



**DATE:** July 18, 2017

**TO:** Mayor and City Council

**FROM:** Interim Director of Development Services

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

### **RECOMMENDATION**

That Council adopts the attached resolution (Attachment II) confirming the report and assessments for overdue Residential Rental Inspection Program fees for the period from January 1, 2016 through May 2, 2017 (Attachment III), and authorizing the assessments to become a special assessment against the properties if not paid on or before August 1, 2017.

### **BACKGROUND**

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.

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 ensure 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/penalty 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(s) are 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 associated with 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. There are 741 properties with overdue rental inspection bills that total \$177,747. Attachment III lists the accounts receivable.

If the bills remain unpaid by August 1, 2017, the unpaid charges plus any administration costs of the City of Hayward and the County of Alameda will become special assessments against the properties and will appear on the property owners' November 2017 property tax bills. The County of Alameda collects and remits the funds to the City of Hayward when the property taxes are paid.

Per Hayward Municipal Code Section 9-5.502, every owner on the attached list was afforded the opportunity via notices sent by certified mail on June 5, 2017 to request in writing a Lien/Special Assessment hearing to provide "any objections which may be raised by any person liable to be charged for the work of abating cited code violations and/or related charges associated with his or her property." As of the writing of this report, no requests have been filed. Additionally, three past due invoices were mailed to the property owners, before the Final Notice was sent by certified mail on June 5th 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 rental housing.

## **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.

## **SUSTAINABILITY FEATURES**

N/A

## **PUBLIC CONTACT**

Notices of violation were sent to the property owners of record, giving them the opportunity to correct the cited violations. Notice of City Council's confirmation of this report and list was published in *The Daily Review* on July 7<sup>th</sup> and July 14<sup>th</sup>, 2017. In addition, property owner(s) were notified on June 5, 2017, by certified mail and given the opportunity to contest the assessed fees before an independent hearing officer and were encouraged to pay their bills to minimize additional fees and to avoid being placed on the proposed assessment list. Property owners have until August 1, 2017 to pay all outstanding fees.

## **NEXT STEPS**

The City will forward a copy of the Special Assessment List to the Alameda County Assessor's Office. Upon receipt, the Assessor's Office will attach the City of Hayward's past due fees as a special assessment against each parcel. That assessment will then appear on the property owners' November 2017 property tax bill for collection. When the County Assessor receives the tax payment, the Assessor's Office will reimburse the City of Hayward in April of the following year.

*Prepared by:* Eusebio Espitia, Code Enforcement Manager

*Recommended by:* Stacey Bristow, Interim Director of Development Services

*Approved by:*



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Kelly McAdoo, City Manager