

Rental Unit Licensing: Applicability to Milwaukee

by Ian Crichton, Matt Rosenberg, and Joe Thompson

This report was prepared to provide Milwaukee's Department of Management and Budget and Department of Neighborhood Services (DNS) with an analysis of the concept of rental unit licensing as an alternative to current rental housing inspection programs. The major policy that currently addresses rental housing quality is the complaint-driven system, in which tenants may file complaints with DNS about deficiencies in the quality of their rental housing. Under that system, inspections of the interior of rental units are conducted only in response to complaints. With rental unit licensing, however, all city landlords would pay a required business operating license and many rental units would be subject to mandatory periodic inspections. Mandatory inspections could lead to improved housing quality.

We approached the problem from two angles. First, we examined rental licensing programs in 15 other cities, the majority of which are much smaller than Milwaukee. The programs in these 15 cities vary greatly in their structure. Most programs have not conducted formal evaluations of their licensing system, which makes analyzing their effects difficult. Second, we examined the academic literature on housing markets and regulation. Due to a lack of quantitative data, we structured our analysis using general economic and regulatory theory within a qualitative case study framework. We analyze two types of licenses, a universal license, in which all city rental units must be inspected and licensed, and a targeted one, in which only the more problematic units are inspected, though all landlords are licensed. We analyze the two versions with the policy goals of improving the quality of rental housing, the efficiency of rental markets, the availability of affordable housing, and feasibility.

Our analysis finds that rental unit licensing has very uncertain benefits and can create negative effects on housing markets and the availability of affordable housing. Those negative effects would be likely to occur were rental unit licensing implemented in Milwaukee. Furthermore, either type of program—universal or targeted—would likely be met with substantial opposition in Milwaukee. We conclude that Milwaukee should not implement licensing because the policy would be expensive, meet strong political opposition, and cause more problems for Milwaukee's rental markets than it would solve.

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Designing an effective and comprehensive housing inspection program that is also cost effective is a difficult task. Designing one that also serves the broader goals of providing affordable housing and stimulating economic development is even more challenging. This report was prepared to provide Milwaukee's Department of Management and Budget and Department of Neighborhood Services (DNS) with an analysis of rental unit licensing programs as an alternative to the current inspection system. Rental unit licensing would couple inspections of rental units with a licensing system for landlords.

We approached the problem from two angles. First, we examined the licensing programs in 15 other cities, the majority of which are much smaller than Milwaukee. Second, we examined the academic literature on housing markets and regulation. Our analysis of rental unit licensing programs in cities reveals that there has been no quantitative analysis of the effects and costs of such programs. Because of this, we must rely on general economic and regulatory analysis within a qualitative case study framework. We evaluate two versions of rental licensing, one universal and the other targeted at substandard housing, and we compare these two systems to current city practices. After analyzing the three policy alternatives in terms of policy goals related to rental housing markets, we conclude that Milwaukee should not implement RUL because the policy would be very expensive, meet strong political opposition, and cause more problems to the city's rental markets than it would solve.

Motivations for Rental Housing Regulation

Housing policy is concerned both with economic development and with maintaining an adequate stock of affordable housing for low-income residents. Building and housing codes are designed to ensure the safety of homeowners and renters alike. This section outlines each of these three functions of housing policy.

Code enforcement is the most basic function of most urban housing departments. Most city housing codes set out in great detail a set of requirements for minimum standards of housing. They embody many diverse objectives, including public health and physical appearance. In theory, these objectives apply to all housing in a city.

In practice, code enforcement is rarely uniform. Given the limited resources of most agencies, violations must be prioritized. Some violations, such as lack of heat or a sagging ceiling, are so severe that they warrant immediate action. Smaller violations that would garner no attention in poorly maintained neighborhoods might generate a rapid response in more affluent areas (Ross, 1995).

Such selective enforcement hints at the fundamental tension between code enforcement and affordable housing. Brookings Fellow Anthony Downs bluntly states that "if housing codes were stringently enforced at high quality levels, thousands of

households would be thrown out on the streets” (Downs, 1997). Attracting middle-class households, however, requires the maintenance of high-quality housing stock. So while vigorous code enforcement is an advantage for economic development efforts, it could prove disastrous for the availability of affordable housing by raising the price and reducing the supply of low-cost housing.

Another goal of central city housing policy is to encourage the expansion of middle-class housing stock. Most policy in this area relies on the creation of incentives for private actors rather than the direct provision of services. Fiscal incentives alone will probably not be enough in some cities to attract a substantial number of middle-income households. The way in which the middle class perceives the central city must also be changed. Much of the latter effort has little to do with housing policy. Issues of safety and schools are two prominent examples.

Housing policy can play an economic development role through “neighborhood effects.” Repairing one rundown building has positive effects on the value and attractiveness of the surrounding buildings. In fact, studies have found that neighborhood quality has a substantial impact on property values and housing prices. One research paper examined property values in the New York City metropolitan area. Holding other factors such as income and employment constant, it found that property values were one-third higher for properties that were not located in run-down neighborhoods (Grieson and White, 1989). Thus, in addition to the benefits enjoyed by the tenants of the repaired building, surrounding homeowners and tenants also gain. Moreover, maintenance of attractive neighborhoods can be a powerful tool for luring middle-class residents back to the city, which can benefit all residents by expanding the tax base.

DNS is concerned that its current housing inspection system fails to achieve its goal of improving the quality of rental housing. The current system has not been designed to provide regular inspections of all buildings. In fact, the interiors of housing units are inspected only when DNS receives an explicit complaint. Before turning to rental unit licensing as a potential alternative, the next section outlines the current policy in more detail.

Current City Initiatives on Rental Housing

Milwaukee conducts proactive enforcement of building and zoning codes in targeted neighborhoods. Under this approach, city inspectors look for code violations in targeted neighborhoods, neighborhoods deemed by the city to be in need of revitalization. The city also targets specific neighborhoods under its Targeted Investment Neighborhood program. Under this program, the city works with communities to improve the physical appearance of neighborhoods.

Other city programs are also designed to improve the quality of the city’s rental housing. The Rental Recording program was started in 1993 by the DNS as a means for the city to track all rental units and landlords. This mandatory program charges landlords a one-time registration \$30 fee and allows the city to maintain contact information for all rental units in the city (City of Milwaukee, 2003). This program allows the city not only to keep track of individuals or businesses who rent out properties, but also provides a mechanism for the city to contact landlords in response to code violations.

DNS also conducts annual inspections on all residential properties with three or more units. These inspections examine only the exterior of the property and common areas inside the property to ensure fire code compliance and safety. Residential inspections do not examine code compliance in other areas of the building. Rental buildings with one or two units are not inspected under this program.

When a rental property with one or two units changes ownership, DNS conducts an inspection. The purpose of this inspection is to ensure that the unit meets exterior maintenance code compliance. This Point-of-Sale Exterior Inspection program applies to all rental units in the city, as well as owner-occupied units in six designated redevelopment areas in the city.

DNS conducts a Landlord Training program for city landlords. This free program trains landlords on how to manage their property properly, deal with tenants effectively, and minimize illegal activity on their properties. The program attempts to create better landlords and better neighborhoods by educating landlords about tenant screening, increasing the need for unit maintenance, and the legal rights of both landlords and tenants (City of Milwaukee, 2003). For example, “the program provides tips to landlords on how to more easily comply with code requirements” (Norquist, 1998).

The program that most directly addresses maintenance and quality of life issues for housing in Milwaukee is the complaint system run by DNS. Through the complaint system, residents of both rental and owner-occupied units can file complaints about their unit or neighborhood. Alderpersons can also file complaints on behalf of their constituents. The complaints can range from safety and health risks such as electrical problems or a lack of heat to nuisance issues such as graffiti and abandoned vehicles. The complaints most related to the need to maintain rental housing are interior and exterior maintenance, electrical, plumbing, hot water, and heat.

Tenants may file a complaint with DNS if their housing unit has a problem that is not being addressed by their landlord. When a complaint is filed, a DNS staff member logs it into their tracking system. Then, using the landlord contact information from the rental recording system, the landlord is usually contacted about the problem. Often the landlord remedies the problem quickly, in which case no inspection is necessary. If the problem is not addressed a DNS inspector is sent to the property.

If the complaint is valid, the inspector issues a work order to the landlord with a specified amount of time for completion dependent upon the type of repair required. After the allowable time, DNS conducts a reinspection to see if the work order has been fulfilled. If the work order is ignored, another reinspection is conducted at a later date. The landlord is not charged for the initial inspection but is charged for reinspections.

While the charge for the initial reinspection is minimal, the fees escalate so as to provide an incentive to the landlord to make the repair. The first reinspection costs \$50, the second \$75, the third \$150, and the fourth and subsequent reinspections cost \$300 each. In the rare case that the landlord continues to ignore the problem, the city has the legal authority to collect rent from the tenant and conduct the repairs itself in a process known as rent withholding.

In 2002 more than 13,500 complaints were filed with DNS from rental units in Milwaukee. These complaints related to the unit itself and neighborhood and nuisance problems such as graffiti and abandoned vehicles. Most of the complaints involved housing quality issues.

Nearly 100 percent of complaints filed in 2002 were closed out by DNS, indicating that repairs were made. Many of those complaints were about maintenance issues, with over 2,500 regarding the exterior and over 3,000 on the interior. A single complaint could be classified in multiple categories, so these totals are not mutually exclusive. An analysis of the complaint data indicates that many complaints were filed from units in poor neighborhoods in south and north Milwaukee.

Problems with Milwaukee's Current Complaint System

Milwaukee's current complaint system has several problems. These issues are part of the reason that DNS is exploring alternative policies, such as rental unit licensing. The complaint system is reactive in nature and dependent on the landlord-tenant relationship. If a problem exists with a unit, the tenant must take action to address it with the landlord or file a complaint with DNS. Some tenants appear unwilling to file a complaint for fear of retribution from their landlord. It is possible that some tenants might not even know about the DNS complaint system and decide to live with their maintenance problem if it is not addressed by their landlord. "For these reasons, namely lack of information, and, particularly, low expectations, there will be many tenants who fail to recognise (sic) that they have cause for dissatisfaction, let alone complain" and "it is frequently the most vulnerable people and those with the most acute problems who remain silent or fail to pursue a complaint after an initial unsuccessful contact" (Karn, Lipkiss, and Hughes, 1997).

Another major problem with the current system is the high level of opposition to it. Many interest groups, particularly those representing landlords and residential builder groups, are opposed to the complaint system and its escalating fee structure. These problems motivated DNS to explore alternatives to the current system. These alternatives include rental unit licensing, a system used in a number of cities across the country.

Rental Unit Licensing Programs in Other Cities

A rental unit licensing program would differ from the current complaint driven system in that it would have mandated periodic inspections of many rental units, would better capture owner information, and would theoretically recover program costs through fees. Unlike the current complaint system, wherein inspections are conducted in response to problems, licensing programs mandate periodic inspections of all rental units. In principle such programs thus provide a more effective mechanism for improving the quality of rental housing.

As part of our effort to assess the applicability of rental licensing to Milwaukee, we obtained information about the characteristics of licensing programs in other cities. We researched these programs in 15 cities and conducted interviews with individuals familiar with the programs. We also obtained a large volume of written material as part of the data gathering process. Table 1 summarizes the major features of the programs in

other cities. Sources used to research rental licensing programs in other cities can be found in Appendix A. For the full list of questions asked during interviews see Appendix B. The 15 cities were chosen based on the availability of information.

Each rental unit licensing program exhibits unique characteristics that provide a potential road map for designing a similar system for Milwaukee. We compare and contrast the 15 different rental licensing programs based on the following key factors:

- The motivation for rental unit licensing
- Political support and opposition
- Frequency of inspections
- Inspection fees
- Number of rental units inspected and size of program staff
- Types of units inspected
- Factors considered in inspections
- Reinspections and other charges
- Applicability
- Effectiveness

Rather than presenting detailed case studies of individual licensing programs, we illustrate trends across the programs and identify a range of possibilities of the specific licensing factors listed above. Viewing the data in this way helps identify reasonable policy alternatives for Milwaukee.

The Motivation for Rental Unit Licensing

Key factors in licensing implementation include compliance with city and state law, prevalence of blighted property, city revenue, overcrowding, absentee landlords, and college housing issues. Each factor is briefly discussed below, with examples from individual cities.

Several rental licensing programs were developed to comply with city and state law. Farmer's Branch, Texas, a suburb of Dallas, instituted rental unit licensing to ensure that all smoke detectors were installed in a specific fashion mandated by city ordinance. Cedar Rapids, Iowa, put rental unit licensing in place to comply with state law requiring a rental inspection program. An overcrowding ordinance drove Salisbury, Maryland, to implement a licensing program.

Another motivating factor behind the emergence of licensing programs is the prevalence of blighted property. Interviews with several licensing administrators and other research indicated that a major reason for implementing licensing was to improve substandard properties. Many of the communities surveyed have old and deteriorating housing. Prior to the implementation of rental unit licensing, the cities had no systematic way to ensure that properties were safe. Communities developed RUL as a mechanism to inspect properties periodically to ensure public safety and improve substandard housing.

Table 1. Existing RUL Program Information

City	State	RUL Effective Date	Number of Rental Units	Business License		RUL Per Unit		Inspections Required?	Number of Units Inspected per Multi-Unit Building	Inspection Frequency (Years)	Reinspection Fee (\$/unit)	RUL Applicability
				Fee (\$)	Fee Payment Frequency	Fee (\$)	Fee Payment Frequency					
Allentown	PA	1999	20,000	16/unit	Change of Ownership	11	Annual	Yes	All	5	50	City Wide
Asheville	NC	1994	13,300	None	NA	Cost of independent inspection	Once every 5 years	Yes	15-60 %	5	?	City Wide
Boulder	CO	2000	20,000	15/property	NA	Fee for private inspector	Once every 4 years	Yes	All	4	?	City Wide
Brookhaven	NY	1999	31,000	25 to 250	Biannual	None	NA	No	NA	NA	?	City Wide
Cedar Rapids	IA	1987	16,500	None	NA	14 to 55	At time of Inspection	Yes	All	7	?	City Wide
Elgin	IL	1994	13,000	25/unit	Annual	25 per unit actually inspected	Annual	Yes	20%	1 or 2	None	City Wide
Farmer's Branch	TX	1981	7,000	None	NA	10	Annual	Yes	All	1/4 or 1	20 to 40	City Wide
Kansas City	KS	1999	16,000	None	NA	16.50 to 31.50	Annual	Yes	25 to 100%	2 or 5	35	City Wide
Lawrence	KS	2002	4,500	None	NA	25	Annual	Yes	All, if in applicable zone	3	30	Focused - Zoning
Minneapolis	MN	1990	68,000	None	NA	33 to 53	Annual	Yes	20 to 50%	4 to 6 is goal	100	Focused - Triggered
Morganton	NC	2003	4,000	None	NA	None	NA	Yes	?	3	None	City Wide
Peoria	IL	1995	18,000	10/lot	Lifetime	20 to 50	Once every 3 years	Yes	All	3	20 to 50	City Wide
Philadelphia	PA	?	240,500	250	Lifetime	30	Annual	No	?	NA	?	City Wide
Salisbury	MD	NA	6,820	None	NA	IN PROCESS OF DEVELOPING RUL STRUCTURE: PROGRAM SPECIFICS UNAVAILABLE						?
Waukegan	IL	2002	12,000	10 to 12.50	Annual	25	Annual	Yes	All	1	15	City Wide

Notes: Some cities vary their Business License, RUL License, and Re-Inspection Fees based on the number of units per building, building age, code compliance history or other factors spelled out in city ordinance. Ranges of values presented in the table reflect these factors.

While some license programs are structured to combat poor housing conditions, others do not focus on inspections and property maintenance. Several cities operate a rental unit licensing registration program as a business license. Landlords are required to pay a per unit fee without the requirement of an inspection. In this case, licensing exists as a registration tool and revenue device for the city.

In some communities, specific issues such as college housing, absentee landlords, and overcrowding are the prime motivating factors in the establishment of rental unit licensing. Several communities use it to address the negative impact of college housing. For example, overcrowding of students and absentee landlords combined to create negative impacts in residential areas of Lawrence, Kansas. The city responded by implementing a rental licensing program to mitigate the impacts of rental properties dominated by college students.

Absentee landlords are another reason these programs have emerged. In some communities, typically college towns with high housing demand, absentee landlords allow their properties to deteriorate. In Lawrence, the existing complaint-based system failed to adequately account for absentee landlords. This led to creation of a rental unit licensing scheme, which forced all landlords to be accountable. Overcrowding is another specific issue some licensing programs were designed to address. Salisbury recently approved a licensing program to implement a city ordinance setting occupancy limits in housing units.

Cities implement rental unit licensing programs for diverse reasons. It appears that some cities are compelled legally, some monetarily, and some out of concern for public welfare. The data suggest that these programs are multipurpose, and when combined with inspections, can be molded to fit the needs of a particular city.

Political Support and Opposition to Rental Unit Licensing Programs

In general, citizen groups are the most vocal groups supporting rental unit licensing. Tenant groups advocating safe living conditions are also supportive. Citizen and tenant groups generally approve of the programs because of the potential positive impacts on public safety, housing quality, crime rates, and neighborhood aesthetics. Some communities also indicated that individual landlords became supporters because the program forces delinquent landlords to take action to improve their properties, increasing the attractiveness of nearby rental units.

Each city faced substantial opposition, however. Landlord groups representing small property owners and apartment associations representing large property owners were adamantly opposed to rental licensing. Rental unit licensing requires members of both of these groups to pay fees and to make repairs as necessary, increasing the cost of doing business. Property owners were particularly concerned about the ability of city government to revoke licenses arbitrarily. Some rental property owners and managers were scared to have their livelihoods based on a license, and felt that licensing gave the city too much control. Some tenant groups opposed licensing, believing it could result in low-income tenants being forced out of their housing.

In most instances where rental licensing is successfully implemented, groups in support of it are much more organized and outspoken than opponents. It appears that the combination of highly motivated and organized citizen groups and fragmented landlord

and apartment associations open the door to successful introduction of a rental unit licensing scheme.

Allentown, Pennsylvania, provides an example of the political process involved in implementing a licensing program. In 2001 strong citizen support in combination with obvious housing deterioration moved the Allentown City Council and city administration to take action. Partly in deference to landlords and apartment associations, the city council initially passed a weak version of rental unit licensing with low fees and weak inspection requirements. Community groups in support of a strong licensing program petitioned for a stricter program, and eventually placed their version on the ballot in local elections. The initiative was successful, and created Allentown's rental unit licensing program. This example of citizen support represents the high level of interest necessary for successful introduction of a licensing program.

Frequency of Inspections

Four of the cities whose officials we interviewed operate rental unit licensing as a business license with no required inspections except upon change of property ownership. In the 11 cities that require periodic inspections, frequency of inspections varies widely. Cities with rental licensing programs can rotate all properties on a fixed time frame, operate a conditional time frame based on previous performance or building size, operate on a flexible cycle without a fixed inspection timetable, or require inspections only upon change of ownership.

Of the seven cities that use a fixed time frame, inspection requirements vary from annual to once every seven years. No inspection cycle is more common than any other. A different strategy, implemented by two cities, rewards responsible landlords by extending future inspection cycles for excellent code compliance records. Elgin, Illinois, gives landlords with no violations a biennial inspection cycle versus the standard annual cycle. Farmer's Branch, Texas, operates a similar system.

Other cities operate inspections on different cycles. Kansas City, Kansas, bases inspection schedules on building size, requiring buildings with one to five rental units to be inspected once every five years and buildings with more than five units to be inspected once every two years. Minneapolis operates without a fixed schedule because of its program structure but hopes to implement a regular inspection cycle of four to six years.

Inspection Fees

Just as inspection cycles range widely, so also do fee schedules. We observed four methods of imposing inspection fees. They include charging for a business license, no fee, yearly per unit fee, and a variable per unit fee.

Using the business license fee, a city can collect substantial revenue without linked inspections. Cities that charge business license fees typically require inspections only when ownership of a property changes. Business license fees can be charged periodically, as occurs in Brookhaven, New York, and Philadelphia (both annual fees), or when the property actually changes ownership, like in Peoria, Illinois, and Boulder, Colorado. Business license fees run from \$30 per unit each year in Philadelphia to \$2,500 dollars per building each year in Brookhaven, depending upon the number of units. Change of ownership registration fees are typically a \$10-15 one-time charge.

Another strategy for implementing rental unit licensing is not to charge a fee at all. Morganton, North Carolina, a small city, does not charge a fee for city inspections and pays for the service out of city resources. Asheville, North Carolina, does not charge a fee either but has a requirement that the property owner must hire a third-party inspector to ensure code compliance. Although the city does not charge a fee directly in this case, in reality, landlords are still assessed a fee equal to the cost of the third-party inspection.

Some cities charge a simple per unit fee to inspect properties. Farmer's Branch and Lawrence follow this strategy, charging fees of \$10 and \$25 per unit each year, respectively. The fees are charged each year regardless of whether or not the property is actually inspected that year.

Other cities charge a variable per unit fee, based upon the number of units in a building. Cedar Rapids charges \$55 for a single unit, \$70 for a two-unit, and \$60 plus \$14 per unit for buildings with three or more units. Cedar Rapids charges a fee only in years when an inspection takes place. Similarly, Kansas City charges \$31.50 for a single-family building and \$15 per building plus \$16.50 per unit for buildings with more than one unit. Kansas City charges the fee annually, regardless of whether or not an inspection actually takes place.

Number of Units and Size of RUL Staff

Most of the cities surveyed have between 10,000 and 20,000 licensed units. Lawrence has the fewest number of units at 4,500, and Minneapolis the greatest at 68,000. Milwaukee has roughly 125,000 rental units. Lawrence also has the fewest number of employees, 2, while Elgin has 16 employees dedicated to its rental unit licensing program.

The personnel assigned to various licensing programs differ greatly across programs. In many cases, it was difficult to determine the number of employees because many employees carry out a number of other functions in addition to administering rental unit licenses. The number of employees also varies significantly based upon the inspection cycle required by each license and the number of units in each city. If the city requires frequent versus less frequent inspections, more staff are necessary in order to inspect the same number of units. Because of this high variability, a more detailed analysis of the number of full-time employees necessary to run licensing program is not possible.

Types of Units Inspected

With the exception of Elgin and Cedar Rapids, all rental unit licensing programs exempt owner-occupied housing from inspections. Cities that exempt owner-occupied housing require these properties to be inspected upon change of ownership. Elgin requires all units that are rented to be part of the licensing program. In owner-occupied buildings, the units that are rented must be inspected. The unit occupied by the owner is exempt. In Cedar Rapids there is no owner-occupied property exemption, and the entire building can be inspected.

Rental unit licensing programs are split on how they handle multi-unit rental properties. Some cities opt for a unit license approach, in which every unit is inspected,

regardless of the size of the building. The city can be sure that all properties are up to code and can justify charging per unit fees.

Other cities decided that a unit license approach is too labor intensive and focused instead on licensing the building while only inspecting a percentage of the rental units. For example, Kansas City inspects all units if a building contains between one and ten units, 50 percent of the units if a building has 10-20 units, and 25 percent if a building has more than 20 units. Kansas City retains the authority to check all units if the landlord fails to cooperate and does not maintain the property.

Other cities operate similar multi-unit inspection programs. Minneapolis inspects all single-unit rental properties, 50 percent of the units in two to ten unit properties, and 20 percent of the units in properties with more than 11 units. Elgin inspects 20 percent of the units in multi-unit buildings. Asheville adds a different twist to multi-unit inspections by requiring inspections for different percentages of the units based on building age. In Asheville, for buildings with three or more units that are under fifteen years old, 15 percent, or a minimum of three units must be inspected. If a building is older than 15 years, 50 percent of the units must be inspected.

Factors Considered in Inspections

We observed trends in compliance enforcement without getting into the minutia of variation in housing codes across rental unit licensing programs. One common aspect of licensing inspection programs is that they all inspect at least portions of the inside and outside of the properties. Programs vary greatly in their code compliance requirements and structure.

Some cities focus on severe violations, such as malfunctioning or absent smoke detectors, poor refuse handling, unsafe electrical outlets, faulty plumbing, and other general safety problems. Cities where rental unit licensing is intended to address a single issue tend to be less restrictive in their inspections. The cities that structure their programs to address the deterioration of housing stock tend to be stricter.

There is a range of code enforcement strictness throughout rental licensing programs. Not all programs are either strict or one-issue oriented. Most licensing staff indicated that the key to program success is flexibility and the ability to deal with landlords on a case-by-case basis. Licensing program staff discretion is necessary to increase efficiency in the inspection program. Whatever the case may be, the strategy employed by a particular city directly ties to the frequency of inspection and staffing needs. The more comprehensive the inspection, the longer the time needed to make the inspection, and the more staff necessary.

Reinspections and Other Charges

When inspectors find violations, landlords enter a new fee structure in addition to the initial inspection fee. When properties are reinspected to ensure compliance, some cities charge landlords additional fees to pay for the service or penalize the landlord for initial noncompliance. Each licensing program has different systems to deal with reinspections and defiant landlords.

Elgin has no reinspection fee. They rely upon license revocation as a motivational tool to force landlords into compliance. Most other programs give one or two

reinspections for free and charge for additional reinspections. Reinspection fees range from \$10 to \$100 per unit, depending upon the city. Most fees are in the \$20 to \$40 per unit range. The reinspection fees we reviewed do not include any fee escalators for additional reinspections.

Some cities use other fees to ensure compliance. In Lawrence, if a landlord is caught operating without a license, a fine of up to \$1,000 can be levied. Other cities give out similar fines and tickets for habitual noncompliance. If further penalties still do not coerce noncompliant landlords to action, each licensing scheme can resort to legal action.

Most staff prefer to avoid using the threat of monetary or legal penalties to promote compliance. Generally, rental unit licensing programs are flexible and rely on case-by-case relationship building to make sure both public safety and aesthetics are enhanced. Licensing administrators repeatedly emphasized the importance of building trust with the landlords and remaining flexible.

Applicability

Of all the programs we researched, only Minneapolis and Lawrence use focused rental unit licensing programs. Lawrence uses a unique licensing program structured to regulate rental units in residential zoned neighborhoods. This program is specifically designed to ensure that college students don't overrun residential areas. Minneapolis uses a triggering process to determine what buildings to inspect. The triggering process is designed to focus efforts on areas and buildings that need the most attention. The triggering process is designed to maximize the impact of licensing with a minimum of resources.

Rental unit licensing is implemented universally in the other programs we reviewed. Every rental property abides by the licensing requirements. While no specific rationale is evident for the overwhelming preference of universal programs, the aversion to focused programs appears at least partially due to their arbitrary nature. In order to make a focused system work, program staff, even if limited by specific ordinances, have to make the final decision as to whether a unit is triggered into licensing or not.

Program Effectiveness

No comprehensive data are available to confirm or refute the effectiveness of rental unit licensing programs. Nearly all administrators of such programs said that violations decreased significantly following the first cycle of inspections. The majority of survey respondents also indicated that housing stock improved, and vacancy rates fell, although these factors were difficult to isolate from greater housing market trends. A more detailed analysis of the impacts of rental unit licensing is not possible because of lack of data and the relative infancy of several programs.

Other Important Observations

A number of additional observations can be made as a result of our research and interviews. Administrators of licensing programs consistently addressed the following topics:

- Cooperation with other branches of city government is very important. Licensing staff generally work well with the police and fire departments, and this coordination is vital to the success of rental unit licensing programs.
- It is imperative to educate landlords about their obligations and how licensing operates. Most cities make great efforts to contact landlords prior to inspections and explain how the licensing process will work. Many cities also instituted a focused landlord training program.
- A rental unit licensing scheme will not be effective without fostering trust between staff and landlords.
- Flexibility to address landlords on a case-by-case basis is very important. Rules are also important, but the program must be flexible enough to adapt to different circumstances.
- Licensing programs are split on whether they can operate a licensing program to generate revenue. About half of the programs indicated they could not charge a higher fee than what the inspections actually cost.
- Landlords complain about how owner-occupied housing is not as strictly regulated as they are. Landlords feel unfairly targeted, though licensing administrators generally feel that owner-occupied housing is in better shape than rental units.
- Most rental unit licensing programs do not cover their costs with inspection fees.

Policy Alternatives

We evaluate three different rental inspection policies for Milwaukee: the status quo (current complaint-driven system and related programs), a universal rental unit licensing system, and a targeted rental unit licensing program.

Status Quo

The status quo that we are evaluating is the set of current housing inspection policies outlined earlier in this analysis.

Universal Rental Unit Licensing

Our first alternative to the status quo is a universal rental unit licensing scheme. Under this alternative, all rental units in Milwaukee would be subject to licensing and inspections. This alternative builds off the rental recording system and would exist along with a scaled-down version of the complaint-driven inspection system

The rental recording system is the logistical backbone of a universal licensing program and enables identification of rental property owners. The rental recording system must be updated regularly to ensure accurate contact information that is vital for a successful program because it would be used to direct systematic inspection efforts.

Using the data of rental unit locations in the city, the DNS would divide the city into sectors along aldermanic boundaries and conduct periodic inspection cycles. Every rental property would be inspected during each cycle. When a new rental unit is created, either from a conversion or new construction, that unit would enter the licensing system immediately and be subject to the next inspection of its neighborhood.

All landlords, with the exception of owner-occupied duplexes, would be subject to a license fee charged by the city. The fee would be set at a level where fee revenues cover the program costs of inspections and administration. A single per-unit annual fee makes the most administrative sense, and simplifies the fee assessment process. This fee would act as a business license fee and be used to pay for the biennial inspection. Milwaukee already requires license fees for a number of different businesses, ranging from dance halls to bakeries and dry cleaners (City of Milwaukee, 2003). Landlords act as businesses, so this license fee would be similar to any fee already placed on businesses.

For multi-unit properties, the DNS would inspect a percentage of the total units in the building. They would expend the most effort inspecting single-unit properties that tend to have the most problems and expend relatively less effort inspecting larger buildings that tend to be well maintained.

The DNS would thoroughly inspect units, looking for maintenance problems that present the biggest risk to the safety and health of the occupant and livability of the unit. If, during an inspection, a severe violation is found, the unit would enter a strict reinspection regime until the violation is fixed. If a violation is not severe, the owner would self-certify when the repairs are complete, subject to DNS reinspection on a random basis. For the second and further reinspections, DNS would charge the landlord a fee that is set so program revenues cover costs.

The department must also impose substantial sanctions on those who operate without a license to deter landlords from evading the necessity for licensing. An escalating structure of punitive penalties for unlicensed rental units would be necessary, as would the continuing threat of legal proceedings.

The DNS would maintain a complaint system to deal with code compliance issues between inspection cycles and to help identify properties that are not yet in the RUL system.

In addition to setting up a structure for inspections and fee collection, the DNS would educate rental property owners about the program. The training should focus on important code violations, landlord responsibilities, and building a dialogue between landlords and DNS.

Rental Unit Licensing with Targeted Inspections

Our second alternative is a rental unit licensing program with targeted inspections. While all landlords and rental units would be subject to licensing, only targeted properties would be subject to inspections. Properties that are found to have maintenance and quality problems would be subject to inspections by DNS.

The targeted program would build off the rental recording system as a means to track properties and landlords. All landlords would be subject to a marginal annual fee for being licensed and in the system.

The complaint system would determine which properties would be most subject to inspections. At the time of implementation of a targeted program, the complaint system database would be used to determine all rental properties that have had a significant level of complaints, as determined by DNS, in the past few years. After implementation, the complaint system would be used to determine which units enter into the targeted rental unit licensing program.

When a unit is inspected, the inspector would look for the specific complaint and do a thorough inspection of the unit for other code violations. Each type of code violation would be given a set point value related to the severity of the violation (for example, a serious plumbing or heating problem would receive more points than cosmetic problems). If the unit were found to exceed a set number of points, it would enter the list of targeted units. For multi-unit buildings, if a predetermined number of units were found to exceed the point threshold, the entire building would go on the list, and a set percentage of all units would be inspected every year.

All units in the targeted system would be subject to annual inspections until they were under the set violation point threshold for a predetermined number of consecutive years. For multi-unit buildings, all inspected units would have to be under the threshold for a set number of consecutive years. During each inspection, the inspector would look for code violations and issue work orders for needed repairs. A reinspection would be done a specified length of time afterward to ensure that repairs had been made. If not, reinspections would be conducted, similar to how reinspections are currently conducted. The landlord would be charged for each inspection conducted on each unit. The fee would need to be structured to cover program costs. In the case of a multi-unit building, the landlord would be charged an inspection fee for the number of units inspected annually.

Policy Goals

We use the following five policy goals to analyze three options for regulating rental housing

Improved Quality of Rental Housing

Milwaukee is interested in protecting its residents and their quality of life, so a rental unit licensing program should be analyzed to see what effects it has on housing quality throughout the city. Quality is a relatively subjective assessment, so there is no simple metric to use in discussing this goal.

Efficiency of Rental Markets

Any government regulation has the potential to have negative effects on market efficiency. A regulation on rental housing markets could impact the level of rents, the quantity of rental units, and the willingness of landlords to invest in the rental housing stock of the city.

Availability of Affordable Housing

Affordable housing is also one of Milwaukee's major housing policy goals. Rental housing policy could impact the availability of affordable housing through changes in rents (a demand side change) as well as changes in the availability of affordable rental units (a supply side change). We qualitatively analyze the impacts of our policy alternatives on these two forces.

Attractiveness of Milwaukee to Middle-Income Households

Attracting middle-income residents is another major goal of Milwaukee's housing policy. This goal is difficult to measure quantitatively, encompassing homeownership rates, tenure rates, and the willingness of middle-income households to stay in or move to Milwaukee. The effect of a rental inspection program on property values and the attractiveness of neighborhoods are important factors.

Feasibility

The feasibility of program implementation is an important consideration. From a political perspective, support for and opposition to rental housing regulation could determine whether the program passes a city council vote. The cost of implementation and operation is a concern, especially in the current economic climate. A final feasibility issue relates to the possibility of legal challenges to a rental unit licensing program.

Comparison of the Alternatives

We analyze the policy alternatives by using microeconomic analyses of housing markets and by drawing on our findings from rental unit licensing programs being used in other cities.

Microeconomic Analysis of Housing

Producing detailed economic analyses of housing policies is always difficult. Housing markets rarely function efficiently even when left to their own devices. Housing markets are generally heterogeneous because each house or apartment is distinguishable from other houses or apartments. This makes it difficult to lump housing units together and analyze housing as one aggregate market. Housing markets are also characterized by information asymmetries. Buyers do not have complete information about housing at the time of purchase (or rental). As a result, households might be unaware of the true quality of their housing and pay too high a price for it. Many landlords can take advantage of that information asymmetry and charge higher rents than the market would bear if tenants were better informed. Transaction costs are also very high in housing markets, particularly in the form of search costs that households incur when looking for housing. Low-income residents are constrained in their mobility. They may not be able to spare the time to look for new living arrangements and may not be able to afford the cost of moving. Lack of mobility gives landlords more freedom in increasing rents than they would have in an efficient market. Nevertheless, it is still useful to apply economic theory to housing markets in order to make predictions regarding the impacts of housing policies.

Change in Quality of Rental Housing Stock

Although it is likely that rental unit licensing programs do lead to improvements in rental housing quality, we were unable to find any data on the change in the quality of the rental housing stock as a result of licensing programs in other cities. Most such programs have experienced a dramatic increase in code compliance rates following the first inspection cycle. Change in quality of rental housing stock is dependent upon the stringency of inspections and the inspection cycle, among other factors. The magnitude of improvement in rental housing quality is unknown.

The complaint system also leads to improvements in the quality of rental housing. There were about 2,500 exterior maintenance, 3,000 interior maintenance, 600 electrical, 700 plumbing and 600 heat complaints filed in 2002 in Milwaukee. In 2002, almost 100 percent of the nearly 14,000 complaints for rental units were closed, indicating that improvements were made. Milwaukee has about 125,000 rental units, however, so it is difficult to determine extent of citywide improvements.

The impacts of the two licensing alternatives would be similar. The universal approach would ensure that all units are inspected and improved as necessary, having the greatest effect on code compliance and rental housing quality. The targeted alternative would focus on units of poor quality because they are the most likely to enter the system. Many poor-quality units would probably not enter the system, however, because they would not be found by the complaint system. This problem is also found in the status quo.

By requiring inspections of all units, the universal scheme is also more preventative in nature. Realizing that they are going to face mandatory inspections and the possibility of license revocation, landlords may make repairs to avoid a violation. If they did not, they would not be able to rent their property. Under the targeted alternative, the landlord has little additional incentive to conduct preventive maintenance if he or she feels that the unit was not likely to enter the inspection system.

Economic Efficiency

Rental unit licensing would affect landlords' cost structures, and perhaps the rents they charge, through the licensing fee and maintenance work that is ordered as a result of inspections. The license fee would likely have a minimal impact on rents, even if it were fully passed on to tenants. For example, a \$50 annual fee, if completely passed on to tenants, would result in a rent increase of just over \$4 per month.

Either licensing alternative would affect rents more significantly through the maintenance that may be mandated by inspections. Maintenance orders written by inspectors would represent a cost increase to some landlords, relative to their traditional maintenance costs. These cost increases could be substantial because research has shown that maintenance costs increase with both age of unit and level of turnover. Both of these factors are evident in Milwaukee's rental market (Springer and Waller, 1996).

Landlords would attempt to pass these maintenance costs on to their tenants through rent increases, to the extent that tenants would bear such increases. The amount of maintenance costs that would be passed on to tenants is hard to measure and would be

dependent upon the dynamics of the local housing market, the nature of the violations, and the cost of repairing them.

Another important influence on the magnitude of rent increases is the thoroughness of the inspections. If inspectors under the rental unit licensing program look for every possible infraction and issue maintenance orders liberally, the system could lead to larger rent increases than if inspectors look only for major violations that pose an actual risk to the livability of the unit. There is some reason to believe that very few expensive violations would be found. In Minneapolis, for example, the most common repair orders involved repainting, repairing broken handrails, repairing screens, and installing face plates on outlets (Atchinson, 2003). If this is the case in a Milwaukee licensing program, we would expect the program to have modest effect on rents.

These effects would likely be similar in either the universal or the targeted scheme. The only difference would be the aggregate citywide effect, which would be greater under the universal program because it would inspect more units. The status quo should also demonstrate the same effect. The citywide rent increases imposed by licensing program compared with the current system would be dependent upon the number of violations that would be found and repaired under inspections compared with the current complaint system.

A rental unit licensing program could also have substantial impacts on the level of investment in Milwaukee's housing stock by landlords. The license fee and any repairs increase the costs landlords face to remain in operation. To the extent that landlords would be unable to increase rents by the full amount of these additional costs, their profits would decline. The potential for disinvestment is only significant in buildings that are currently substandard as they are likely to be the only ones facing mandatory maintenance from an inspection.

There is another way in which a rental unit licensing system could affect housing investment in Milwaukee. It would add to the regulatory burden that landlords already face. It is possible that some landlords may become frustrated by this added regulation and sell their property holdings. Part-time landlords might feel that dealing with another regulation is not worth their time. Big property owners (especially those of large apartment buildings) would be unlikely to disinvest because their properties are a major source of income. It is possible that real estate corporations might be unwilling to invest in rental housing in Milwaukee and instead choose another city that is less regulated. These extent of these effects are difficult to measure but are probably minimal.

Affordable Housing

At the margin, the rent increases brought about from a rental unit licensing program may be problematic for many low-income renters. A rent hike would decrease the amount of money low-income people would be able to spend on other things. Even though their housing quality may improve, their quality of life may not. Moreover, even if the rents of middle- and high-income households were to increase by the same percent, low-income households would still suffer the most because rent makes up a larger proportion of their total expenditures. In Milwaukee, roughly one-third of renters spend 35 percent or more of their income on rent (U.S. Census Bureau, 2003).

Low-income residents face high search costs in looking for new apartments, tend to have strong connections with their immediate neighborhoods, and may need to reside in close proximity to their employment due to lack of transportation options (Angel, 2000). Even in the face of a rent increase, many low-income renters would not be able to move to other affordable housing options. Therefore, a rental licensing program would constrict the ability of low-income residents to find affordable housing.

Attractiveness of Milwaukee to Middle-Income Households

We believe that both licensing schemes and the status quo lead to higher quality of older low-quality rental housing in Milwaukee. When the quality of a property improves, the quality and value of its neighborhood also improve. This effect would mostly be felt through exterior quality improvements since they provide the greatest neighborhood externality. It is probable that if neighborhood quality were to improve, property values would likely also increase. Numerous econometric studies have found that neighborhood quality, as well as the quality of immediately surrounding houses, positively affect the value of a house (Tse, 2002). By raising property values, improving housing quality, and improving neighborhoods rental unit licensing would likely provide an incentive for middle-class households to become homeowners in Milwaukee. This effect would be strongest under the universal scheme as it would result in the inspection and improvement of more properties.

This effect is likely also found under the current system. However, because this system is passive and does not inspect as many units as either licensing scheme likely would, the effect would not be as strong under a licensing program.

Feasibility

Any policy must be weighed in terms of political, administrative and financial, and legal feasibility.

Political

We feel that either licensing scheme would face significant opposition and, therefore, rank poorly in terms of political feasibility. A number of groups that we interviewed, including those representing landlord and building interests, were strongly opposed to the concept of rental unit licensing and would likely be vocal against a proposed licensing system in Milwaukee. Many people, including some community-based organizations as well as alderpersons, expressed their sentiment that a universal rental unit licensing proposal would never pass a city council vote because of the city's political climate and the power of landlords and building interests. While they did express the view that a targeted licensing program would have a better chance of gaining approval by the council, even it would meet with opposition. Although interests representing large property owners might be more open to a targeted scheme because it would not affect them as much, small property owners would still be strongly opposed.

With the exception of Minneapolis, the other cities reviewed are much smaller than Milwaukee and demonstrated a lack of organized landlord groups. Generally the cities surveyed did not have the large apartment management associations such as BOMA (Builders Owners and Managers Association) and AASEW (Apartment Association of Southeastern Wisconsin) that Milwaukee has to deal with.

Administrative and Financial

Interviews, literature review, and other research did not reveal reliable cost estimates of a rental unit licensing operation because of program variation in inspection cycles, various levels of inspection thoroughness, the types and number of units they license, units inspected, and other factors. The lack of data prevents quantitative estimates of increased costs to the City of Milwaukee, but general qualitative descriptions of what is likely to happen with each alternative is possible.

The targeted licensing system should result in fewer employees than the universal program because of reduced number of inspections, though both programs would require more personnel than the status quo. Administrative costs may be slightly greater per inspection for the targeted scheme than the universal one because of the increased administrative burden required to track who is or is not in the system and the variable inspection times.

The targeted program would likely be more expensive per unit inspected, but the number of units inspected would almost certainly be much fewer than the universal alternative, suggesting lower overall costs. Both alternatives would likely have similar costs for continuation of a pared-down complaint system, and other administrative factors.

According to our review of licensing programs in other cities, most are not financially self-sufficient. This may be because of the frequency of inspections, fee level, thoroughness of inspections, or a combination of factors. Program administrators indicated that it was difficult to account for program costs with fees because both costs incurred and fees collected vary by year, and the fees are difficult to change quickly. The lack of administrative flexibility combined with uncertain workload requirements combine to make the budgetary outlook for rental unit licensing programs uncertain at best.

Despite the fact that the majority of licensing programs are not self-sufficient, both Kansas City and Allentown, Pennsylvania, indicated their programs are able to fund themselves fully. It is possible but difficult to pay for a licensing program solely with fees collected, and if the experiences in other cities are accurate, the likelihood of success for Milwaukee is low. Milwaukee also has the added burden of not being able to charge more than what it costs to provide the service. Kansas City, on the other hand, can set fees in order to earn excess revenue.

Legal

Legal feasibility is one of the hardest areas to assess. Because of variability in the licensing program structure and administration, each individual licensing scheme is likely to have legal weaknesses. The ability of landlord and tenants groups to challenge a city's authority varies by city and state as well. Legal standing issues aside, several trends are evident in our research that both the universal and targeted schemes must be prepared to address.

Various communities have been threatened by landlord groups for violation of their Fourth Amendment rights prohibiting illegal search and seizure. The targeted licensing program in Minneapolis was challenged on these grounds, forcing the city to alter the number of units inspected each year. The question in the Minneapolis case was

whether the landlords or the department would be responsible for notifying tenants of inspections. The department was forced to notify tenants prior to inspections, increasing the administrative burden on the program and limiting the number of inspections. The nature of a lawsuit on Fourth Amendment grounds would vary depending upon the system’s structure.

Goal-Alternative Matrix

The following table compares the three policy alternatives with our policy goals. For each goal, we ranked the three alternatives in order of desired effect, with 1 having the most desired effect, and 3 the least desired. For example, the matrix shows that the status quo is the most politically feasible alternative, while the universal rental unit licensing program is the least. Though ranks are assigned, they are not meant to represent any level of magnitude. A three does not imply that the intended effect is three times worse than the effect of a one. Although we summed the rankings for comparison purposes, we have not placed relative importance on each goal.

Table 2. Goal-Alternative Matrix for Three Policy Alternatives			
	Status Quo	Universal RUL	Targeted RUL
Quality of Rental Housing	3	1	2
Efficiency of Rental Markets	1	2	3
Availability of Affordable Housing	1	3	2
Attractiveness of Milwaukee to Middle-Class Residents	3	1	2
Political Feasibility	1	3	2
Administrative/Financial Feasibility	1	3	2
Legal Feasibility	1	2	3
Total	11	15	16

Recommendation

The City of Milwaukee should not create a rental unit licensing program because it would not be an effective regulatory or revenue mechanism. We take this position based on the projected high administrative costs, political opposition, possible effects on low-income housing, and uncertain benefits.

Experience in other cities indicates that rental unit licensing programs have difficulty covering program costs with revenues. The ability to forecast costs accurately and adjust revenue has been problematic in these cities. Even if the administrative cost and political feasibility concerns could be adequately addressed, serious questions remain about how effective a licensing program would be in Milwaukee. Effective licensing program traits in smaller rental markets would be difficult to implement in Milwaukee. Milwaukee is likely too large to negotiate code violation repairs with flexibility on a case-by-case basis.

A rental unit licensing program in Milwaukee could also have negative effects on rents and the availability of affordable housing in the city. Mandated repairs would likely lead to rent increases and constrain the supply of affordable housing. While experience in other cities does indicate that licensing programs do lead to increased rental unit maintenance, the magnitude of these benefits in Milwaukee would be uncertain.

Strong opposition to a licensing program in Milwaukee would suggest that any proposal for one would be unlikely to pass a city council vote. While licensing systems have vocal supporters in Milwaukee, they do not seem to have the cohesion and political clout that opponents have.

We also recommend two important actions that should be taken with the status quo. Any citizen complaint program can be successful only if citizens are well informed. The DNS currently employs a number of mechanisms, including brochures and neighborhood groups, to inform renters about the complaint system. We recommend that the DNS survey renters in Milwaukee to determine the level of awareness of the complaint system, and then devise a strategy to increase the level of awareness. More awareness would likely lead to more filed complaints and an increase in the effectiveness of the current system.

DNS, like its peer departments in other cities, appears to lack precise knowledge of the cost of its inspections. Undertaking a thorough analysis that results in a cost-per-inspection figure would greatly bolster the department's current regulatory system. It would help to justify the current fee structure and would be very useful if some more comprehensive form of inspection were adopted in the future.

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Appendix A: Sources Reviewed in Analysis of Rental Unit Licensing Programs of Other Cities

Included below is a list of the documents reviewed and individuals interviewed for the analysis of RUL programs in other cities. Unless otherwise noted, the information cited below was contributed directly by each city or the City of Milwaukee Department of Neighborhood Services (DNS). A substantial amount of the background research that laid the framework of this analysis was contributed by the DNS.

Philadelphia, Pennsylvania

- E-mail contact with Sherry Hairston and Kimberly Richardson of the Philadelphia Department of License and Inspections. Tuesday, February 18th, 2003

Farmer's Branch, Texas

- Interview and e-mail contact with Bill Vansickler, Rental Unit Licensing Program Administrator. February 25th, 2003.

Lawrence, Kansas

- E-mail and interview contact with Brian Jimenez, City of Lawrence Neighborhood Resources Department. February 25th, 2003.
- City of Lawrence Rental Licensing Fact Sheet: <http://www.lawrenceNeighRes.org>

Cedar Rapids, Iowa

- E-mail contact and interview with Dan Schmelzinger, Director, Building Housing and Zoning Department. February 27th, 2003

Kansas City, Kansas

- E-mail contact and interview with Debby Graber, Program Manager, Rental License/Inspections Department. March 6th, 2003
- Wyandotte County, Kansas City, KS Unified Government Rental License/Inspection Department, 2002 Rental License Application
- Wyandotte County, Kansas City, KS Unified Government Authorization to Inspect Form
- Wyandotte County, Kansas City, KS Unified Government Appeals Process Guidance
- Kansas Landlord Tenant Act Human Resources Department, Kansas City, KS 1975
- Board of Commissioners of the Unified Government of Wyandotte County/Kansas City, KS. Ordinance No. 0-97-99, Rental License Ordinance.

Minneapolis, Minnesota

- Interview 3/21/03 with JoAnn Velde, Deputy Director of Inspections Division
- Interview 3/21/03 with Janine Atchison, Assistant Supervisor, Inspections Division
- City of Minneapolis Article XVI City Ordinance pertaining to Rental Dwelling Licenses

- City of Minneapolis Rental Licensing Inspection Program Rental License Evaluation. 1995
- City of Minneapolis Inspections Division Housing Inspection Service Rental License Application Procedures. Guidance 2/12/01.
- City of Minneapolis Department of Inspections Rental Property Activity Rental Licensing Activity for 2002. January 2, 2003.
- Several flow charts detailing housing inspection structure, provided by Minneapolis Inspections Division.
- Nilsson, Erik, Assistant City Attorney, City of Minneapolis. Housing Code Enforcement: Tenant Remedy Actions. 2002.
- City of Minneapolis, Administrative Enforcement and Hearing Process, Benchbook for Hearings Officers.
- City of Minneapolis Housing Inspection Score Sheet
- City of Minneapolis Violation Text: Text of Housing Inspection Orders by Violation Code as of July 30, 2002.
- City of Minneapolis Rental License and Procedures Packet

Salisbury, Maryland

- Interview and e-mail contact with William Holland, Director Salisbury Department of Building, Housing, and Zoning. 3/24/03
- Several detailed proposals for five specific RUL alternatives for Salisbury, including specific costs and rental fees.
- Another proposal titled Residential Rental Inspection Program. A proposal for the inspection of Rental Properties by On-Duty Fire Department Personnel. February 14, 2003

Morganton, North Carolina

- Rental Property Registration Website.
www.ci.morganton.nc.us/html/morganton_rental_property_regi.html.
- Morganton Ordinance #02-29 An Ordinance Requiring an Permit to Rent Dwelling Units In the City of Morganton. May 6, 2002

Allentown, Pennsylvania

- Interview, and e-mail contact with Dave Remell, Director, Rental Registration/Licensing Program
- Copy of Property Rehabilitation and Maintenance Code
- Bill #112-2002 Current RUL Ordinance
- Bill#84-1998 Initial RUL Ordinance
- Sample inspection forms, letters, license, and bills
- Rental unit registration packet

Peoria, Illinois

- Rental Unit Registration Application and Instructions
- Interior Inspection Checklist
- Registration and Inspection Program Informational Sheet

- Sample registration forms, court orders, and search warrants
- Buildings and Building Regulations ordinance – City of Peoria Article XIII Registration of Lots.

Boulder, Colorado

- Planning and Development Services Rental Housing Inspection and Licensing Program <http://www.ci.boulder.co.us/buildingservices/inspection/rental/about.htm>

Waukegan, Illinois

- City Ordinance 02-O-37
- City of Waukegan – Rental Property Inspection Program <http://www.waukeganweb.net/rentalinspection.html>.

Asheville, North Carolina

- Building Safety Department Housing Code <http://www.ci.asheville.nc.us/builging/housing/htm>

Brookhaven, New York

- Building Division http://www.brookhaven.org/forms/forms_by_packages.asp?form_package_id=3

Waukegan, Illinois

- Interview and e-mail contact with Tina Stupa, Rental Licensing Program Administrator, March 24, 2003.
- Rental Residential Property Inspection and Licensing Information Guide Available: <http://www.cityofelgin.org/rentinsp.html>
- Department of Code Administration and Development Services. Check This Out... Rental residential property inspection and licensing information guide.
- Sample License Application and Guidance
- City of Elgin Department of Code Administration and Development Services. Check This Out... A Guide to the Elgin Housing Code.
- Elgin City ordinance No G48-00 An ordinance to provide for the licensing and inspection of rental residential property.
- Interior and Exterior inspection checklists

Appendix B: Rental Unit Licensing Program Interview Questions

The structure of The RUL program

- How often are inspections completed?
- How much is the fee?
- What types of units does the fee apply to?
- Are there additional fees or penalties in addition to the RUL?
- What is your reinspection process like?
- What is the process for administering the RUL program?
- What do you call your RUL program?
- Where is the RUL program housed organizationally?
- What is inspected (exterior, common areas, etc)?
- What do you look for in the inspections (specific violations)?
- If multi-unit building, # of units/building necessary for inspection?

What are the budgetary impacts of the RUL program?

- How many full-time employees are necessary?
 - o Administrative vs. Inspectors
- What are other costs for the RUL program (include transportation, equipment, administrative)
- Can labor costs be separated from other costs?
- What is the average cost per inspection?
- Does the fee structure fully compensate program expenses?
- Can you go beyond full compensation and use RUL as a revenue tool?

What factors led to the establishment of an RUL scheme?

- Why was RUL established?
- Why is the RUL structured the way it is?
- Who were supporters and opponents and what were their arguments?

What are the estimated effects of the RUL program?

- What has RUL effect been on code compliance?
- Has RUL had an effect on property values?
- Has the city ran into any administrative or legal problems regarding RUL?
- What has RUL impact been on rents?
- What has RUL impact been on vacancy rates?
- Has RUL implementation affected neighboring community RUL programs?