide high quality, safe housing to residents; however, there are some rental property owners who operate their businesses without making the proper investments in their properties.

The City has licensing standards that have been developed over the past 20 years to hold landlords to a high standard to provide healthy & safe housing units for tenants and meet community standards for quality housing. Holding landlords accountable has made a difference for the residents of Minneapolis, and will remain a high priority for our City. The City has the authority to revoke licenses when a landlord violates these licensing standards. This authority has been challenged by landlords to the State of Minnesota Appeals Court & the City has prevailed.

The recommended ordinance changes do not change that authority & revocation actions will continue to be an effective tool in gaining compliance with reluctant property owners. These changes will tailor penalties to be more in line with the offense, such as standard offenses related to unpaid financial obligations owing to the City or County & landlord behavioral standards will result in a license revocation action for that property but will not result in the owner losing multiple licenses. Under the effects of revocations once an owner has one (1) revocation they cannot add to their rental portfolio for three (3) years. Standards related to the conditions of the property that do have a direct impact on the health & safety of the tenants may result in an owner losing multiple licenses. These ordinance changes will re-focus our tools in the right way & allows staff the flexibility to place additional conditions on the revocation actions.

With the ups and downs of the housing market, and the increase in rental property owners over the past few years it is important that the city has flexibility with the tools they use to continue to hold landlords to a high standard & continue to gain compliance through enforcement efforts without unintended consequences.

Detail on specific standard organizational changes:

Financial Standards

- Unpaid required license fees
- Unpaid fines & fees owed to the City of Minneapolis
- Unpaid taxes owed to the County
- Licensee must satisfy judgments arising out of the operation of a rental property business
- Unpaid water bills owed to the City of Minneapolis

Licensee Behavioral Standards

- Licensee must have a current & complete rental license application
- Rental application fees taken by landlords from prospective tenants requirements
- The Licensee must maintain a current register of tenants
- The Licensee must submit the numbering scheme of the units along with their applications
- A licensee must inform prospective tenants of pending mortgage foreclosure involving the licensed property

- Licensee shall provide recycling services in licensed properties containing more than two (2) dwelling units

Condition Standards

- Dwellings shall not exceed maximum number of dwelling units by the Zoning Code
- Dwellings cannot be over-occupied or illegally occupied
- Dwellings cannot be converted to rooming units in violation of the Zoning Code
- Licensee cannot have repeated nuisance violations at the license properties
- Licensee rental property shall not be in substandard conditions
- The Licensee shall allow Regulatory Services to perform a rental license review inspection
- Licensee shall not have violations of unpermitted work at their license properties
- Adverse license action may be based on good cause

Effects of License Revocation 244.1915

- (a) Licensee who has had one revocation cannot add to their rental portfolio for three (3) years
- (b) Owner/s who has two (2) license revocations in the past five (5) years will no longer be eligible to hold a license for a period of five (5) years.
- (1) Owners operating a rental without a license and has a second violation of operating without a license in the past five (5) years is no longer eligible to have a license for a period of three (3) years.

Additional Recommended Changes

- Mandatory training requirements
 - Healthy Housing Training will be required under 244.1920 Substandard Dwelling when an inspector declares a property as substandard.
 - Owner/s with one (1) revocation and they own more than two properties will be required to attend the fundamentals of property management. 244.1915 (a)
 - If the applicant for reinstatement of a license was the owner when the property was revoked they will need to provide proof they have attended the fundamentals of property management.
- Substandard rental dwelling violation schedule

Moving the table inset to the City of Minneapolis website to allow a more effective administrative management of the schedule.

This change will allow Regulatory Services an efficient and legal means to administratively make changes to the violation schedule based on an ordinance or State law change when it is necessary to create new violation text language and assign the minimum point value for that new violation text.