Rental Licensing Program

In a Nutshell

Rental Property Licensing Programs allow cities to address property maintenance and safety issues in rental property on a regular basis, which helps protect against the deterioration of housing stock caused by absentee landlords. Rental Licensing Programs protect the public heath, safety, and welfare of citizens who occupy rental units through a rental dwelling inspection and maintenance program that corrects substandard conditions and maintains a standard for newly constructed and existing rental dwellings. Rental Licensing Programs are enforced through city or municipal codes.

The “How To”

Rental Property Licensing Programs require rental property owners to apply for a rental license every year. To receive the license, the property must pass an inspection conducted by the city. These inspections prevent the deterioration of housing stock, which helps protect neighborhood character, reduce the potential for crime, and preserve property values.

Rental Property Licensing Programs have many benefits. The programs protect against the deterioration of housing and absentee landlords by ensuring that rental properties are maintained to appropriate standards. The programs also promote health and safety for tenants, protect housing values throughout the city, and, in accordance with the broken windows theory, defend against increases in crime that are associated with blighted or deteriorating areas.

Rental Property Licensing Programs are similar to occupancy permit requirements in that they both require rental property inspections. The difference is that occupancy permit inspections are only conducted when there is a change in tenants, whereas rental property licensing inspections may be required annually. Current code enforcement staff may conduct the inspections, or additional staff may be required.

Rental Licensing Programs may assist property owners who may not have the background or experience to deal with property and tenant problems that may arise. The crime-free aspect of the program should reduce drug activity as well as criminal and gang activity, improving the safety and image of a property and overall neighborhood.

To enroll in a rental housing program, a landlord should become certified through a course or seminar. Courses and seminars can include crime prevention, social safety, and management techniques.

Planning & Zoning

Any municipality or county may implement a Rental Property Licensing Program. Normally, cities require owners of rental units to register their units once a year. Sometimes, owners must pay fines and fees prior to rental unit registration. The program may require landlords who live outside of the area to designate a local manager for the property, which reduces neglect by absentee landlords and enables improved maintenance of rental property.

Madison County

TheCity of Edwardsville Ordinance is an example of what type of code municipalities can adopt.Rental properties in Edwardsvillve containing 20 or more units are required to attend a city-sponsored training program about crime prevention and safety issues.

Kansas City

Kansas City, Kansas also has an ordinance authorizing their Rental Licensing Inspection Program.Their license period runs from May 1st to April 30th. Their website also lists the top violations found through the rental inspection program in Kansas City. Violations can range from property improvements to hazards. Some examples would be the following:

- Windows must work properly and not be covered with boards or blocked.
- Handrails must be installed for stairs with four or more steps.
- Gas appliances and supply must be properly installed.

Dollars & Cents

Rental property licensing programs earn revenue through the licensing fees charged to property owners. The programs cost staff time, but licensing fees can be designed so that the costs of the program are covered. The programs provide many economic and quality of life benefits to the citizens in the community.

The licensing fees may be structured in a number of ways. The license fee may be one flat rate for all rental properties, or the fee may increase according to the number of bedrooms and/or the number of rental units on the property.

Measuring Success

The purpose of rental licensing programs is to protect the health, safety, and welfare of residents by ensuring rental units comply with minimal standards for habitation, occupancy, construction maintenance, proper use, and appearance. Neighborhood and city codes provide minimum standards to prevent an increase in blighted neighborhoods. Neighborhoods and cities may ask themselves general questions about their neighborhood and housing stock and use the answers to gain an understanding of success of the rental licensing program. General questions may be the following:

- Has the standard of living increased in areas with rental programs?
- Have property values increased or stabilized?
- How many complaints are being filed by rental housing residents?
- What is the number of re-inspections and the number of follow-up inspections needed for a rental unit?
- How many fines were given out and how many were paid on time?
- Does your community support rental licensing programs?

Case Studies

Rental Housing Inspection Program

Contact

Housing & Inspection Services
319-356-5130

Description

Iowa City, IA charges license fees based on the number of units and bedrooms, with a single-family 2 bedroom dwelling costing $190 for a 2-year permit. There is no specific fee for the inspection or initial reinspections (if required), but if the property owner did not resolve the issue(s) with the rental property for the initial resinspection, the City charges a fee for each additional reinspection. The property owner can be fined $250 or more for failing to correct violations in a timely manner, and there is also a fee if the property owner does not show up for the inspection.

Inspections for single- and multi-family units are conducted once every two years, however, fraternities and sororities are inspected annually. The most common violations found through the program are life-safety, fire-safety, and general maintenance issues.

Rental Licensing Inspection Program

Contact

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Description

In Kansas City, KS the licensing fees are based on the number of units in the rental property. The fee for a single-family dwelling is $55, and climbs up to $492 for a 20-unit building. The City imposes fines for not paying the licensing fee within 90 days of the due date. A few of the top violations are listed below. Find out more of Kansas City's top violations found through their rental inspection program.

- Improper weather protection exterior needs to be painted
- Improper repair of window
- Unsafe porch enclosure
- Improper weathertight covering of roof
- Improper handrail installation
- Improper vent hood installation

Cost

In Kansas City, KS the program earns more revenue than its operation costs. In 2013 the City expects to

receive almost $595,000 in revenue at a cost of around $533,000.