



AGENDA

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
33 S. Arlington Heights Road
April 29, 2024
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

- A. Discussion Regarding Potential Rental Housing Inspection Program

V. OTHER BUSINESS

VI. PUBLIC COMMENTS

VII. ADJOURNMENT

Any member of the public wishing to speak will be given the opportunity to do so. If the item is on the Agenda, that opportunity will be while that Agenda item is being discussed. Any member of the public wishing to speak on an item not on the Agenda will be given the opportunity during the Other Business portion of the meeting. Please limit comments to three minutes.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, emercado@vah.com or (847)368-5793.



Committee-of-the-Whole
4/29/2024

Item: Discussion Regarding Potential Rental Housing Inspection Program

Department: Village Manager's Office

Discussion Regarding Potential Rental Housing Inspection Program

The recent increase in development of multi-family residential projects reflects a strong market that exists in our area for multi-family housing. However, as more and more multi-family housing is developed, the need to ensure that our housing stock remains in good condition and in compliance with the community's health and safety standards is stronger than ever. The Building & Life Safety Department (BLS) is working with the Police and Planning and Community Development Departments to explore opportunities to implement a Rental Housing Inspection Program (Program) to address these issues. Staff would like to get the Village Board's feedback on these concepts before we pursue work further.

Recommendation: Discussion of possible Rental Housing Inspection Program at the April 29th Committee of the Whole Meeting

ATTACHMENTS:

Description	Type
Rental Inspection Program Memo	Memorandum



VILLAGE OF ARLINGTON HEIGHTS

INC. 1887

Date: April 4, 2024

To: Randy Recklaus, Village Manager

From: Jack Cascone, Management Analyst II
Jorge Torres, Building & Life Safety Director

Subject: Rental Housing Inspection Program

Attachments: Rental Inspection Checklist

Background

The recent increase in development of multi-family residential projects reflects a strong market that exists in our area for multi-family housing. However, as more and more multi-family housing is developed, the need to ensure that our housing stock remains in good condition and in compliance with the community's health and safety standards is stronger than ever. The Building & Life Safety Department (BLS) is working with the Police and Planning and Community Development Departments to explore opportunities to implement a Rental Housing Inspection Program (Program) to address these issues.

The purpose of this Program is to protect and promote public health; preserve safety and welfare of citizens; reduce criminal and nuisance activities; establish rights and obligations with respect to the rental of dwelling units; and to encourage landlords to maintain and improve the quality of rental housing.

Phase 1 of the proposed program would apply to long-term, multi-family rental housing (e.g., multi-family homes, condominiums, apartments, etc.). Future phases of this Program may apply to single-family rental housing and/or short-term stays (e.g., Airbnb, VRBO, etc.).

Note: The following figures are year-to-date January to October 2023, unless specifically described otherwise. Due to the ERP implementation in BLS, all data from 2023 is not currently available. 2022 data is also used to understand the scope of a full year.

The Village of Arlington Heights currently provides licenses to 800 rental property addresses for multi-family rental buildings (e.g., condominiums, apartments, etc.). From January to October 2023, BLS issued 214 rental licenses to rental property owners and collected \$53,640.99 in license fees (note: one license may cover multiple property addresses). Comparatively, the Village issued 237 licenses in 2022 and collected \$75,841.20 in fees. BLS currently charges \$13/unit or \$26/building – whichever is greater – for multi-family rental licenses. In 2023, Fire Inspectors inspected 684 of 800 property addresses. However, it should be noted that Fire Inspectors only inspect the building's common areas for fire safety, not individual rental units.

Another potential benefit of a rental inspection program would be the ability to collect additional data from landlords on their property. The Housing Commission recommended that Village staff

update the multi-family rental housing license application in order to capture additional affordable housing data. The specific questions that would be added are still in draft form, but, generally, the Commission would like to see information about total number of units in specific multi-family rental buildings, number of bedrooms in each unit, monthly rental cost range per unit, etc. This data would be collected and reviewed annually to further assist the Housing Commission in their recommendations to the Village Board.

Research

BLS found nine similar area communities with rental inspection programs: Des Plaines, Mount Prospect, Niles, Palatine, Prospect Heights, Rolling Meadows, Schaumburg, Streamwood, and Wheeling. Of these, BLS used Palatine's program as a model due to similarities in each community. The Village of Palatine has 7,000 rental units and issues 3,800 rental licenses to property owners. They employ three inspectors and a supervisor to annually inspect 25%, or 1,750, of the individual rental units. Palatine charges the property owner \$26/unit or \$126/building – whichever is greater – for inspections. Palatine reports their Program's revenues will at best fund 50% of the total cost of the Program, and revenue will likely decrease each year when the Program is established because non-compliant landlords become complaint when fees are assessed.

Comparatively, Arlington Heights has 8,342 rental units, according to Chicago Metropolitan Agency for Planning (CMAP). Of those 8,342 rental units, 4,845 are located in multi-family rental housing. If Arlington Heights implemented a similar Program as Palatine, BLS anticipates the need to hire three employees (two inspectors and one supervisor) in Phase 1 to annually inspect 25%, or 1,211, of the Village's multi-family rental units. BLS estimates the total cost of three employees to be approximately \$312,000/year (\$80,000 salary + \$24,000 in fringe benefits = \$104,000/employee). Note: future phases may require hiring an additional inspector.

To help offset the cost of the Program, BLS would charge the rental license fees to all units in multi-family rental housing. Under the current fee structure, the Village would annually receive approximately \$62,985 in rental license fees (4,845 units x \$13/unit), which would only fund 20% of the Program. However, to further offset the cost of the Program, BLS would increase license fees to match the Village of Palatine (\$26/unit or \$126/building, whichever is greater) as well as charge reinspection fees for non-compliant landlords. Under this new fee structure, the Village would annually receive approximately \$125,970 (4,845 units x \$26/unit) in total revenue. This would provide a net increase of \$62,985 over the current revenue collected for rental registration, not including any fines that would be generated.

Staff is also exploring ways to utilize any potential program to reduce crime at multi-family facilities. Several area communities have utilized Crime Free Housing programs to address problem tenants and help educate landlords on best practices and their obligations under the law to provide a safe environment for their residents. However, the Illinois General Assembly is considering a bill that could alter or eliminate regulations affecting crime free housing. Staff is monitoring the bill and is aware that if the Rental Inspection Housing Program is implemented in Arlington Heights, it may need to be altered at a future date in order to be in compliance with the bill. However, at this time, none of the concepts presented run afoul of the legislation as presented.

Proposed Program Concept

In order to protect and promote multi-family rental housing throughout Arlington Heights, the Village would implement a Rental Housing Inspection Program in 2025. The Program will initially hire and train three inspectors to annually inspect 25% of multi-family rental housing units.

This type of program would require significant public education among landlords and tenants alike to inform them of the purpose and primary components of the Program. The primary components include, but may not be limited to:

- 1) **Crime-Free Training:** All landlords will be required to periodically attend crime-free training with the Police and BLS departments. This training is purely informational for landlords to learn the warning signs of bad tenants, how to make their property more secure, and other topics.
- 2) **Affordable Housing Data:** Implement the Housing Commission's recommendations to update the rental housing license application to capture additional affordable housing data. Landlords will be educated about why this data is important and how the Village plans to use the data.
- 3) **Rental Inspection Checklist:** Prior to any inspections occurring each year, landlords would receive the Rental Inspection Checklist from BLS so they – and their tenants – are aware of what inspectors are reviewing. This would give landlords the ability to voluntarily achieve compliance in advance of the inspection and provide tenants peace of mind.

It is estimated that the program would generate a total of \$125,970 per year from license fees with \$62,985 being new revenue above and beyond current rental license fees. The new licensing revenue would cover approximately 20% of the projected cost of the program staff required to run the program. Fine revenue would further offset these new costs. Staff would recommend that the remaining net costs be covered by the General Fund.

Recommendation / Next Steps

The Building & Life Safety Department recommends the Village continue to explore Phase 1 of the Rental Housing Inspection Program with the intent to ultimately develop a budget, phasing, and staffing proposal for formal consideration and funding. BLS will also work with the Planning & Community Development Department to accept the Housing Commission's recommendation to revise the multi-family rental housing license application and capture affordable housing data.

This Program and recommendation will be discussed further by the Village Board of Trustees at an upcoming Committee of the Whole meeting.



Village of Arlington Heights Building & Life Safety Department

Rental Inspection Checklist

The intent of the property maintenance code is to secure the health, safety and welfare insofar as they are affected by the continued occupancy and maintenance of structures and premises. Existing structures and *premises* that do not comply with these provisions shall be altered or repaired to provide a minimum level of health and safety as required herein.

To be operational and in good repair:

WORKMANSHIP

1_____ Repair work not workman-like (102.5)

EXTERIOR

2_____ Clean, safe and sanitary condition (302.1)

3_____ Handrails & guardrails (304.12)

4_____ Window & door frames (304.13)

5_____ Glazing (304.13.1)

6_____ Openable window (304.13.2)

7_____ Insect screens (304.14)

8_____ Door hardware (304.15)

9_____ Stairs and porches (304.10)

INTERIOR STRUCTURE

10_____ Supporting structure members must be structurally sound (305.2)

11_____ Interior surfaces must be sanitary (305.3)

12_____ Sanitation - no accumulation of rubbish or garbage (308.1)

13_____ Insect and rat harborage (309.1)

14_____ Handrails (305.5)

SANITATION CONDITION

15_____ Disposal of rubbish (308.2)

16_____ Disposal of garbage (308.3)

17_____ Rubbish/garbage containers (307.3.2)

Means of Egress

18_____ Safe, continuous and unobstructed (702.1)

Smoke Detectors/CO Detector

- 19____ Functional smoke detector (704.6)
20____ Functional carbon monoxide (705.1)

REQUIRED FACILITIES

- 21____ Dwelling units shall have bathtub or shower, lavatory, water closet and kitchen sink (502.1)

PLUMBING FIXTURES

- 22____ Water connections proper (504.1)

WATER SYSTEM

- 23____ Hot and cold water (505.1)
24____ The water supply shall be maintained free from contamination (505.2)
25____ Water supply free of leaks, must have adequate pressure (505.3)
26____ Water heating facilities must have adequate amount of water at 110°F (505.4)
27____ Temperature/pressure relief valve for hot water heaters (505.4)

SANITARY DRAINAGE SYSTEM

- 28____ Maintenance of sewer system (506.2)

HEATING FACILITIES

- 29____ Heating facilities 68°F at 3 ft./2 ft. (602.2)
30____ Heat supply (602.3)
31____ Installation of mechanical equipment (603.1)
32____ Clearances to combustible materials (603.3)

ELECTRICAL FACILITIES

- 33____ Electrical receptacle (605.2)
34____ Light fixtures (605.3)
35____ Electrical system hazards (604.3)
36____ Electrical equipment hazards (605.1)

VENTILATION

- 37____ Ventilation 45% of window area (403.1)
38____ Toilet rooms window/mechanical (403.2)
39____ Clothes dryer exhaust (403.5)