

**MINUTES
COMMITTEE-OF-THE-WHOLE
PRESIDENT AND BOARD OF TRUSTEES
VILLAGE OF ARLINGTON HEIGHTS
BOARD ROOM
TUESDAY, OCTOBER 15, 2024 7:00P.M.**

BOARD MEMBERS PRESENT: President Hayes; Trustees: Baldino, Bertucci, Dunnington, LaBedz, Schwingbeck, Shirley and Tinaglia

BOARD MEMBERS ABSENT: Trustee Grasse

STAFF MEMBERS PRESENT: Randy Recklaus, Village Manager; Rob Weber, Director of Building & Life Safety; Elliot Eldridge, Assistant Building Official and Kim Peterson, Recording Secretary

SUBJECTS:

A. Discussion of Rental Housing Inspection Program

Other Business

Adjournment

President Hayes called the meeting to order at 7:00 PM. The Pledge of Allegiance was recited.

Approval of Minutes

A. Committee of the Whole Minutes 9-16-24

Trustee Bertucci moved, seconded by Trustee LaBedz, to approve the Committee of the Whole Minutes from September 16, 2024.

The Motion: Passed

Ayes: Baldino, Bertucci, Dunnington, Hayes, LaBedz, Schwingbeck, Tinaglia

Passed: Shirley

New Business

A. Discussion of Rental Housing Inspection Program

Mr. Recklaus advised that this topic was originally discussed by the Board back in April and what's driving this discussion are the several hundred new rental housing units in some phase of the development process and the desire by the Board and Staff to find ways to continue to protect the Village's housing stock, both existing and future. One of the tools and mechanisms that other communities have created is a rental inspection program. At the first meeting in April, Staff presented a rough concept that was not cost neutral, and although the Board was supportive of the concept, they directed Staff to put together some alternative concepts that were cost neutral, or close to cost neutral. Since this last meeting, Staff has come up with two scenarios, although they involve trade-offs, and the Building and Life Safety Department has hired a new Director. Staff is not looking for a final decision tonight, but more so a sense of direction on which way the Board wants to go.

Mr. Eldridge advised that due to the increase in multi-family housing projects, Staff wants a program to help promote health, preserve safety and welfare and reduce criminal activity. At the last meeting, Staff presented Phase One, which Mr. Eldridge stated he'll discuss later. Mr. Eldridge advised that the Village currently provides licenses to 800 rental properties and the fee for 1 – 5 units is \$60/building and for buildings with more than 5 units it is \$13/unit. From January thru October 2023, the Building and Life Safety Department issued 214 rental licenses and collected over \$53,000 in fees. In 2022, the Building and Life Safety Department issued 237 licenses and collected over \$75,000 in fees.

Mr. Eldridge explained how Staff researched nine similar communities with Rental Inspection Programs and found that the staffing levels vary. Some use only full-time employees, while others use a mix of full-time and part-time employees to inspect 25% of units per year. Staff looked at the Palatine model when formulating their proposed program concepts, which would include the hiring of one full-time supervisor and two full-time inspectors at a cost of \$430,400 per year. In addition, their rental license fee is \$26/unit, and if multiplied by 4,845, which is the total number of units, comes out to \$125,970 in estimated revenue. The Palatine program is 29.26% funded. The current rental license fee in Arlington Heights is \$13/unit, and if multiplied by the same number of units, 4,845, comes out to \$62,985 in estimated new revenue. The Arlington Heights program would be funded 14.63%.

Mr. Eldridge explained the two scenarios' Staff is outlining, including the first scenario that includes hiring one full-time supervisor and two full-time inspectors, with an anticipated personnel cost of \$430,400 per year. If the annual rental license fee is increased from \$13 per unit to \$88.84 per unit, the program would be 100% funded with an estimated yearly revenue of \$430,430. The second scenario includes the hiring of one full-time supervisor and three part-time inspectors, with an anticipated personnel cost of \$288,500 per year. If the annual rental license fee is increased from \$13 per unit to \$59.55 per unit, the program would be 100% funded with an estimated yearly revenue of \$288,520. Mr. Eldridge advised that some of the other components of the program would include crime-free training for all landlords, collection of affordable housing data, a rental inspection checklist so landlords and tenants would know that the Village is and is not inspecting, and additional revenue generated by non-compliance fines and re-inspections.

Mr. Weber explained how Staff felt scenario one's overall cost was too high, so they created scenario two, which is a little more cost neutral. Mr. Weber discussed the other impacts that are involved, including staffing and workload, non-compliance and legal follow-up and operational efficiency. In addition, Mr. Weber explained how the budget will be impacted, including staffing costs (office space, vehicles, equipment, training), technology systems, legal challenges to the 4th and 14th amendments and revenue shortfalls. The organization structure will be impacted, with the new roles and responsibilities, inter-departmental coordination and training and policy development. Other impacts include landlord resistance, with the increased rates, displacement and gentrification, as the program may unbiasedly target lower-income units, and liability.

Mr. Recklaus advised that Staff agreed that the Palatine model was most reasonable for property owners and how both of the proposed scenarios would increase the per unit fee, with one being \$88 and the other being \$55. Mr. Recklaus stated that this increase in cost would likely be passed on to the tenants. Mr. Recklaus clarified that the Village is not doing a crime free housing ordinance at this point, but it is something that could be examined later. Mr. Recklaus explained that how this will be a new endeavor and Staff cannot always promise that it would be 100% cost neutral. Mr. Recklaus advised that looking long-term, the Village could explore regulating Airbnb's and single-family rentals, but at this point Staff wanted to introduce these new factors for consideration, present the two scenarios and get the Board's feedback to determine what direction to go in.

President Hayes thanked Mr. Recklaus, Mr. Eldridge and Mr. Weber for their presentation and how they discussed the pros and cons of this type of program. President Hayes advised that the memo the Board received did point out a lot of negatives that are associated with this program and questions whether or not the cons outweigh the pros in this situation, regardless if it is kept cost neutral. President Hayes asked if the Village is going to benefit from this program, which Mr. Weber advised that he tried to make it a point to not say they are negatives in the memo, as they are just impacts, and that there are obvious benefits. Mr. Weber stated that this is a proactive program to get ahead of any potential problems that may arise. Mr. Weber advised that there is a lot involved with getting this program to start up the right way and there are a lot of other impacts that need to be considered before rolling right into it. President Hayes advised that he is concerned with the legal ramifications Mr. Weber pointed out as well as the impact on the Building and Life Safety Department Staff. Mr. Weber stated that he has the same concerns, but if this could be done in phases, it would be more manageable.

Trustee Bertucci stated that he thinks there is a reason many of our neighboring communities do this and from the research he has done, there are definitely positives. Trustee Bertucci advised that by doing this, you can prevent blight, you can prevent children and the elderly from living in places where landlords are not providing proper heating and/or air conditioning, as well as infestation of pests. Trustee Bertucci stated that he thinks this is necessary and would have liked to have heard more about the positives in the presentation. Trustee Bertucci stated that he is all in for researching and looking further into this and would like to better understand the scenarios presented. Trustee Bertucci advised that because the Village is taking on more and more rentals in town, particularly for those in need of affordable housing, the Village

needs to make sure that the developers and landlords are keeping up their end of the bargain and there is only one way to do that, which is by inspecting the units.

Trustee Schwingbeck asked Mr. Weber if he has reached out to any of his counterparts in the surrounding communities that have a program like this to learn more about their experiences and if they have encountered problems with landlords not allowing them in or any other issues. Mr. Weber advised that he has personally spoken with three individuals from other communities and was told that if they encountered a landlord that refused entry, they require them to sign a form, which then removes them from the program. In addition, Mr. Weber was informed that the program itself requires an abundance of work, from the vast number of inspections there are, to all of the administrative work that goes along with those inspections. Mr. Eldridge advised that he has worked for a couple of other municipalities that have this program and although he acknowledged that they did have some problems, they always managed to make it work. Trustee Schwingbeck asked if the fire inspections the Village conducts are state mandated and landlords have to comply. Mr. Recklaus advised that Staff was told by the Village Attorney that anytime you're dealing with someone's residence, they have a constitutional right to not allow the Village in, however the Village can require passage of an inspection as a condition of them getting their licensing. Mr. Recklaus stated that this is not something that the Village can't do, or not something that they shouldn't do, but something that should be done with everyone's eyes open and not something that should be done casually. Mr. Weber advised that annual fire inspections are done at commercial properties, with different standards. Trustee Schwingbeck stated that fire inspections are done at some of the apartment and condominiums in the downtown, and asked if fire inspections will be done at these apartment buildings as well. Mr. Recklaus advised that the common areas are inspected and the Village inspects new construction, however there is no requirement to go into resident's homes. Trustee Schwingbeck stated that he can see advantages of doing this, although whenever an increased cost is introduced, it is most likely going to be passed on from the landlord to the tenants. Trustee Schwingbeck advised the extra cost that is being proposed is not tremendous and that he looks at this from a safety perspective, and to pay that little bit of extra money a year to live in a safe environment, is definitely a positive. Trustee Schwingbeck stated that he would not want a program like this funded by the general fund, and thinks it should be funded by these fees. The tax payers should not be paying for these rental inspections.

Trustee Baldino stated that he agrees with Trustee Schwingbeck in that safety is a huge priority for the Village, however he believes this will impact those residents who rent and are living paycheck to paycheck the hardest. Trustee Baldino advised that we want them to be safe, but the extra \$5 - \$8 is will cost a month, will have an impact. Trustee Baldino stated that although he has some concerns, he is still interested in continuing to research this program and asked if the estimated cost Staff has proposed includes the additional impacts, which Mr. Weber stated it does not. Mr. Recklaus advised that from the information gathered by the other towns, generally speaking none of them paid for the program with the fees that they have generated. Trustee Baldino stated that if the Board decides to implement this program, a phased approach is going to be vital. Trustee Baldino advised that in regards to the safety component, rental units will only be inspected every four years. Mr. Recklaus advised

that if a violation is found, they would be subjected to more frequent inspections. Trustee Dunnington asked a series of questions, including if perhaps inspections could be done every five years, to help lower the cost, if CBDG funds could be used to help pay for the program, if it's a possibility for property owners who establish a good record to have less frequent inspections, and if new properties would be exempt from this plan. Mr. Recklaus advised that Staff did look into possibly using CBDG funds, and it could be done, however if this occurred, those funds would then not be used for other projects and therefore those costs would need to be made up by using another fund. As far as program design, Mr. Recklaus advised that it could be done however the Village chooses. Mr. Weber stated that he is not aware of any program that does a five-year cycle, but there are communities that use incentives to reduce the overall number of necessary inspections, which the Village can certainly do. Mr. Weber advised that new constructions should already be code compliant and would not require immediate inspections. Trustee Dunnington also asked if there would be multi-lingual inspectors to help with communication, which Mr. Recklaus advised that the Village is always looking for employees that are multi-lingual, although the Village does have a service that they subscribe to that provides real time transcription in a variety of languages. Trustee Dunnington asked if the Village would offer a program to help renters if their unit is deemed uninhabitable following an inspection, which Mr. Recklaus advised that the Village already has a program in place to help residents if a Health Inspector deems a residence is uninhabitable. Trustee Dunnington explained how she does see the overall benefit to the rental inspection program, especially for those renters who are experiencing a problem but for whatever reason are hesitant to speak to their landlord about it. She also thinks it could help some landlords who are unaware of problems that might be occurring in their building, as well as help the Village overall so that rental properties stay in good condition. Trustee Dunnington stated that she does not think the cost should fall solely on the renters and landlords and thinks that the proposed cost increases are too high. She thinks that the Village as whole should bear some of the cost, as it is benefiting the town to have a good rental stock, which will help raise property values.

Trustee LaBedz thanked everyone for their hard work with the presentation and asked if this program only refers to rental only properties and not condominiums that may not be owner occupied, which Mr. Weber advised that this is long term rental program. Mr. Recklaus advised that down the road, Staff can explore the possibility of expanding the program to inspect single-family home rentals, condominium rentals and Airbnb's. Trustee LaBedz asked Mr. Recklaus about the cost some of the other communities have incurred as a result of their rental inspection programs, which Mr. Recklaus advised that generally speaking other towns are not bearing the cost of these programs through fees/fines. There is some subsidy from the general fund, as it is not 100% self-supportive. The Village could however impose higher fees, so that it is more self-supportive. Trustee LaBedz does agree with Trustee Dunnington when it comes to the idea that this program does benefit everyone in keeping up the housing stock and the Village's reputation. She thinks that it would be difficult to have it completely cost neutral. In addition, Trustee LaBedz does agree with Trustee Baldino that some people are really struggling financially and is concerned that the cost would get passed down to the renters. Trustee LaBedz stated that she is in favor at looking into this program more closely, but does have some concerns. Trustee LaBedz asked how the program would be implemented, which Mr. Recklaus advised that the Village

Board would have to pass an ordinance that would require passage as a condition of having a rental building license. Trustee LaBedz also asked if there is resistance from a landlord would the Village have to get a warrant to get inside, which Mr. Recklaus advised that to get a warrant the Village would have to show probable cause that there is a crime. The Village however would be able to revoke a landlord's license. Trustee LaBedz asked if a tenant has a housing voucher from Cook County, or another source, would that unit get inspected by another agency, which Mr. Eldridge stated that Cook County has housing inspectors that performs inspections using similar inspection checklists that the Village would use. She asked if a unit like that would get treated differently, which Mr. Recklaus advised that they would most likely treat it the same, as a unit is a unit, but that is something they would have to look into.

Trustee Shirley asked what drives how often the Village inspects properties regarding fire safety compliance, which Mr. Recklaus advised that it is generally our own policy. Mr. Weber stated that it is however graded through the Insurance Services Officer (ISO). Trustee Shirley advised that he would hate for this rental inspection program to take resources away from the fire inspection program. Trustee Shirley asked for clarification regarding the personnel hours in both proposed scenarios, as well as the revenue portion and if it accounts for any fines collected, which Mr. Recklaus advised it does not. In addition, he clarified that the stated impacts affect both scenarios, which Mr. Recklaus advised they do. Trustee Shirley stated that in general he does support this, but thinks that more work needs to be done to make him feel more comfortable. The program needs to be set up to succeed on the first go around. Trustee Shirley stated that he hopes the program could pay for itself and not affect the general fund, as he does not want to do anything that would increase property taxes further, especially in the immediate future.

Trustee Tinaglia advised that when developers are asked to do affordable units in their developments, everyone knows that the cost just gets spread out to everyone else in the building. Trustee Tinaglia stated that he thinks this is the same type of situation, as any additional costs incurred by the landlord, including the inspection fees, as well as any improvements needed to address identified code violations. Trustee Tinaglia stated that there is a lot to think about and a lot of consequences and thinks that the Board needs to determine what the real goal is to all of this. He feels that it is the really affordable, inexpensive buildings that will be hit the hardest by this, as the costs will ultimately get passed onto the renters. Trustee Tinaglia stated that a positive start, or phase one of the program, would be notifications, which would provide landlords with a list of standards on what will be inspected. He feels compelled as a Trustee to protect the safety and living conditions for all of the residents, although he is aware that the cost will get passed down to those renters, which consequently may force some of these lower-income buildings to disappear, as the rents will go up and the affordability will go down. Trustee Tinaglia advised that he is in favor of moving forward with something and is in favor of protecting the safety and welfare of everyone, but thinks some steps can be taken ahead of time, such as notification and communication.

Martin Bauer, 528 S. Ridge, stated that he agrees with Trustee Tinaglia in questioning what the ultimate goal is here and how will the Village get there. He does have some concerns, with many of those already addressed, and thinks there should have been

more discussion regarding the 4th Amendment issues. Mr. Bauer cited some previous challenges other towns who implemented rental inspection programs faced due to the restrictions of the 4th Amendment. Mr. Bauer agrees that this will be a cost that the landlords will have to pass on and the challenges maintaining affordable units is real. He thinks this will target lower-income units and he is not sure if the Village wants to send the message that they are targeting lower-income residents. Mr. Bauer advised that perhaps the Village could offer a more reactive program where landlords can provide information about where and how tenants can get help if needed.

Keith Moens, Arlington Heights resident, stated that he thinks the Village would have to pay for most of this inspection plan, as it will disproportionately affect the lower income residents and the rental housing costs are already a burden for most who live below the median income. The increased fines and fees will definitely be passed onto the tenants. In regards to safety, he thinks there should already be mechanisms in place to keep tenants safe. Mr. Moens stated that he thinks this is a solution looking for a problem and would table this idea for now, as the Village is trying to promote affordability.

Jon Ridler, Arlington Heights resident, stated that this is a tough subject and encourages the Village to invite some of the property owners into the discussion, as they may have some worthwhile ideas. Mr. Ridler suggested an opt-in/opt-out program or a hotline where residents can anonymously request an inspection.

President Hayes advised that he is in favor of moving forward with this to see where it goes, as there are some potential benefits to it for the Village. President Hayes stated that he is fully aware that there are some rental properties in the Village that are not up to par and he is hopeful that there are no slum lords, but in general the Village's landlords and rental properties are much better than other communities. He is unsure if we need to institute a very expensive program that is going to be very labor intensive to catch that very, very small percentage of bad rental properties and inspect many others that will pass with flying colors. He is concerned that the Village may institute a program in search of a problem when there really is no problem.

Trustee Tinaglia stated that he likes Mr. Ridler's idea about having a hotline where residents can call to get help, as the percentage of problematic buildings/units may be very small.

Trustee Schwingbeck asked if a resident were to complain, what could the Village do, which Mr. Recklaus advised it depends on the nature of the complaint. Mr. Recklaus advised that common area/grounds problems, or utility issues, a hotline would work, but in order for the Village to confirm something is going on in a unit, they would have to gain access to the unit by the landlord, and then the landlord would know the tenant filed a complaint. Trustee Schwingbeck stated that he is concerned with situations where residents are living in unsafe situations and afraid to voice the issues with their landlord, perhaps a hotline might be beneficial. Mr. Recklaus advised that the number one objective driving this proposed program is deterrence and keeping landlords in check and not allowing them to let their properties decline. Mr. Recklaus stated that given that we are going to have a higher percentage of our housing units in town be rental, Staff would like to prevent these buildings from deteriorating like

some others in town have over the years. Mr. Recklaus confirmed that what he is hearing from the Board is that there is interest in these topics and they are respectful of these challenges, but there is not a sense of urgency.

Trustee Bertucci stated that the ultimate goal is to prevent residents from living in less than desirable situations.

Trustee LaBedz advised that we just don't know what the extent of bad rentals are, which is why she is in favor of exploring the possibilities of a program like this and what it might bring.

Mr. Recklaus advised that what he has heard from the Board tonight is that they are interested in continuing to research this option and come up with some interim steps along the way.

Other Business

None.

Adjournment

Trustee Baldino moved, seconded by Trustee LaBedz, to adjourn the meeting at 8:33 p.m. Upon a voice vote, the motion passed unanimously.