



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

Date: April 7, 2015

To: Council Member Lisa Goodman, Chair Community Development & Regulatory Services Committee

Referral to: Council Member John Quincy, Chair Ways & Means/Budget Committee

Subject: Tiered Rental License Fees public hearing on ordinance revision

Recommendation: Approve revision to ordinances 244.1880 License Fees and 244.1890 Inspection Guidelines and set tiered license fees in Appendix J as of July 15, 2015 to:

Building size	Annual Building Fee (unit 1)			Annual Fee each added unit (all tiers)
	Tier I	Tier II	Tier III	
16 or more licensed units	\$ 175	\$ 350	\$ 700	\$ 5.00
Condominium units in same building under same ownership	\$ 70	\$ 112	\$ 373	\$ 5.00
4 to 15 licensed units	\$ 82	\$ 163	\$ 327	\$ 5.00
1 to 3 licensed units	\$ 70	\$ 112	\$ 373	\$ 5.00

Department Information

Prepared by: Lee Larson, Finance Administrator - 612-673-2055

Approved by:

Nuria P. Rivera-Vandermyde, Director of Regulatory Services

Presenters in Committee: JoAnn Velde, Deputy Director Housing Inspections or Lee Larson, Finance Administrator

Financial Impact

- No financial impact as the increased fee estimate was built into the 2015 budget

Supporting Information

Regulatory Services engaged a consultant to do a financial analysis of the rental license fees. The key variable was the frequency of inspections needed for each type of property. The end result of the analysis was a proposal to set fees based on a Tiering of rental properties. In addition, the late fee model is being updated to provide escalating penalties with which to incentivize property owners to comply with payment and to better conform to Electronic Land Management System requirements.

Attached is an overview of the proposed changes along with the proposed ordinance revisions.

2015-Or-____

AN ORDINANCE
OF THE
CITY OF MINNEAPOLIS

By B. Johnson

Amending Title 12, Chapter 244 of the Minneapolis Code of Ordinances relating to Housing: Maintenance Code.

The City Council of the City of Minneapolis do ordain as follows:

Section 1. That Section 244.1880 of the above-entitled ordinance be amended to read as follows:

244.1880. License fees.

(a) Effective July 1, 2015: The annual license fee for a rental dwelling license or provisional license shall be as set out in the Tiered Rental License Fee found in Appendix J and shall be applied to the first unit. ~~increased annually using the following formula: the total annual revenue for rental dwelling licenses or provisional licenses for the most recent full year at the time of rate setting, as adjusted for refunds and extraordinary events. This amount is then increased by the Schedule J increase for the current year, subject to a maximum of four (4) percent, and divided by the number of rental licenses, and applied to the first unit fee. The annual license fee shall be five dollars (\$5.00) nineteen dollars (\$19.00) for each additional dwelling unit under common ownership in the same building. A change in ownership shall require a new license application and payment of the license fee. An increase in the number of licensed dwelling units during the license year shall require an amended license application and the payment of an additional license fee to cover the additional units. The annual license fee schedule for licenses issued under this article for each additional dwelling unit under common ownership in the same building shall be reviewed by city council in 2012.~~

(b) The annual license fee shall be increased by twenty-five (25) percent ~~increased by fifty (50) percent~~ when more than fifteen (15) calendar days late. Late applicants shall not be entitled to prorated license fees. ~~After November 15th of the license year renewal of an expired license shall require the payment of the administrative fee set forth in (d) instead of the fee set forth in this paragraph.~~ When more than forty five (45) days late, the annual license fee shall be additionally increased by twenty-five (25) percent. .

(c) License fees shall be prorated as follows:

Issued during first half of license year-	Full fee
Issued during second half of license year-	½ fee

(d) ~~Operation of an unlicensed dwelling unit shall be subject to an additional administrative fee of two hundred fifty dollars (\$250.00) for the first dwelling unit, and twenty dollars (\$20.00) for each additional dwelling unit under common ownership in the same building. This fee shall be in addition to any other appropriate enforcement action or fees due~~

Section 2. That Section 244.1890 of the above-entitled ordinance be amended to read as follows:

244.1890. Inspection guidelines.

The director of regulatory services shall adopt a policy for inspecting all rental dwellings which are required to be licensed under this article, consistent with inspection procedures set forth in section 244.130 or section 244.1855. The policy shall contain objectives for the systematic inspection of all rental dwellings and priorities for the use of scarce inspection resources. The guidelines shall be based upon, but not limited to, the following factors ~~and any other factors~~ deemed by the director to promote an efficient inspections program:

- (a) ~~Geographic distribution and concentration of rental dwellings.~~ The number of administrative citations and/or special assessments associated with code enforcement at a property.
- (b) ~~Designation of rental dwellings as Category 4 or 5 in the records of the city assessor.~~ The number of notices, of Director's Determination of Non-Compliance issued pursuant to section 244.1930 for violations of rental licensing standards in section 244.1910, issued to a property.
- (c) Rental dwellings with delinquent property taxes.
- (d) ~~Property identified by the housing inspections division as having an excessive number of housing code violations or a history of noncompliance or slow compliance with housing inspection orders.~~ The number of residential inspections occurring at a property and the number of residential violations found at a property.
- (e) ~~Rental dwellings for which no license or provisional license has been applied, or which were unregistered under former Article III of this chapter.~~ The number of letters of intent to condemn, for lack of maintenance, that have been issued to a property.
- (f) Rental dwellings with ~~an excessive number of police calls~~ incidents for drug offenses, prostitution, crimes of force or violence, and loud disturbances or parties.
- (g) Sale of the equitable interest in a rental dwelling property.