



MEMORANDUM

DATE: October 21, 2024

TO: Mayor Anne McEnerny-Ogle
Vancouver City Council

FROM: Lon Pluckhahn, City Manager

RE: **Rental Habitability and Inspection Program Proposal**

CC: Patrick Quinton, Director, Economic Prosperity & Housing
Samantha Whitley, Housing Programs Manager

This memorandum summarizes the process by which City staff developed a proposed rental registration and inspection program to address concerns about the age and habitability of Vancouver’s rental housing stock. The recommended program was developed in collaboration with an advisory group comprising the full range of landlord and tenant interests and represents a practical “middle ground” for collecting more detailed data on rental housing and helping ensure the City’s rental housing stock is preserved in a safe and healthy manner.

Background

A comprehensive rental habitability program is identified in the Affordable Housing Task Force Report, and both the Reside Vancouver and Heights Equitable Development Plans as a key measure to mitigate housing insecurity for low-income and other vulnerable households. Rental registration and inspection programs are designed to ensure that residents at all income levels have access to quality housing. These measures typically include both programs to support landlords and at-risk households and regulations that require landlords to register rental units and maintain minimum habitability standards. Communities throughout Washington State have adopted differing combinations of rental registry and inspection programs, including Pasco, Bellingham, Seattle, Tacoma, and Olympia.

Vancouver currently does not have rental registration or inspection programs. Because fewer than 28% of Vancouver’s rental units were built within the last 25 years, establishing and maintaining a clear picture of the health of the City’s rental housing stock is critical to ensuring that the city’s existing supply of housing is well-maintained. In addition, because

older housing stock tends to rent at naturally affordable rates, regular inspections and maintenance will be particularly beneficial to the city’s most vulnerable households.

Rental Habitability Advisory Group

At City Council’s direction, staff convened a Rental Habitability Advisory Group to assess the need for enhanced habitability measures and recommend elements for a proposed program. Advisory Group members are listed in Attachment A to this memo.

The advisory group met six times between May and September 2024. Below is a summary of the meetings:

| Date | Topics |
|--------------|--|
| June 27 | <ul style="list-style-type: none"> • Introduction and background on habitability work • Scope and objectives of the committee |
| July 9 | <ul style="list-style-type: none"> • Vancouver rental housing data review • Existing Vancouver inspections |
| July 24 | <ul style="list-style-type: none"> • Business licensing for long-term rentals • Inspection program elements |
| August 7 | <ul style="list-style-type: none"> • Program fees and cost recovery options • Relocation assistance for displaced tenants due to condemnation |
| August 30 | <ul style="list-style-type: none"> • Review and feedback on first draft of program proposal • Discussion on outreach methods and program costs |
| September 24 | <ul style="list-style-type: none"> • Review and agreement on final draft program • Discussion of statutory requirements and limits for new program • Education and outreach recommendations |

Proposed Rental Registration and Inspection Program

The advisory group successfully navigated the range of issues and interests present in addressing rental habitability issues and is recommending a program with the following elements:

- Required registration of all rental units through a special Rental Housing License;
- Annual renewal of the license and payment of a \$30 fee for each unit;
- Required inspections at regular intervals depending on the age and condition of rental units;
- Use of third-party private inspectors and submission of inspection certificates to the City to document completion of inspection;
- Involvement of City inspectors for properties with multiple failed inspections and serious health and safety issues;
- Establishment of a tenant relocation assistance fund to assist tenants who face relocation due to health and safety issues due to non-compliance by landlords or natural disasters; and
- Extensive outreach and education to landlord and tenants to provide necessary information on right and responsibilities, and available resources.

A detailed final draft of the program proposal is included with this memo.

Financial Considerations

The proposed program will implement a new fee to cover the costs of establishing and managing a rental registration and inspection operation. The assumptions used to set the \$30/unit annual fee are included below.

Program Revenue Assumptions

Projections for anticipated ramp up in unit registrations:

| Unit Registration Assumptions | | |
|--------------------------------------|-----|---------|
| Total Rental Units (2022 Census) | | 38,025 |
| Exempt Income-Restricted Units | | (4,000) |
| Net Units Eligible for Registration | | 34,025 |
| Year 1 Paid Registrations | 10% | 3,403 |
| Year 1 Free Registrations | 20% | 6,805 |
| Year 2 Registrations | 40% | 13,882 |
| Year 3 Registrations | 60% | 21,240 |
| Year 4 Registrations | 70% | 25,275 |

Staff Cost Estimates

New staff will be needed to perform the following functions:

- A program coordinator to implement and manage the rental registration process and program, including responding to questions, managing the database, reviewing registered properties against GIS data, selecting units for inspection, providing outreach and education materials and annual reporting on program.
- Provide accounting and licensing support to help with the licensing process including manual or in-person registrations.
- A new code enforcement officer will be needed to audit inspection reports, respond to potential increased tenant complaints, and follow up on hazardous conditions or failed re-inspections.
- Additional program support will be needed for mailing, code enforcement filing and reporting and general program administration.

| Annual Cost Assumptions | Salary and Benefits |
|-------------------------------------|----------------------------|
| Senior Accounting Clerk (Licensing) | \$94,720 |
| Code Enforcement Officer | \$121,360 |
| Program Coordinator | \$139,120 |
| Program Support | \$88,800 |

Other Projected Costs

- The City will need to adapt existing software program(s) to allow for online registration and payment and manage the registration and inspection databases.
- The City must amortize start-up costs associated with the program. Start-up costs include software enhancements, marketing and outreach, and incentives for initial registration.

Assumptions for program revenues and expenses are summarized below:

| | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue @ \$30/unit | \$- | \$306,225 | \$416,466 | \$637,193 | \$758,260 | \$773,425 |
| | | | | | | |
| Licensing/Accounting | | \$47,360 | \$97,562 | \$100,488 | \$103,503 | \$106,608 |
| Code Enforcement | | \$0 | \$125,001 | \$128,751 | \$198,920 | \$204,888 |
| Program Coordination | \$69,560 | \$69,560 | \$143,294 | \$147,592 | \$152,020 | \$156,581 |
| Program Support | | \$22,200 | \$45,732 | \$94,208 | \$97,034 | \$99,945 |
| Marketing and Outreach | \$50,000 | \$20,000 | \$20,600 | \$21,218 | \$21,855 | \$22,510 |
| Relocation Set Aside | | \$10,208 | \$45,792 | \$2,999 | \$8,998 | \$5,998 |
| Initial Sign-Up Incentive | | \$204,150 | \$0 | \$0 | \$0 | \$0 |
| Software (Initial + Ongoing) | \$50,000 | \$10,000 | \$10,300 | \$10,609 | \$10,927 | \$11,255 |
| Indirect/Admin Costs | | \$8,166 | \$33,317 | \$50,975 | \$60,661 | \$61,874 |
| | | | | | | |
| Total Expenses | \$169,560 | \$391,644 | \$521,597 | \$556,841 | \$653,918 | \$669,659 |
| | | | | | | |
| Net Surplus/(Deficit) | (\$169,560) | (\$85,419) | (\$105,131) | \$80,352 | \$104,342 | \$103,766 |
| | | | | | | |
| Cumulative Surplus/(Deficit) | (\$169,560) | (\$254,979) | (\$360,109) | (\$279,757) | (\$175,416) | (\$71,650) |
| | | | | | | |
| Tenant Relocation Assistance | \$0 | \$4,209 | \$47,001 | \$41,002 | \$44,002 | \$38,003 |

Implementation

Given the operational and educational requirements for establishing a program of this scale, City staff are proposing a two-year timeline to implement all program elements. The short-term objective is to establish a rental registration program and perform extensive outreach to achieve maximum compliance. Once the registration program is functioning and a critical mass of registrations is achieved, the City will initiate periodic inspections utilizing the newly-established rental housing database.

Below are the proposed implementation milestones:

| Task | Timeline |
|--|-----------------|
| Council review of program proposal | Q4 2024 |
| Adoption of new City code and program requirements | Q1 2025 |
| Development of educational materials | Q1 2025 |
| Outreach and communication to landlords and tenants | Q2-4 2025 |
| Software upgrade and development of online registration portal | Q3-4 2025 |
| Registration opens for property owners | Q1 2026 |
| Finalize inspection requirements and protocols | Q3 2026 |
| Initial inspection notices sent to property owners | Q4 2026 |

Advisory Group Feedback and Recommendation

As referenced above, the proposed program reflects the consensus view of the advisory group and represents a suitable “middle of the road” approach. While the group included individuals representing divergent interests, group members stated that they felt the process was constructive and collaborative. Certain program elements, including the form of inspection, use of private inspectors, inspection reporting responsibilities to the City and the size and role of the tenant relocation assistance fund are all solutions that emerged from group discussions.

In addition to formulating specific program recommendations, the group provided feedback on implementation and likely impacts from the program. The group advocated for extensive outreach and education throughout 2025 so that the rental housing community, including landlords, tenants, property management and service providers are fully aware of any new requirements prior to the proposed program implementation in 2026. The advisory group also felt that it would be difficult to reach out-of-town and investor landlords to inform them of new registration and inspection requirements.

With regard to impacts, the group shared concerns about a potential increase in housing costs to tenants if landlords increase fees or rental amounts to cover costs of unit repairs. There could also be a potential increase in tenant displacement due to more units deemed to be uninhabitable through proactive inspections. These concerns were balanced with the consideration that ensuring safe and healthy housing is an important goal for the community.

While the group did vote to recommend the proposed program for City Council review and action, certain members of the group abstained due to their roles in representing landlord interests and an unwillingness to vote on behalf of these landlords. Despite the abstentions, these representatives indicated appreciation for the fairness and transparency of the process.

Next Steps

Based on feedback from Council, staff will begin working on both 1) updates to City code to establish the program and new requirements for rental properties and 2) planning for implementation of the registration program. Staff expects to have code updates for Council action in Q1 2025 and will have operational requirements for rental registration finalized by Q2. Staff will spend the remainder of 2025 performing outreach to landlords and tenants and preparing for the launch of rental registration in Q1 2026.

ATTACHMENT A

City of Vancouver Rental Habitability Advisory Group

| | |
|-------------------|---|
| Albert Angelo III | Owner at Al Angelo Company |
| Ren Autrey | Steering Committee Leader at Resident Action Project Director at Outsiders Inn |
| Chris Barber | President at Invest West Property Management |
| Josh Butler | Data Coaching Manager at A Way Home Washington |
| Fred Dockweiler | Managing Director at Berkadia Commercial Real Estate |
| Sean Flynn | Executive Director at Rental Housing Association of Washington |
| Chey Lewis | Tenant, referred through Washington Low-Income Housing Alliance |
| Ryan Makinster | Director of Government Affairs at WA Multifamily Housing Association |
| Denny Miller | Owner at Zenith Properties, single-family rental property manager |
| Ben Moody | Tenant Attorney at Clark County Volunteer Lawyers |
| Gina Ochoa | Diversion Program Director at Council for the Homeless |
| Quinn Posner | Landlord attorney at NW Landlord Solutions |
| Nate Powers | Deputy Director at Community Mediation Services |
| Amy Roark | President of VHA Resident Advisory Board |
| Heather Sheppard | Equity and Collaborative Impact Manager at SWACH |
| Andy Silver | Executive Director at Vancouver Housing Authority |
| Shane Smith | General Manager at Premier Property Management |
| Sunny Wonder | Deputy Director at Council for the Homeless |
| Jason Wylde | Director at Housing Connector |