

RIPs Cause Headaches for Owners & Operators

It is inspection day. Your property's floors, supporting walls, stairwells, and ceilings are in safe and sound condition. The stoves have knobs and the water heater has a working temperature and pressure relief valve. Miraculously, you have been able to confirm every smoke detectors' functionality in the building. There is no material risk to the physical safety or health of the building's residents. For all intents and purposes, your property is up to code.



As your city's inspector tours the property, they check windows for cracks, ensure exit signs are visible, and confirm that the halls are free of trash. No problems; you are in the home stretch. Suddenly, something on the ground catches the eye of the inspector: a tear in the carpet of one of the sample units they are reviewing. According to the inspection schedule, that tear represents a trip hazard due to deterioration, damage or structural defect. Congratulations, you have been dinged with a violation, a follow up inspection that could cost \$50, and almost no opportunity to cure.

Across the United States, municipalities are establishing punitive rental housing registration and inspections programs (RIPs) that treat property owners more like ATMs than potential threats to public health and safety. RIPs are designed to identify and cure blighted neighborhoods, but the very nature of these one-size-fits-all programs ensnare code compliant properties into shelling out for expensive licenses and unnecessary inspections. RIPs are also a significant financial commitment for municipalities, often improperly staffed to meet the number of properties requiring inspection, and thus encourage harsher than usual examinations to generate revenue. In the end, responsible property owners are left paying the price.

In Iowa, cities with a population of 15,000 or more are mandated to establish a RIP for all rental housing. The law encourages cities to adopt civil penalties or criminal fines for violations and recommends that cities under the population threshold also develop similar RIPs. The City of Flint, MI, extends no protections to property owners in the case of resident-caused damages, leaving even the most immaculate properties at the whim of their residents' behavior. Kent, WA recently established a RIP that has driven up the fee of its existing rental property business license and created additional conditions for its issuance, potentially complicating a property's ability to rent out units.

Mandatory RIPs place burdensome requirements on property owners already in full compliance and have the potential to hinder any future investment in a property. Rather, municipalities should seek to establish inspection programs that reward compliant, responsive owners and allow the greatest opportunity to abate violations. Awaiting the Governor's signature in New Jersey, S-1150 will allow fully compliant properties seven years between inspections, while requiring more frequent inspections on owners who fail to address their code violations. Virginia has preempted the registration and inspection of any properties located outside of designated Residential Inspection Districts and allows fully abated properties a minimum of four years between inspections. This has allowed inspectors to allocate resource responsibly, focusing on only the most necessary of areas. Eligible municipalities should also consider obtaining U.S. Department of Housing and Urban Development (HUD) sponsored Community Development Block Grants (CDBG) to improve blighted conditions. Federal Heights, CO uses its HUD-sponsored CDBG to offset its registration and initial inspection fees.

Rewarding the responsible and remedying the neglectful should be the hallmarks of a model RIP. By refuting these standards, municipalities are exacerbating the very conditions they wish to prevent.

Trump Signs Executive Order to Tackle Lack of Affordable Housing

Jessica Guerin, Housingwire



President Donald Trump signed an executive order Tuesday that establishes a White House Council tasked with identifying and removing barriers hindering the development of affordable housing.

In effect, he is “tearing down red tape in order to build more affordable housing,” a White House release said.

The council will comprise members of eight federal agencies and be chaired by **Department of Housing and Urban Development** Secretary Ben Carson. Its creation will “streamline interagency processes and deliver results even faster,” the White House said.

This will require the council to meet with state and local leaders to identify issues impeding the development of affordable housing, and to assess the impact of state, federal and local regulations on the cost of such development. Among the specific issues the council will aim to tackle include ways to cut excessive costs in order to spur construction.

According to the White House, many of the markets that suffer the most from a lack of affordable housing have the most restrictive state and local regulations. More than a quarter of the cost of building a new home is a direct result of regulation, the White House said, and this has slowed the pace of single-family and multifamily construction so that it cannot keep up with new household formations.

According to the **Census Bureau**, only seven homes were built for every 10 households formed from 2010 to 2016.

To address the problem, the council will make regulatory recommendations designed to spur the development of more affordable housing.

“With the signing of today’s Executive Order, President Trump is prescribing a powerful treatment that correctly diagnoses the source of America’s affordable housing condition: this is a matter of supply and demand, and we have to increase the supply of affordable homes by changing the cost side of the equation,” said Carson. “Increasing the supply of housing by removing overly burdensome rules and regulations will reduce housing costs, boost economic growth, and provide more Americans with opportunities for economic mobility.”

The **National Association of Home Builders** applauded President Trump for making housing a top national priority.

"With housing affordability near a 10-year low, the president's executive order on this critical issue underscores that the White House is ready to take a leading role to help resolve the nation's affordability crisis," said NAHB Chairman Greg Ugalde. "Given that homeownership historically has been part of the American dream and a primary source of wealth for most American households, the need to tackle ongoing affordability concerns is especially urgent...NAHB will continue to work with the White House and Secretary Carson to find innovative solutions to increase the production of sorely needed quality, affordable housing."

The Issue: Music Licensing

Like many American businesses that are consumer-facing and end-users of music, apartment communities traditionally play musical works in common areas such as reception/lobby spaces, leasing offices or elevators. It is also common for music to be played around pool facilities, in dining areas or along walking paths. Additionally, in some apartment communities, access to music may also be provided in onsite fitness centers and clubhouses or similar social rooms or lounge spaces. In accordance with the law regarding public performance of copyrighted musical works, owners and operators obtain licenses from Performing Rights Organizations (PROs), including ASCAP, BMI and others to play this music.

NAA Position

NAA believes its members should follow the federal copyright laws in obtaining appropriate licenses to play music in their communities.

1 How Many Do You Have?

Number of	TVs	Audio Speakers
Leasing Office		
Clubhouse		
Pool		
Gym		
Media/Game Room		
Other		
Total		

Performance Rights
ORGANIZATIONS

For reference, these are the three Performance Rights Organizations that collect music license fees.

ASCAP **BMI** **SESAC**
1-800-505-4052 1-800-925-8451 1-800-826-9996

2 Is the total number of TVs four or less?
AND Is there one TV in each room?
AND Are the TVs ALL 55" or less?

YES

3 Is the total number of audio speakers six or less?
AND Are there four or less in each room?

YES

4 Are there any other music subscriptions in effect that include a license for public performance such as SiriusXM?

YES

5 Do you play radio, MP3s, CDs or other forms of recorded music; or allow DJs, fitness instructors or residents to play their own music using the property's equipment (at the pool, gym, game/theater room, etc.)?

NO

You May Be **EXEMPT**
From Licenses

You may be exempt from obtaining music licenses. Contact your legal counsel to confirm what music licenses may or may not be required for your property.

Licenses May Be REQUIRED

Your property may need to be licensed. Contact your legal counsel to confirm what licenses may or may not be required for your property.

*** REMEMBER ***

- 1 Always consult with legal counsel to confirm if performance licenses are needed.
- 2 Update information for your property annually and whenever your equipment set-up changes.
- 3 Document whether or not your property must be licensed and if so, what licenses you secure.

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