



AGENDA REPORT

Community Development

DATE:	December 17, 2024
TO:	Mayor Martinez and Members of the City Council
FROM:	Lina Velasco, Director of Community Development George Kabaivanov, Building Official
Subject:	Residential Rental Inspection Program Ordinance Amendments
FINANCIAL IMPACT:	There is no fiscal impact to the General Fund from the expanded rental inspection program as fees are collected directly from owners of rental property to cover program costs. The elimination of the self-certification program will increase the number of inspection fees a landlord will pay every inspection cycle (triennially or every three years).
PREVIOUS COUNCIL ACTION:	May 16, 2023
STATEMENT OF THE ISSUE:	In the Council-identified Strategic Goal Area 1: Improve Quantity and Quality of Housing, Especially Low-Income Housing and Reduce Homelessness, making amendments to the Residential Rental Inspection Program to improve housing quality was expressed as Goal 1.4.a. Staff has engaged with key stakeholders to develop amendments to meet these strategic goals for Council’s consideration.
RECOMMENDED ACTION:	INTRODUCE (first reading) an Ordinance amending Richmond Municipal Code Chapter 6.40 Residential Rental Dwelling Unit Inspection and Maintenance to eliminate the self-certification process, expand units covered, including certain affordable housing units, and add other amendments to enhance the program – Community Development Department (Lina Velasco 510-620-6841/George Kabaivanov, 510-620-6649).

DISCUSSION:

On May 16, 2023, City Council directed the City Attorney's Office to work with the Community Development Department and community stakeholders to update the Residential Rental Inspection and Maintenance Ordinance. Due to the City's desire to further expand enforcement, staff hereby proposes amendments to the current ordinance to add key amendments relating to removing the self-certification inspection process, ensuring all covered units are inspected every inspection cycle, removing exemptions from inspections for certain subsidized housing options, studying necessities for bringing the administration of the Residential Rental Inspection Program (RRIP) in-house after a phased period, and clarifying standards for habitability.

Summary of Proposed Amendments

Below is a summary of the key amendments proposed to the RRIP:

- Clarifying definitions of key parties involved in the implementation and enforcement of the program to ensure clarity in procedures and duties;
- Clarifying exemptions from inspections as it relates to mobile home parks, vacant properties, transient lodging, and newly constructed buildings or accessory dwelling units to ensure exemptions from the program are narrowly targeted and tailored;
- Removing exemptions from inspections for certain subsidized housing options and in turn, limiting the exemption for subsidized housing to units occupied by Housing Choice Voucher (Section 8) tenants only to ensure that the maximum number of units within the City are properly inspected;
- Expanding and clarifying standards for habitability, including detailing additional standards for interior inspections, tailoring exterior inspection standards to focus on habitability, adding language to limit potential claims that inspection approvals under the RRIP serve as approval for nonconformities for unpermitted work, and reserving sections for future development and potential adoption of provisions relating to implementation of standards geared toward energy efficiency, modernization, and decarbonization of residential rental units throughout the City, which are to be incentivized via City, State, and/or Federal programs;
- Amending notification and inspection procedures to ensure tenants and owners have adequate notice and provide availability to reschedule inspection for certain circumstances;
- Shortening the duration between inspection cycles, every unit must be inspected once every three years;
- Removing the self-certification inspection process to ensure that inspections are performed by specialized officials and to encourage tenant communication/complaints of potentially substandard conditions;
- Expanding standards for conducting additional inspections on a complaint basis in an effort to work with tenants to communicate and identify substandard conditions;

- Ensuring all units are inspected on a three-year cycle and eliminating exemptions from full inspections based on prior compliance;
- Developing standards to study required actions necessary to bring administration of the RRIP in-house after a phased period;
- Expanding provisions relating to relocation of tenants to ensure tenants are aware of existing City resources to facilitate relocation;
- Reserving sections for future development and potential adoption of provisions relating to implementation of a tenant habitability plan; and,
- In sum, amendments largely consist of adding procedures and processes to ensure units are regularly inspected in an effort to eliminate the substandard housing stock within the City.

PUBLIC INPUT

City staff hosted a community workshop on March 14, 2024, to obtain input from landlords and residents on a draft version of the proposed Ordinance amendments. Input from participants included and addressed the following topics: (1) concern regarding the increased costs to landlords, especially those managing affordable housing units; (2) support for expanding the RRIP to ensure tenant safety and minimum habitability standards; (3) requests to exempt Section 8 units given these units are already subject to annual habitability inspection by the U.S. Department of Housing and Urban Development; and, (4) concern regarding the lack of clarity in the Tenant Habitability Plan provisions, procedures, and requirements.

In response to the public's input, the following key changes were made to the proposed Ordinance amendments:

- Providing Housing Choice Voucher (Section 8) units as an exempt class of units given the already existing habitability inspections;
- Reserving the establishment of climate efficiency standards aimed at identifying opportunities for landlords to electrify/decarbonize rental units; and,
- Reserving the establishment of a tenant habitability plan aimed at ensuring tenant safety was considered during major repairs and construction work.

Necessary steps for successful implementation of climate efficiency guidelines and the tenant habitability plan will be studied with the support of a Partnership for the Bay's Future Housing Fellow over the next year to allow for further study and stakeholder engagement.

ENVIRONMENTAL REVIEW

The subject Ordinance is not subject to the California Environmental Quality Act ("CEQA") because the Ordinance does not qualify as a "project" under CEQA and because the Ordinance will not result in a direct or reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines, section 15060, subd. (c)(2), (3).) Section 15378 of the State CEQA Guidelines defines a project as the whole of an action, which could potentially result in either a direct physical change, or

reasonably foreseeable indirect physical change, in the environment. Here, the Ordinance will not result in any construction or development, and it will not have any effect that would physically change the environment. The Ordinance therefore does not qualify as a project subject to CEQA.

NEXT STEPS:

A second reading is required for adoption and the amendments will not become effective until thirty days after final adoption. Upon final adoption, staff will work on the implementation of the amendments and will study the steps necessary to bring the inspection program in-house for future council consideration. The current RRIP is currently carried out with the use of consultants for both the administration and inspections.

Partnership of the Bay's Future Housing Fellow

In addition, the Partnership for the Bay's Future awarded the City and its community partners, Movement Legal and Alliance of Californians for Community Empowerment (ACCE), a Housing Fellow to: (1) support the City in developing a process for review of Tenant Habitability Plans to preserve tenancies during major construction or repair work; and, (2) create Climate Resilient Housing Guidelines to be used in the new inspection program aimed at identifying opportunities for landlords to electrify rental units by taking advantage of existing rebate and incentive programs.

EPA Community Change Grant

In addition, the City and ACCE applied for an EPA Community Change grant for a project that would demonstrate that a new, more equitable model of building decarbonization is possible. Specifically, neighborhood-scale building decarbonization projects allow all residents—regardless of race, class, or home ownership—to receive the benefits of energy-efficient, healthy, and resilient homes.

Participants in the 40-80 residential units selected for this program will receive deep energy efficiency retrofits, high-efficiency electric appliances such as heat pumps and electric panel upgrades if necessary, and onsite solar will also be installed for all suitable rooftops in the project area to further lower energy bills. Additionally, program participants will receive electric vehicle charging and battery storage geared towards improving resilience in the case of power outages and natural disasters.

If funded, this program will have a long-term positive impact on residents by lowering utility bills, improving indoor and outdoor air quality, and providing efficient cooling heating.

DOCUMENTS ATTACHED:

Attachment 1 – Ordinance Amending RMC Chapter 6.40

Attachment 2 – Proposed Ordinance Amendments (Redline)