



DATE: July 17, 2018

TO: Mayor and City Council

FROM: Director of Development Services

SUBJECT Report and Special Assessment for Residential Rental Inspection Program Fees Past Due

RECOMMENDATION

That Council adopts the attached resolution confirming the report and assessments for overdue Residential Rental Inspection Program fees for the period from January 1, 2017 through May 4, 2018 (Attachment III) and authorizing the assessments to become a special assessment against the properties if not paid on or before August 1, 2018.

SUMMARY

The purpose of the Special Assessment confirmation is to consider the proposed report and assessment list for unpaid residential rental inspection program fees and to determine whether a special assessment should be placed on these properties.

BACKGROUND

The Residential Rental Inspection Ordinance (“Ordinance”), codified in Article 5, Chapter 9 of the Hayward Municipal Code (“HMC”), creates an inspection program for residential rental units in the City. The purpose of the Ordinance is to safeguard the stock of safe and sanitary rental housing by inspecting units for violations of housing and building codes.

The Ordinance provides a process for the inspection of units, notification to property owners, and the imposition of fees/penalties and charges. When a violation has been identified at a property, the City provides a correction notice to the owner identifying the violation(s). If the violation is not corrected by the owner, the Ordinance authorizes fee and penalty charges for any inspection or re-inspection performed. Once the owner has exhausted his or her administrative hearing rights, the owner must pay any fees and penalty charges. If those costs are not paid in full prior to the August deadline each year, the unpaid fees and/or charges are scheduled for special assessment against the property once confirmed and authorized by Council resolution.

DISCUSSION

The costs comprising the special assessment charges were calculated pursuant to the City's Master Fee Schedule. The costs that make up the special assessment charges were calculated pursuant to the City's Master Fee Schedule. Fines and fees include: annual fees; failed re-inspection(s) fees; abatement related costs; contractor fees; subsequent violation(s); liens; and past due fees.

As of the date of this writing, there are 801 properties with overdue rental inspection bills that total \$209,865. The accounts receivable list is attached as Attachment II.

The unpaid charges, plus any administrative costs of the City and County, will become a special assessment against the property and will appear on the property owners' November tax bills. Notices sent by mail with proof of service, were mailed to each property owner, in accordance with the Ordinance. Property owners were given an opportunity for an Administrative Hearing to dispute the factual findings and/or assessment of fees. Three Administrative and/or Special Assessment Hearings were requested and conducted for the period from January 1, 2017 through May 4, 2018. As of the writing of this report, no requests have been recently filed. Additionally, after three past due invoices were mailed to the property owners, a Final Notice was sent by certified mail on June 8, 2018 advising the property owners of the impending assessment against their property pursuant to Government Code Section 38773.5.

ECONOMIC IMPACT

The collection of un-paid fees supports the residential rental inspection program in ensuring well maintained, safe and sanitary neighborhoods and properties.

FISCAL IMPACT

There is no fiscal impact to the City of Hayward associated with processing such overdue bills, as City costs are reimbursed through special assessment or other collection processes; all special assessment costs are collected along with lien amounts on individual tax bills. Collection of these fees also helps minimize the General Fund subsidy to this program and reduces unrecoverable costs of conducting inspections associated with the City's Rental Housing Inspection Program because they represent fees assessed for staff time related to enforcement actions. The City of Hayward annually receives two special assessment allocations from the county, one in December and one in April.

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities Strategic Initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work, and play. This item supports the following goal and objective:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods.

Objective 2: Foster a sense of place and support neighborhood pride.

Objective 4: Create resilient and sustainable neighborhoods.

SUSTAINABILITY FEATURES

The recommended action for this report will not directly result in physical development; the purchase of a product or service; new policy or legislation related to sustainability. However, enforcement of the City's ordinances related to Community Preservation / Rental Housing programs, supports Hayward's 2040 General Plan in the overall goal for safe and cohesive neighborhoods through healthy communities. General Plan guidelines related to this report are:

COMMUNITY HEALTH AND QUALITY OF LIFE GOALS:

GOAL 5: Safe and Cohesive Neighborhoods

HQL – 5.6 Maintenance of Private Property

PUBLIC CONTACT

Notice of City Council's confirmation of this report was published in the Daily Review on July 6, & 13th 2018. In addition, all first invoices include specific language giving the property owner an opportunity for a Special Assessment Hearing to contest the fees and/or penalties and encouraging them to pay their bills to minimize additional fees and to avoid being placed on the proposed assessment list. As mentioned above, staff conducted three administrative hearings regarding rental inspection assessments. Property owners have until August 1, 2018 to pay all outstanding fees.

NEXT STEPS

A copy of the Special Assessment List will be forwarded by the City of Hayward's Revenue Division to the Alameda County Assessor's Office. Upon receipt, the Assessor's Office will attach the City of Hayward's fees past due as a special assessment against each parcel. That assessment will then appear on the property owners' November 2018 property tax bill for collection. When the County Assessor receives the tax payment, the City of Hayward will be reimbursed by the Assessor's Office typically after payment of the second installment in April of the following year.

Prepared by: Eusebio Espitia, Code Enforcement Manager

Recommended by: Laura Simpson, Development Services Director

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

Kelly McAdoo, City Manager