

# **Navigating Rental Inspection Programs**

**Iowa State University Extension and Outreach**

**Community & Economic Development**

# Agenda

- Understanding Proactive Rental Inspection Programs
- Benefits and Challenges
- Iowa Case Study
- Community Data
- Community Survey Responses

# Rental Registries, Licensing, and Inspections



Rental Registries document the ownership and residential composition of rental housing, along with contact information for landlords or their representatives.



Rental Licensing requires landlords to obtain and maintain a license to rent housing to tenants.



Rental Inspections are designed to enforce relevant sections of code – health, building quality standards, etc. May be Traditional or Proactive.

# Traditional Vs. Proactive

## Traditional

- Reactive to tenant complaints
- Can lead to disjointed enforcement
- Not preventative
- Less expensive to implement

## Proactive

- Compulsory
- Routine and periodic
- Supplemental to traditional reactive inspections
- More equitable and preventative

# Frequency of Inspections

Determine a manageable fixed basis for inspection

- Annually
- Every 2-5 years (Most Common)

Additional potential inspections

- Reinspection due to noncompliance
- Whenever a new tenant takes possession of the unit
- Whenever the ownership of a property changes

# Notice of Inspection and Entry

- Tenants have a 4<sup>th</sup> amendment right to be secure against unreasonable searches.
- At the same time, the US Supreme Court has recognized that local inspection powers are of “indispensable importance to the maintenance of community health.”
- Notice increases likelihood of tenant understanding, accepting, and assisting with inspection process.
- Notice should be straightforward and accessible.

# Mitigating Harm to Tenants



Provide tenant education about legal protections against retaliation



Incentivize additional rental housing development to ensure adequate supply of code-compliant units



If rental housing units are abandoned due to enforcement, the City could take possession and make the properties available to bid under conditional contracts to improve, maintain, and cooperate with rental inspections

# Advantages of Proactive Rental Inspections?



Improve housing quality, health, and safety



Better monitoring of rental occupancy



Proactive accountability for landlords



Rehab and retain existing housing stock



Changes the focus from a single unit to the overall building

# Challenges of Proactive Rental Inspections

Uninhabitable or illegal units

Privacy concerns

Limited liability corporations/landlord identification

Bad/out of date data

Tenant-side code violations

Landlord retaliation

City cost and capacity limitations

# Benefits to Tenants

Protects underserved tenants from retaliation

- Language barriers
- Disabilities
- Populations facing systemic discrimination

Provides direct health benefits

- Reduce exposure to environmental hazards, unintentional injury or illness, reduce stress to improve mental health

# Benefits to Landlords

Improve relationship between landlords and local government

- Clear expectations, education and resources for support, smooth inspections, increased compliance.

Creates a more fair and equitable rental housing market

- All landlords expected to invest in the maintenance of their properties to meet the same minimum standards. Less undercutting and underinvesting for same rental fee.

# Benefits to the Community

Preventative approach protects residents from health and safety risks, enabling them to fully participate in school, work, and other community life.

Preserves property values for the neighborhood by proactively maintaining rental properties within them.

Preserves the local tax base for local government services and operations.

# Iowa Case Studies

# Case Study: Estherville, IA

## Registration

- Must be done within 30 days of purchase

## Inspection

- Must be done every 3 years or at request of tenant
- Landlords are requested to join the inspector during the process.
- A list of deficiencies are given to the landlord.
- Property is either reinspected or the landlord can send photo evidence, receipts and invoices to verify improvements.

# Case Study: Estherville, IA

## Fees

- Initial inspection is free
- \$100 for re-inspection of first unit, \$25 for subsequent units
- There are fines for non-compliance, but so far no legal action has had to be taken by the City.

# Case Study: Estherville, IA

## □ Challenges

- Difficult to manage and update the rental registration list. The City relies on assistance from law enforcement, realtors, and the county assessor's page.
- The City does deal with complaints and resistance to participation from landlords

## □ Recommendations

- Do your research, involve landlords early on, and listen to concerns to gain buy-in

# Case Study: Estherville, IA

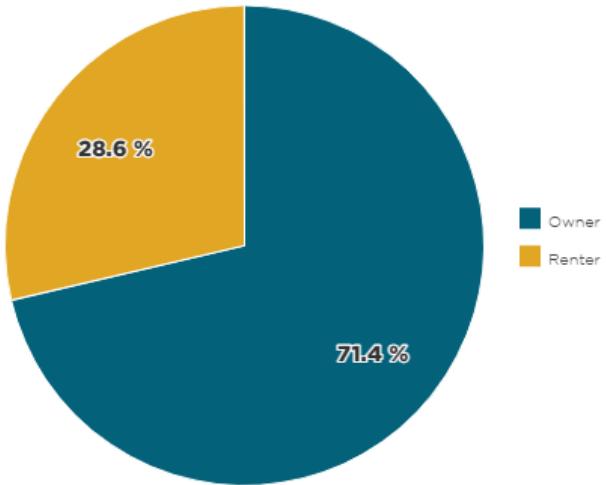
## □ Benefits

- Exterior condition of homes visibly improved since the program's inception
- Improvements to rental properties appears to have sparked improvements from other property owners in the neighborhood
- This led to the development of additional home-owner occupied rehab programs by the City.

# Winterset Data

# Winterset Rental Housing

Owner vs Renter Occupied Housing Units



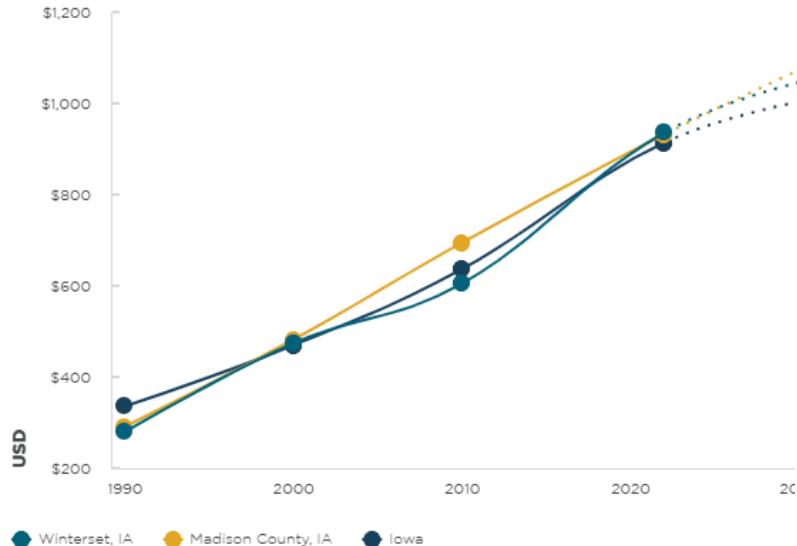
Winterset, IA

Sources: US Census Bureau ACS 5-year 2018-2022

\*All figures from 2017-2021 5-year estimates

# Winterset Rental Housing

## Median Home Rent



**Median Home Rent**  
**\$936**  
Winterset, IA

**\$932**  
Madison County, IA

**\$914**  
Iowa

**Median Home Value**  
**\$175,000**  
Winterset, IA

**\$230,500**  
Madison County, IA

**\$181,600**  
Iowa

Sources: US Census Bureau ACS 5-year 2018-2022

Sources: US Census Bureau; US Census Bureau ACS 5-year

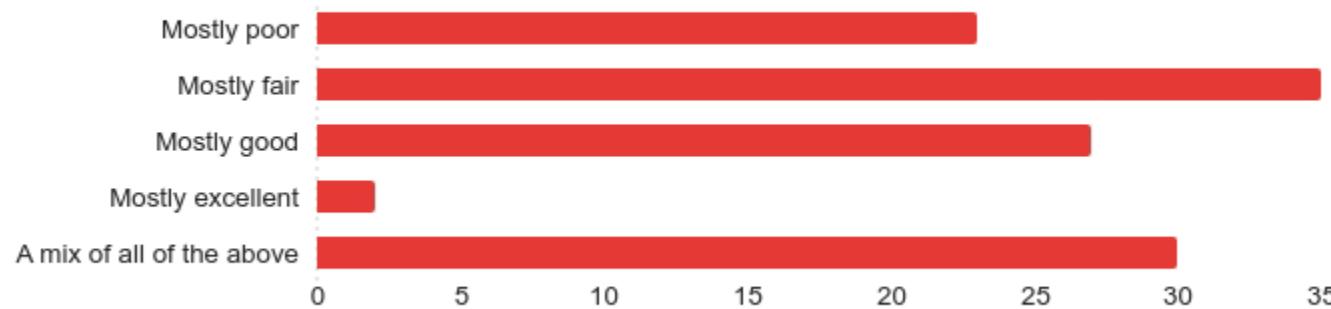
# **Winterset Community Survey Results**

# Which of the following best reflects your position with regard to rental properties in this community?

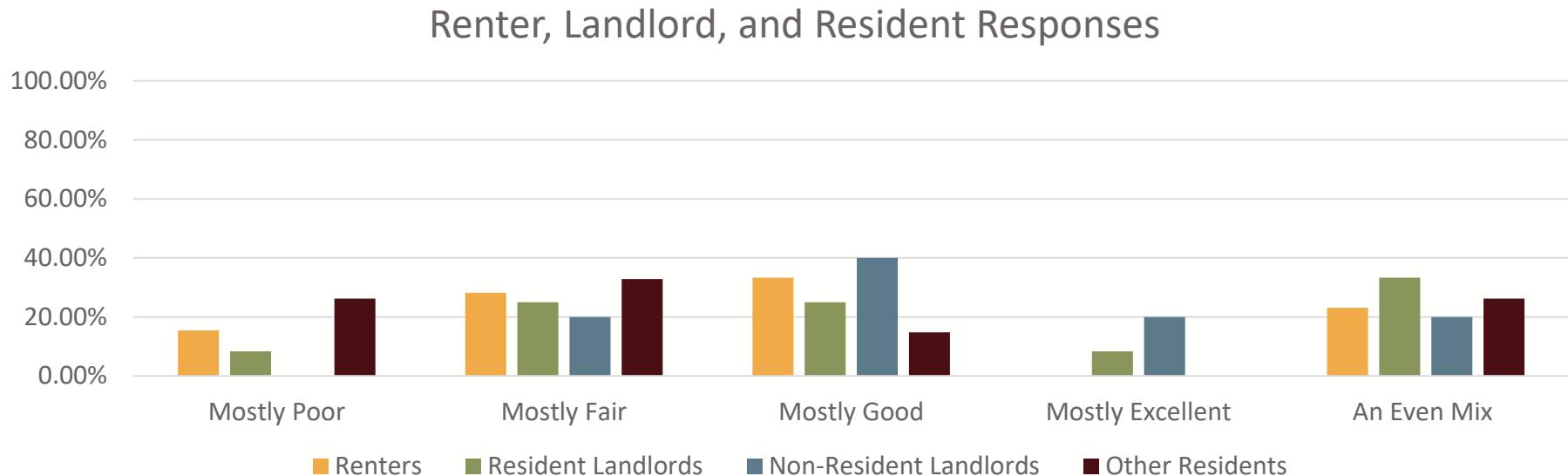
133 Responses

Field	Choice Count
I am a renter and resident of the community	32.33% 43
I am a homeowner and resident of the community	51.13% 68
I own rental properties and am a resident of the community	11.28% 15
I do not reside in the community, but I DO own rental property there	5.26% 7
I neither reside nor own rental properties in this community	0.00% 0
Total	133

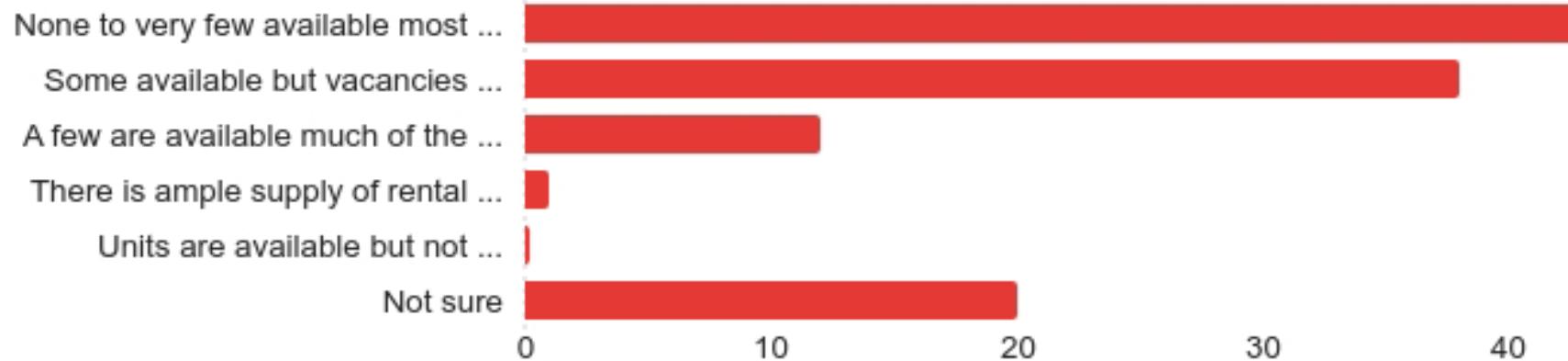
# How would you describe the conditions of rental properties, on average, in this community?



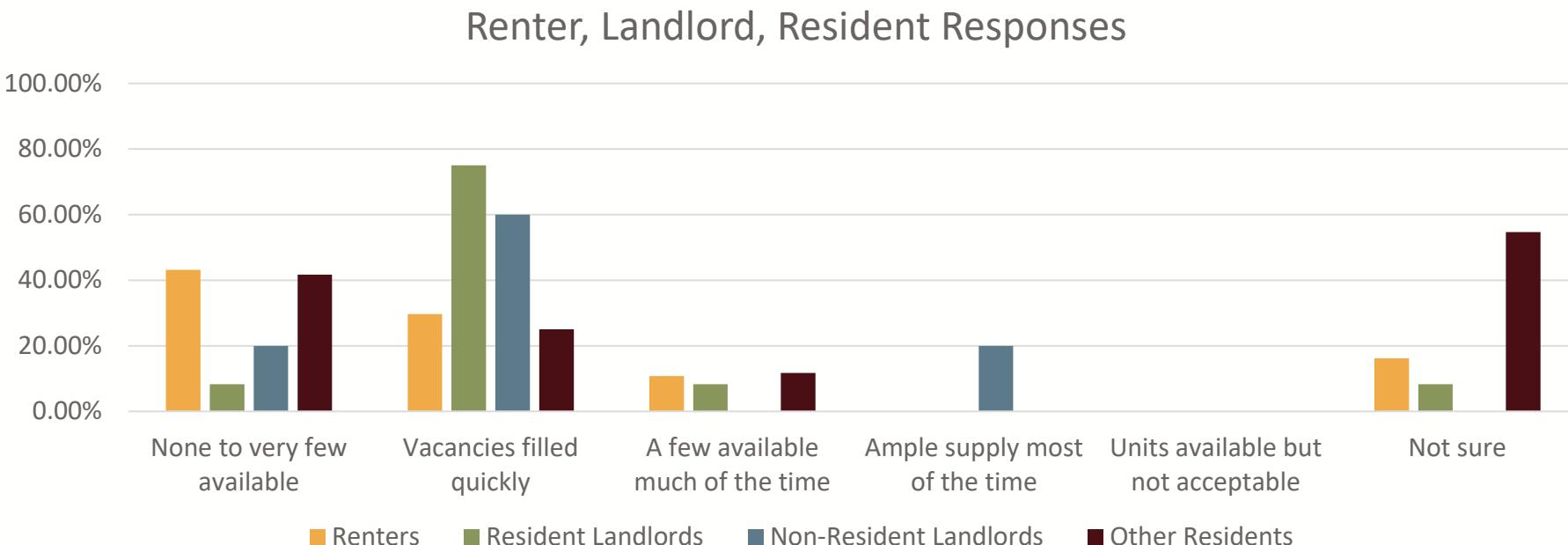
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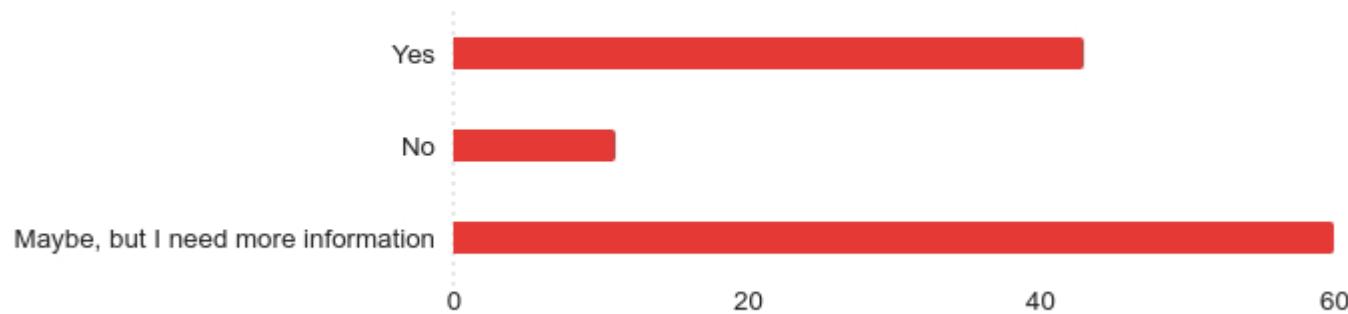
# How would you describe the availability of rental properties in this community?



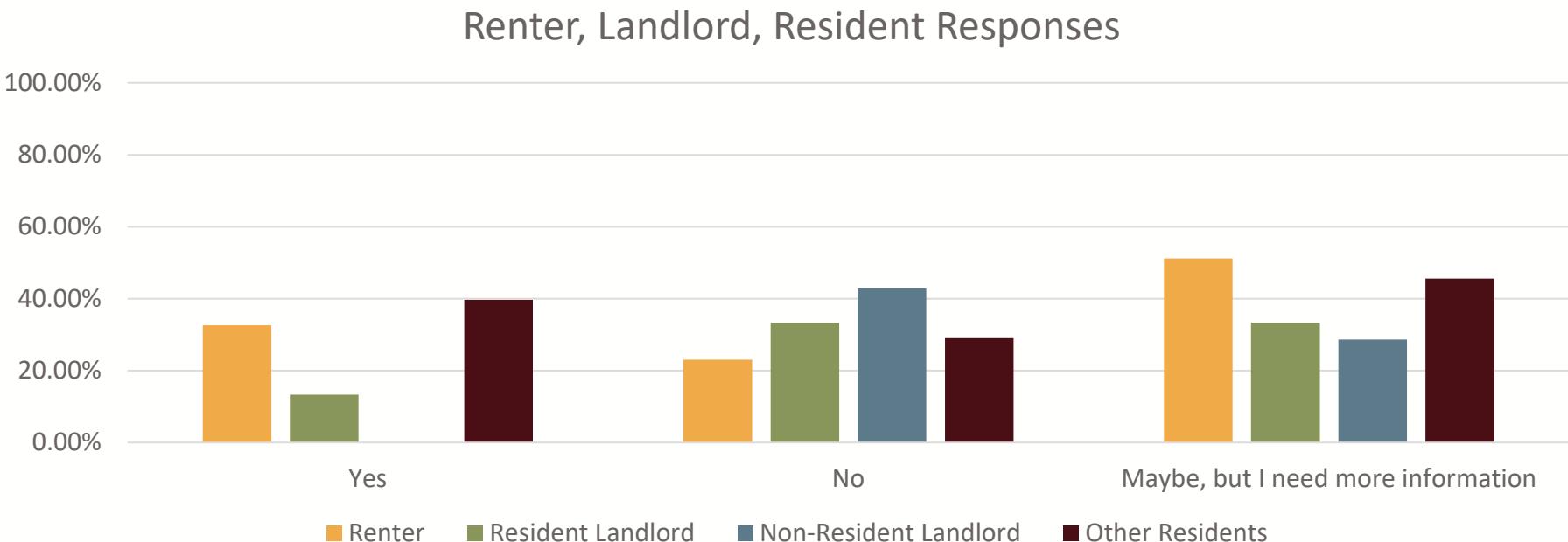
# How would you describe the availability of rental properties in this community?



# Would you support the implementation of a rental inspection program in this community?



# Would you support the implementation of a rental inspection program in this community?



# Thank You

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# Sources

A Guide to Proactive Rental Inspections 2022, (11/2022);  
ChangeLab Solutions

US Census Bureau; American Community Survey