

Summary of Comments/Emails from Rental License Program Public Meeting
Held Thursday, March 12, 2020
Public Library Foot Room

Schedule of Meeting

6:00 p.m. started (quite a few people arrived early)

6:30 p.m. Slide show presentation started; ended at about 6:50 p.m.

6:50 to 8:00 p.m. Question and Answer / Comment period

8:00 to 8:20 p.m. Some people stayed and discussed items before leaving

Summary of Attendees

--More than 100 people were in attendance. Almost all people raised their hands as property owners.

--Two people raised their hands as renters. One person said she was a neighbor (not owner or tenant).

--Council members in attendance: Becky Norton, John Becker, Evan Brown

--Staff members in attendance: Dan Rogness, Frank Peterson, Travis Dunn, Chief Roger Pohlman,
Michelle Leise

**** More outreach will be done to seek input from local tenants and neighbors. The comments at this public meeting were primarily from landlords/owners.**

Summary of Comments From Attendees or In Writing (grouped together for this document)

Four emails were received before this meeting; those comments are also included here.

Overall Program

- Program spends too much money and effort on a small number of “problem landlords” and does not get rid of the real problem quickly because it could take up to three years to fix some of the worst locations. Should find a way to attack the problem by getting at the worst places first. It’s too bad that good landlords have to pay the price of bad ones
- Would like some kind of a system that rewards owners who do proper maintenance.
- This program is absolutely needed. Based on history and experience with this issue, this kind of license and inspection program is necessary to increase health of people and the value of neighborhoods.
- Start a program where the city would send a letter out and ask the landlords and tenants if they wish to have their place inspected—volunteer basis only.

- The complaint system works. If people are afraid to complain, make it anonymous. (Others were unsure of how exactly this would work; they said it would be fairly obvious who complained.)
- The complaint system does not work. People are afraid to request inspections, and many properties go uninspected and unfixed.
- Include private residential homes in this program, too, so the program doesn't focus just on rental properties. Otherwise, this won't help the health and safety of all.
- Focus on educating landlords and tenants on their rights and responsibilities and the retaliation laws that will protect them. The law already has things in place to take care of these issues so this program isn't needed. People will do the right thing if they're educated.

Cost and Fee Structure*

Majority of attendees felt it cost far too much for the program.

- Relative cost of one inspection appears very high, based on the cost of the overall program. More work is necessary to see if the cost matches what's needed.
- Some owners said they will be forced to pass this additional cost onto their tenants, and affordable housing is already an issue.
- People differed on who is most negatively impacted---owners of small or large units. Some felt the fees should be the same for all equally.
- People differed on if taxpayers should pay for some of the program or not. (In one option, fees pay for the program; in another option, the program is subsidized by tax dollars).
- Could the program waive or decrease fees if the owner provides a continuum of care service for tenants?

Penalty Fees

- Attendees wondered if a penalty fee had been set yet for renting without a license. (\$500 was mentioned but group overall did not like the idea of fees.)
- There must be a penalty, otherwise there is no need for people to follow through.

Inspections

- One or two program inspectors is better than lots of different inspectors. Attendee from Rochester said multiple inspectors there led to confusion because inspections were not consistent because different maintenance items were given different importance.
- Try to limit multiple inspections at one property. For example, if someone's insurance company inspects the housing unit, that should be enough documentation to fulfill the City's health and safety requirements.
- Similar question about Section 8 housing inspections that already happen. City explained that those types of inspections are lenient and don't cover some elements that are important.

Renters' Rights

- Tenants should not have to be taken advantage of by landlords who don't maintain their properties. Some landlords continue to do this over and over again. Can the City make owners prove property owners have the resources to maintain their properties?
- Some said that tenants will not call for an inspection under a complaint-only process because they're afraid the owner would evict them (even if evictions for that reason are against the law)
- Others said the City needs to make renters more aware of their rights and responsibilities and how tenants can take action if their landlord does not do the proper maintenance.
- It is against the law by MN state statute to "blacklist" tenants, so the City would not be able to keep this kind of list to pass onto owners. Some attendees requested this.
- Some attendees said tenants should be able to opt out of an inspection.
- Create a hotline number that residents and renters can call with issues about problem properties and advertise it.

Requirements During Inspections

- If owners or managers are required to be at inspections, that takes time away from their work.
- Inspectors should be available in evenings and weekends to accommodate people's schedules.
- How does a landlord get approval from a tenant if that tenant is mentally ill? That could have grave consequences and some landlords aren't willing to risk that.

Inspection Form

- Add black mold (inside and/or outside the home). If health is the priority, this is necessary.
- Open asbestos should be encapsulated if not removed.
- Unlicensed/abandoned cars should not be allowed on a property.
- Untended animal feces in the yard should be included.
- Add if roof and shingles are in good condition and if exterior railings/landings/steps in good shape
- Test water in each property; there are lead concerns with older water pipes
- Are sidewalks/driveway, and concrete slabs safe and in good condition?
- Are yard and trees in good shape? (Dead trees pose a risk of falling.)

How Can Owners Benefit More from a Program Like This?

- Some owners want City to do background checks of all tenants.
Chief Pohlman explained that the police department provides this service for \$10 per person. (Owner requests an Authorization to Release Information Form from police department. Then tenant needs to sign it. Form goes back to the PD; background check will be done in 3 to 4 days.)
- Some said City should require tenants to pay a month's rent as a deposit in order to help landlords.
- City should require a permit that renters are required to fill out and the City would keep a list of possible tenants, similar to how people have to fill out a permit for building.

Start Date

- Overall consensus that the tentative start date of July 1 is too soon. (This was a possible date discussed before the Covid-19 outbreak in the U.S.) Some felt January 1 is also too fast.

Additional Ideas and Comments from Attendees

- Snowbirds should get a chance of providing input.
- Make more clear in future meetings that everyone is invited, not just owners and tenants. Neighbors who own homes in places where people rent will also be interested in the process.
- Why is this program necessary? Have there been a lot of tenant complaints?
- How does the City even know when someone is renting if the owner gets the water bills?
- Need to provide clarity on where this process is legally around the state.

*** Footnote on the Cost and Fee Structure (from Dan Rogness):**

1. Staff's estimated cost to operate this program on an annual basis using a full-time inspector includes:
 - (a) salary = \$60,000;
 - (b) benefits = \$29,000;
 - (c) clerical = \$5,000;
 - (d) vehicle = \$3,000;
 - (e) miscellaneous = \$3,000.

Total - \$100,000 per year.

2. Staff explained at the meeting that "approximately 80% of all rental units in Red Wing are 1- and 2-units". Using that information, some attendees at the meeting discussed if there are roughly 2,000 rental units in Red Wing, 80% is 1,600 units x \$125/unit equals \$200,000 of income per year. Therefore, the math doesn't work, resulting in much more income than estimated by staff to support a \$100,000 cost per year.

Upon further evaluation, the correct statement is that "approximately 80% of all rental licenses are for 1- and 2-unit properties." There are approximately 700 rental licenses. Therefore, 80% of 700 is 560 licenses for 1- and 2-unit properties x \$125 per unit equals \$70,000.