



**DATE:** July 7, 2020

**TO:** Mayor and City Council

**FROM:** Director of Development Services

**SUBJECT:** Adopt a Resolution Approving Reports and Special Assessments for Residential Rental Inspection Program Fees Past Due

### **RECOMMENDATION**

That Council adopts a resolution (Attachment II) confirming the report and assessments for overdue Residential Rental Inspection Program fees for the period from January 1, 2019 through May 4, 2020 (Attachment III) and authorizing the assessments to become a special assessment against the properties if not paid on or before August 1, 2020.

### **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 1,032 properties with overdue rental inspection bills that total \$165,674.67. The accounts receivable list is attached as Attachment III.

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, 2019 through May 4, 2020. 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 May 20, 2020 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 ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect & Produce Housing. This item is not specifically related to a project identified in the Strategic Roadmap. Staff is bringing forth this new item due to its primary purpose of assuring compliance with State of California Housing regulations as identified under Section 17920.3 of the California Health

and Safety Code, as well as the City of Haywards established Rental Housing Ordinance. The aforementioned regulations provide minimum protection and preservation of community housing through the establishment of minimum standards for safe and habitable housing. Staff will include this item in the next bi-annual update to council on the Strategic Roadmap.

### **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.

### **PUBLIC CONTACT**

Notice of City Council's confirmation of this report was published in the Daily Review on June 26, and July 3, 2020. 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, 2020 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 2020 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:* Phillip Nichols, Code Enforcement Manager

*Recommended by:* Laura Simpson, Development Services Director

*Approved by:*



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Kelly McAdoo, City Manager