

Analysis of Potential Inspections Coordination between the Minneapolis Public Housing Authority and the Minneapolis Department of Regulatory Services

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EXECUTIVE SUMMARY

The Minneapolis Public Housing Authority (MPHA) inspects approximately six percent of Minneapolis' private rental housing units as part of the federal Housing Choice Voucher program, which subsidizes a portion of the tenant's rent. The City of Minneapolis's Department of Regulatory Services licenses and inspects all private rental housing. This study's primary purpose was to analyze opportunities for cooperative, joint or shared action or service delivery to efficiently meet the two entities' shared goal of quality rental housing. A second purpose was to recommend program-specific improvements regardless of coordination possibilities.

Differences in each entity's inspection timing and focus and relationship with the property owner make extensive cooperation or shared action unpractical and undesirable. The City inspects most rental units once every five to eight years. The MPHA must inspect voucher-subsidized units before a tenant moves in and at least biennially afterwards. City inspectors focus on a building's safety, long-term structural integrity, exterior appearance and lot maintenance; they only inspect a small portion of individual units. MPHA assesses each unit's safety and living conditions without extensive examination of building systems, common areas or structural elements. Little duplication or overlap exist between the two entities' efforts. Greater cooperation, joint action, or consolidation offers little advantage over the current situation.

Most notably, city inspectors enforce ordinances. MPHA inspections are part of a voluntary contractual relationship with the landlord. A closer association between the City and MPHA might discourage landlord participation in the voucher program. MPHA's less stringent housing standards are appropriate for the voucher program's purpose. Nearly two-thirds of MPHA inspected units pass their first inspection, allowing tenants to move-in without delay or uncertainty about their subsidized payment. In contrast, nearly all city-inspected properties have at least one violation due to higher code standards and longer intervals between inspections.

The MPHA and City could strengthen their relationship gradually by:

1. Giving each other read-only access to their inspection data systems.

Sharing inspection results will keep each other informed of which properties they are inspecting and their conditions, and identify specific properties where joint action could occur for both entities' benefit.

2. Having the City conduct MPHA's complaint-based inspections.

City inspectors are assigned to specific neighborhoods to respond quickly, and can address multiple complaints about the same property. Setting up the process would educate both entities on each other's policies and procedures and evaluate whether shared or joint program inspections are feasible.

COMPARISON of INSPECTION PROGRAMS

Comparing the Minneapolis Public Housing Authority (MPHA) and City inspection programs helps determine the practicality and desirability of coordinating their work. Every MPHA-subsidized rental unit must have a City rental license and comply with the City's Housing Maintenance Code. City and MPHA interviewees stated that the Minneapolis Housing Maintenance Code is more stringent than HUD's Housing Quality Standards (HQS), though the MPHA has adopted several city code requirements to ensure conformity on windows, handrails, ceiling heights and other safety issues.

However, the two programs have notable differences in purpose, focus, and authority (Table 1). MPHA inspections focus on a dwelling unit's interior conditions that affect a tenant's health and safety. City inspections seek to ensure tenant safety, too, but also address structural and property lot problems. As a result, MPHA inspects specific units while the City licenses buildings.¹ The MPHA inspects units before a tenant moves in and at least biennially. The City conducts most licensing inspections on a five or eight year cycle; only a small percentage of rental buildings are inspected annually.

MPHA inspections are a contractual requirement for an owner to receive voucher payments. The MPHA will terminate its contract and end voucher payments when an owner refuses to make repairs within the required timeline. The MPHA has no authority to force the owner to comply with its housing standards. In contrast, the City is granting a rental license on condition of compliance with the city code. City inspectors can post condemnation notices, revoke licenses, and have city crews mitigate nuisance conditions when owners refuse to correct deficiencies.

MPHA inspections are integrated into the Housing Choice Voucher eligibility and case-management process. Once a landlord agrees to rent to a voucher recipient, an MPHA inspector conducts a physical inspection and checks whether the rent is reasonable based on neighboring rental properties. During annual and biennial inspections, the inspector confirms that the tenant and landlord are fulfilling their contractual obligations regarding the unit's condition. Sometimes, the MPHA holds a tenant responsible for the unit's condition or non-payment of utilities and suspends voucher payments. City inspectors work extensively with landlords, and rarely work directly with tenants to resolve violations.

¹ The building and dwelling unit are one and the same for single family homes and individually licensed condominiums.

Table 1. Comparison of MPHA and City rental-housing inspections

Area	Minneapolis Public Housing Authority	Minneapolis Department of Regulatory Services
Purpose	To ensure that Housing Choice Voucher families have “decent, safe, and sanitary housing.”	To ensure rental housing is safe and to preserve the housing stock and prevent neighborhood blight.
Standards	<ul style="list-style-type: none"> • U.S. Department of Housing & Urban Development – Housing Quality Standards² • Several parts of the Minneapolis Housing Maintenance Code 	<ul style="list-style-type: none"> • Minneapolis Housing Maintenance Code • Minneapolis Nuisance Ordinance • Minnesota State Fire Code • Minnesota State Building Codes
Frequency	<p>Every subsidized unit is inspected:</p> <ul style="list-style-type: none"> • Before voucher payments begin (initial or move-in inspections); and • Biennially within 60 days of move-in anniversary date; or • Annually for poorly maintained properties. 	<p>Rental properties are assigned to an inspection tier:</p> <ul style="list-style-type: none"> • Well-maintained and managed properties are inspected every eight years. • Properties maintained to code minimums are inspected every five years. • Poorly maintained or managed properties are inspected annually.
Focus	Each unit receiving voucher payments. MPHA will inspect all subsidized units in a building during a two-year period.	Each rental property’s common areas, building systems and up to 20% of the units in building with 11 or more units. The City inspects up to half the units in properties with fewer than 11 units.
Legal Basis	Contractual with the property owner.	Regulatory: the City grants a rental license to the property owner.
Account-ability	MPHA may assign responsibility to the tenant for tenant-caused damages or unpaid utilities.	The rental-property owner is responsible for correcting all violations.

² MPHA is testing a new HUD inspection protocol called Uniform Physical Condition Standards-Voucher (UPCS-V), which uses new health and safety standards and a severity scale to assess rental units.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

The Minneapolis Public Housing Authority (MPHA) administers over 5,200 Housing Choice (Section 8) vouchers. Two-thirds of the voucher recipients live in rental buildings with four or more apartments and one-third live in single family homes, duplexes and triplexes.³ Federal regulations require the MPHA to inspect rental units before voucher payments begin and at least biennially thereafter.

Inspection Standards & Processes

United States Code Chapter 42, Section 1437f, authorizes the Housing Choice Voucher program and mandates inspections for rental units receiving voucher payments. A public housing authority may use the voucher program’s Housing Quality Standards (HQS),⁴ a local housing code, or a combination of both. The MPHA inspects to the HQS with some adopted Minneapolis code requirements.

Graph 1. HQS Inspection Form (partial page)

1. Living Room		For each number		
		Decision		
Item No.	Description	Yes, Pass	No, Fail	Inconclusive
1.1	Living Room Present Is there a living room?	<input type="checkbox"/>	<input type="checkbox"/>	
1.2	Electricity Are there at least two working outlets or one working outlet and one working light fixture?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3	Electrical Hazards Is the room free from electrical hazards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4	Security Are all windows and doors that are accessible from the outside lockable?	<input type="checkbox"/>	<input type="checkbox"/>	
1.5	Window Condition Is there at least one window, and are all windows free of signs of severe deterioration or missing or broken out panes?	<input type="checkbox"/>	<input type="checkbox"/>	
1.6	Ceiling Condition Is the ceiling sound and free from hazardous defects?	<input type="checkbox"/>	<input type="checkbox"/>	
1.7	Wall Condition Are the walls sound and free from hazardous defects?	<input type="checkbox"/>	<input type="checkbox"/>	
1.8	Floor Condition Is the floor sound and free from hazardous defects?	<input type="checkbox"/>	<input type="checkbox"/>	

The Housing Quality Standards were developed for all housing types (single family homes to apartment buildings) and all geographic and climate conditions nationwide, with the goal to not restrict housing choices or access to affordable housing. A rental unit must pass inspection in thirteen categories concerning living, bed and bath rooms; kitchen; lights; windows; security and other aspects. Generally, a passing item must be in clean condition, operate properly and not pose a hazard to tenants (Graph 1).

A MPHA inspector completes HUD’s required inspection form on a tablet computer and takes pictures of the unit’s condition and failed items. The inspector uploads the photos and completed form to the MPHA’s case-management system daily.

Source: HUD Form 52580A, page 4.

³ As of September 9, 2016, 3,385 recipients lived in apartments and 1,858 in other housing types.

⁴ Established in Federal Code of Regulations Title 24, Subtitle B, Chapter IX, Part 928.401.

Move-in inspections occur after the voucher recipient has found a willing rental-property owner.⁵ The owner provides the property address, type of housing, monthly rent, and date available for inspection on a Request for Tenancy Approval form,⁶ which the voucher recipient gives to his or her MPHA eligibility technician (case worker). The technician confirms that the rent meets program limits, data enters the form into the MPHA's case management system, and requests an inspection.

An administrative assistant schedules the move-in inspection for a week to 12 days after the technician's request. The system sends the owner an e-mail with the inspection date and time and a pre-inspection checklist. The unit must be vacant and ready for the family to move in or already occupied by the family. The inspector may assess whether the unit's rent is comparable to other units based on size and condition.⁷ The recipient must find a new unit if the requested unit fails the initial inspection and the owner does not correct the problems within 21 to 30 days,⁸ or if the rent is too high and the owner is unwilling to lower it. A family can move into a unit with non-life threatening deficiencies, but voucher payments do not begin until all corrections are made. The MPHA back dates payments to the move-in date once the unit passes re-inspection.

Annual and biennial inspections are scheduled 60 days before the tenant's lease anniversary date. The MPHA case management system identifies all occupied units coming due on their anniversary date of the lease. The list is sorted by ZIP code and assigned to the area's inspector. MPHA policy is to inspect single-family homes and duplexes annually because large families cause more wear and tear and these homes do not have professional managers. The MPHA inspects units in larger buildings biennially unless the building has a history of failed inspections. The owner has 21 to 30 days to correct any failed items or MPHA will stop voucher payments.

2015 Workload & Results

Five fulltime inspectors inspected 6,400 units in 2015. One inspector is responsible for move-in inspections citywide. A senior inspector and three inspectors conduct annual and biennial inspections by assigned geographic areas. The senior inspector also responds to complaints citywide and assesses American with Disabilities Act accommodation requests. A supervisor and the senior inspector re-inspect a small number of the other inspectors' cases for quality assurance.

⁵ In some cases, the recipient joins the voucher program but uses the payment for his or her current unit. MPHA still inspects the unit.

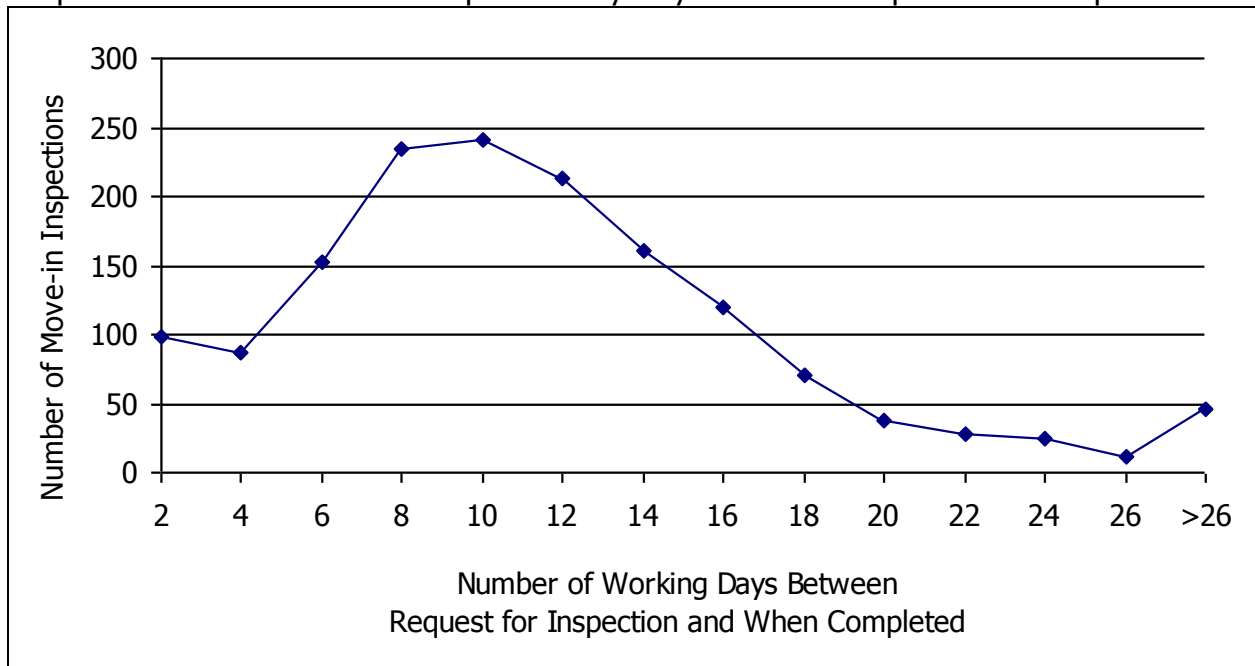
⁶ <http://portal.hud.gov/hudportal/documents/huddoc?id=52517.pdf>.

⁷ The eligibility technician determines rent reasonableness by comparing the unit to three unassisted units of similar size, type and location listed in the MPHA database. The inspector offers a visual assessment of whether the rent seems reasonable or not.

⁸ Normally, the MPHA inspector conducts only one re-inspection, but may conduct a second one for good cause at the recipient's or owner's request.

Initial move-in inspections were typically completed eleven working days after the housing technician’s request date.⁹ This average is the same for apartment buildings, single family homes and duplexes. Federal guidelines require the MPHA to complete inspections within 15 working days when practical, unless the unit is unavailable. The number of working days is distributed somewhat normally around the eleven-day average (Graph 2). Half of the inspections are completed in fewer than 11 days after the request and half completed in 11 or more days.

Graph 2. Number of Move-in Inspections by Days between Request and Completion

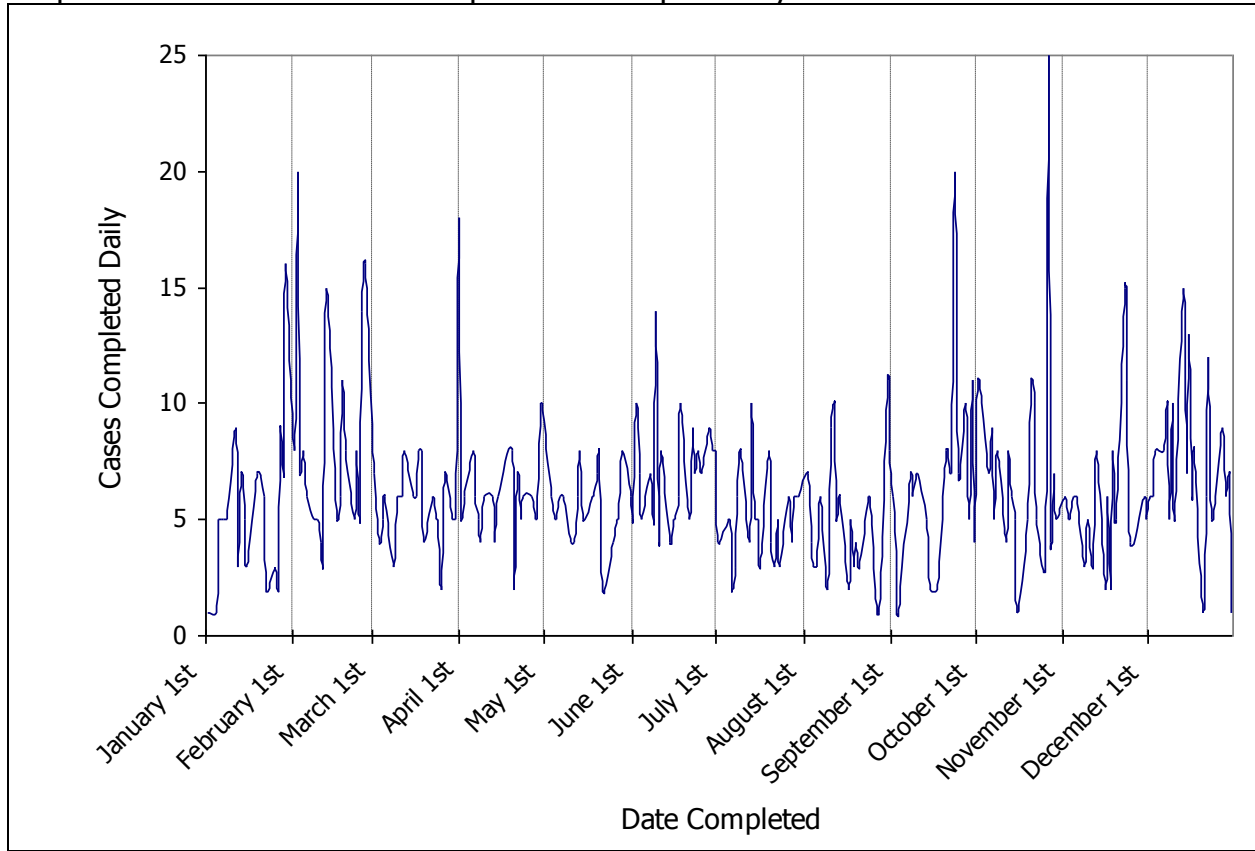


Source: MPHA data run, August 30, 2016. Re-inspections are excluded.

The MPHA completes many move-in inspections during the middle part or last days of a month (Graph 3). This pattern suggests that unit availability significantly influences when the inspection occurs. MPHA policy requires the unit to be vacant or occupied by the voucher recipient when conducting the move-in inspection. The MPHA will not inspect a unit occupied by anyone else. Sometimes, inspections for multiple units in a single building are scheduled for the same day, even if eligibility technicians received the tenancy approval forms on different dates.

⁹ This average was calculated from MPHA data provided on August 30, 2016 for move-in inspections completed in 2015. Fifty-nine of 1,581 inspections with request dates later than the completion dates were excluded. Working days exclude weekends and federal holidays.

Graph 3. Number of Move-In Inspections Completed by Date



Source: MPHA data run, August 30, 2016. Re-inspections are excluded.

Over one-third of units failed at least one inspection standard during a move-in or annual inspection (Table 2). No units in the biennial category failed an inspection because only units with a perfect past record are scheduled biennially. Two-thirds of voucher recipients live in multifamily buildings, which are typically managed professionally and likely to have few or no violations.

Table 2. Initial MPHA Inspections, 2015

Inspection Type	Units Inspected	Units Failed	Percent Failed
Annuals	4,299	1,530	36%
Biennial	499	0	0%
Move-In	1,581	551	35%
Total	6,379	2,081	33%

Source: MPHA data run, September 7, 2016. Re-inspections are excluded. MPHA completed 123 complaint inspections (81% failed) and 40 quality-control inspections (10% failed) in 2015. Not all move-in inspections result in occupancy and some units are inspected two or three times a year before occupied.

MPHA inspectors conducted 2,226 re-inspections of failed units, which most units passed. MPHA inspectors accept photos or contractor repair bills as evidence that owners corrected deficiencies in place of a physical re-inspection, unless the unit had more than three failed items or any life-threatening or safety hazard. Overall, six percent of annually inspected units failed to become compliant after re-inspection. Nearly all of the inspected move-in units passed their re-inspection.

Table 3. Failed Items, 2015

Major Category	Number	Percent
Interior structures	1,463	18%
Windows	1,268	15%
Electrical	983	12%
Appliance repair	913	11%
Plumbing	907	11%
Smoke/CO Detector	812	10%
Doors	811	10%
Exterior repair	553	7%
Handrail & stairs	245	3%
Nuisance	214	3%
Other	169	2%
Total	8,338	100%

Source: MPHA data run, August 30, 2016. Re-inspections are included. A unit may have multiple failed items of the same type: four broken windows are counted as four failed items. The same item failing both initial and re-inspection are also counted twice.

MPHA inspectors failed over 8,300 items during move-in and annual inspections (Table 3). On average, 3.5 items were failed per unit not passing the initial inspection or re-inspection.

The most common failed items were interior structures (walls, floors, and ceilings) that have loose material or allow air infiltration. This category includes cabinets with broken doors and shelves, too. The second most common item was broken, unsecured or drafty windows. Electrical hazards or dead outlets, non-functioning appliances, and problems with toilets, sinks and showers were one-third of all failed items.

Recommended Process Changes

MPHA inspectors have adopted several best or standard practices used by other public housing authorities and government inspection departments: pre-inspection checklist, direct data-entry into handheld devices, biennial inspections for well-maintained properties, and acceptance of photographs or contractors' repair bills in lieu of a physical re-inspection. The following recommendations for the MPHA intend to improve inspection efficiency and reduce owner and tenant time commitments.

1. Reconsider requiring the owner or an owner's representative presence for move-in inspections and a family member's presence for the annual/biennial inspection.

MPHA inspectors had to reschedule over 1,300 inspections because the owner or family member did not attend. HUD policy states that "the [Public Housing Authority] may set policy regarding tenant and owner presence at the [annual] inspection."¹⁰ MPHA has adopted the same attendance requirements as many other housing authorities. However, a few housing authorities' inspectors gain access through a unit's lock box or key left with a neighbor or authorized non-family member. The MPHA's decision should balance inspector safety with the potential inconvenience and lost income to the small-property owner and tenant who miss work to attend the inspection.

¹⁰ U.S. Department of Housing and Urban Development, *Housing Choice Voucher Program Guidebook*, April 2001, p. 10-27. <http://www.hud.gov/offices/adm/hudclips/guidebooks/7420.10G/7420q10GUID.pdf>

2. Assign a second inspector to move-ins for the middle and end of the month.

Other similarly sized PHAs' inspectors conduct both move-in and annual inspections, unless they have enough staff to dedicate two or more inspectors to move-ins. The MPHA has one move-in inspector citywide, and has found this method effective as a single contact point for owners. However, one move-in inspector can create a bottleneck if requested inspections exceed the inspector's availability during peak times. A second inspector to assist with move-in inspections creates greater flexibility to handle peak periods or "last minute" requests.

3. Schedule annual/biennial inspections by building or small geographic area rather than by recertification date to reduce inspectors' travel time.

The HUD Inspection Manual states that "Inspections may be de-coupled from the recertification process and conducted by other methods such as by zip code, specific buildings or apartment complexes, census tract or ownership."¹¹ The Atlanta Public Housing Authority inspects all the units in a building with an anniversary date in the same month. The King County (Washington State) Housing Authority aligns temporally all inspections in a neighborhood or building even if some units are inspected much sooner than their recertification dates. Aligning annual/biennial inspections reduces repeat trips to the same building or neighborhood.

4. Inspect all voucher units biennially unless a unit has more than three failed items.

Biennial inspections are now HUD's default inspection cycle, but PHAs have the discretion to conduct the inspections annually. The MPHA has chosen to inspect only professionally managed buildings' subsidized units biennially, unless a unit fails. In 2015, two-thirds of subsidized units passed the annual inspection the first time. A biennial inspection cycle will not increase tenants' risks, and tenant or owners can file a complaint for any problems arising between inspections.

5. Shorten the time between rental unit availability and voucher-contract approval.

The HQS inspection is scheduled after the MPHA eligibility technician reviews the property owner's Request for Tenancy Approval form and confirms rent reasonableness. Multifamily building owners participating in a Minneapolis councilmember-sponsored focus group explained that this timeline can leave units vacant and without income.¹² MPHA could address this concern through two options.

¹¹ U.S. Department of Housing and Urban Development, *Housing Choice Voucher Program Guidebook*, April 2001, p. 10-35. <http://www.hud.gov/offices/adm/hudclips/guidebooks/7420.10G/7420g10GUID.pdf>.

¹² Notes from a Landlord Focus Group sponsored by Councilmembers Glidden and Warsame, May 12, 2016, and Peter Callaghan, "Minneapolis landlords push back on housing discrimination proposal." *Minneapolis Post*, May 13, 2016. <https://www.minnpost.com/politics-policy/2016/05/minneapolis-landlords-push-back-housing-discrimination-proposal>.

Option 1: Request HUD's permission to set a housing assistance payment's effective date prior to the move-in inspection.

Like most public housing authorities, MPHA requires a unit to be vacant or only occupied by the voucher recipient before conducting the move-in inspection. This policy can delay the inspection until the current occupants vacate the unit. Voucher payments cannot begin before the unit passes inspection even if the voucher recipient occupies the unit prior to the inspection. Relaxing the MPHA's policy is unadvisable because a unit's condition can change significantly before the previous tenant vacates it.

Portland, Oregon, has a very competitive rental market. HUD has permitted the Portland-area PHA to "enter into a [housing payment] contract with a landlord with an effective date prior to the initial inspection date. This enables landlords to lease to voucher holders without losing valuable rental income while waiting for an inspection."¹³ The inspection must occur within 15 days of the contract's effective date and tenants are released from their obligation if the unit fails.

Option 1 preserves the normal sequence of steps in the voucher-contract process, but eliminates the delay in starting payments due to inspections.

Option 2: Offer a next-day inspection service for professionally-managed properties.

The MPHA could conduct the inspection the day after the property owner signs the Request for Tenancy Approval form but before the eligibility technician's review. Property owners could call the inspectors' scheduling assistant to request an inspection. Before scheduling an appointment, the assistant could ask the owner whether the unit is vacant and ready for occupancy. The MPHA could develop other criteria to ensure that a next-day option does not generate a higher failure rate due to unprepared units.

Option 2 offers the possibility of inspecting the unit concurrent with the eligibility technician's review of the tenancy approval form. Its greatest impact is on units becoming available within a few days before the first or fifteenth of the month, which are MPHA's payment start dates. However, some inspected units may not pass rent reasonableness or be affordable, so the inspector's time will have been unproductive. Additionally, Option 2 is not viable for smaller property owners who cannot quickly turnover a unit, creating a competitive advantage for larger properties.

¹³ Home Forward (Multnomah County, OR), *Moving to Work Annual Plan – FY2017*, p. 57. <http://www.hapdx.org/sites/default/files/07%20FY2017MTWPlan%20Amend1.pdf>

MINNEAPOLIS DEPARTMENT of REGULATORY SERVICES

The Department of Regulatory Services is responsible for inspecting and licensing 24,000 privately owned rental properties with 92,000 dwelling units.¹⁴ The Department also enforces the City's housing-maintenance and nuisance ordinances for owner-occupied dwellings and commercial buildings on a complaint-driven basis.

Inspection Standards & Processes

Minneapolis Code of Ordinances 244.1810 requires a property owner to obtain a license before renting to another person. The Department's inspections follow the Minneapolis Housing Maintenance, Zoning, and Nuisance codes and state building codes. The Department may deny, suspend, refuse to renew, or revoke a license for non-compliance or substandard conditions.

The Housing Maintenance Code (Chapter 244) establishes the minimum standards for owner-occupied and residential rental properties. This city-written code has several sections, minimum dimension requirements, and language similar to the International Property Maintenance Code and other model codes. The Minneapolis code likely reflects an amalgamation of various model codes over a number of years, customized to Minneapolis' housing stock. Properties with four or more units must meet the State of Minnesota Fire Code, too.

The Department's Housing Inspection Services (HIS) has 36 inspectors responsible for single family homes, duplexes, triplexes and town homes without common areas. Fire Inspection Services (FIS) has nine fire inspectors assigned to high-occupancy dwellings, which have four or more dwelling units. FIS inspectors focus mainly on fire-code requirements, but also inspect individual units for housing maintenance code compliance while in the building. The worst properties are assigned to the separate Problem Properties Unit's five inspectors who work with other city departments on resolving building and tenant-behavior issues.

All inspectors conduct rental license inspections, but also spend a significant amount of time investigating complaints about rental, owner-occupied and commercial properties. Inspectors are assigned to a specific geographic area, and become familiar with the neighborhoods.

Inspections occur according to the property's assigned tier (Table 5). The Department reviews each property's tier assignment annually. Assignments reflect past code violations and use of city inspection, police and solid-waste services. The eight-, five- and annual inspection cycles are based on available inspection resources and management's judgment of an acceptable frequency. Nearly all rental properties are on

¹⁴ A single family home is counted as one property and one dwelling unit. An apartment building is counted as one property and each individual apartment is one dwelling unit.

an eight-year inspection cycle. Just two percent of properties with one percent of dwelling units are considered poorly maintained and inspected every year. Annually, the Department inspects one-eighth of Tier 1 properties, one-fifth of Tier 2 properties and all Tier 3 properties.

Table 5. Inspection Cycle for Rental Properties

Tier	Description	Cycle	Number of Properties	Percent
1	Well-maintained & managed	8 years	20,887	87%
2	Maintained to minimum code	5 years	2,707	11%
3	Poorly maintained or managed	Annually	429	2%
All			24,023	100%

Source: Minneapolis Department of Regulatory Services, tier assignments as of December 2015. The 24,023 properties have 91,683 dwelling units. Ninety percent of units are in Tier 1 properties, nine percent in Tier 2 and one percent in Tier 3.

Department inspectors schedule a licensing inspection with the owner or property manager. Tenants will also receive a letter asking permission to inspect their unit, too. Inspectors must inspect up to half the units in buildings with 10 or fewer units, and up to 20 percent of units in larger buildings. After completing the inspection, the inspector sends the owner an order for any violation with the ordinance reference number and description (Table 6). The department has 244 separate code violations, all based on the housing maintenance, fire, zoning and building codes.

Table 6. Example Text from Violation Orders.

Repair or Replace Exterior Doors	Repair or replace the exterior door(s) of this dwelling in a professional manner to be reasonably weather tight, water-tight, and rodent proof. Minneapolis Code of Ordinances 244.530.
Provide or Repair Hall-Exit Lights	Provide and/or repair lighting in all exit hallways and stairways and all other means of egress to ground level as required by Minneapolis Code of Ordinances 244.440. Electrical permit required. Minnesota State Statute 326B.26.
Clean basement, Owner	Remove all combustible materials and rodent harborages from the basement of this dwelling. Minneapolis Code of Ordinances 244.690 and 244.695.

Source: Minneapolis Department of Regulatory Services, Kiva Violations Text Report.

Property owners typically have up to two weeks to correct a violation, depending on the code, though the inspector can extend the deadline. Inspectors can assess penalties of \$200 or \$250 for failure to correct a problem. The Department may take stronger actions against an unwilling owner, such as condemnation, license revocation, imposing conditions, or assessing the cost of city crews to correct problems.

2015 Workload & Results

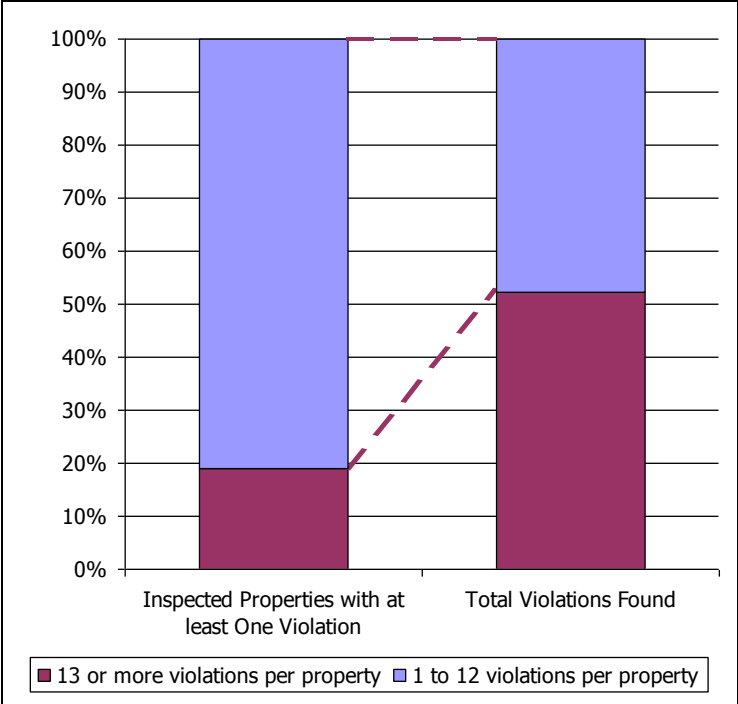
Licensing inspections were approximately one-sixth of the department’s annual workload of 30,000 licensing and complaint-driven service requests in 2015.¹⁵ Housing and fire inspectors completed 4,725 licensing inspections in 2015 (Table 7). Nearly all inspected properties had at least one code violation. Many cases required multiple re-inspections to resolve. The high violation rate likely reflects the City’s stringent code requirements and the long period between licensing inspections.

Table 7. Completed rental licensing inspections, 2015

Rental Building Type	Properties inspected	Properties with at least one violation	Percent
One to three units	4,069	3,365	83%
Condos	12	10	83%
Four or more units	644	539	84%
Total	4,725	3,914	83%

Source: Minneapolis Department of Regulatory Services, data run, September 1, 2016. Re-inspections and complaint inspections are excluded. Fire inspectors will also inspect 20 to 50 percent of individual units in buildings with four or more units.

Graph 4. A small number of one-to-three-unit properties have a majority of total violations



Housing inspectors found 26,100 code violations in 3,365 one-to-three unit buildings. Twenty percent of the 3,365 units had 52 percent of the 26,100 violations (Graph 4). These properties averaged 21 violations per unit.

The remaining 80 percent of the 3,365 units had 12,438 violations, or five violations per unit. These properties are more representative of the number and type of violations found by housing inspectors.

Source: City Inspections data run, September 1, 2016.

¹⁵ Department Results Minneapolis: Regulatory Services 2016, page 7. <http://www.ci.minneapolis.mn.us/www/groups/public/documents/report/wcmsp-180256.pdf>

The most common type of violation was that a licensed contractor had not performed a furnace safety check within the last two years for a furnace over 10 years old (Table 8). Other safety issues were clogged dryer ducts, combustible storage and illegal attic and basement occupancies. Exterior repairs for garages, sheds, walls, roofs, stairs and porches were 12 percent of violations. A missing or non-working smoke or carbon monoxide (CO) detector, and broken or missing windows, storms and screens were the next two most common types of violations.

Table 8. Violation Types, One to Three Unit Buildings

Major Category	Number	Percent
Safety issue	2,423	19%
Exterior repair	1,440	12%
Smoke/CO Detector	1,357	11%
Windows	1,310	11%
Hand/guard rails	1,233	10%
Plumbing	1,101	9%
Interior repair	847	7%
Electrical	749	6%
Paint exterior	654	5%
License	470	4%
Appliance repair	435	3%
Nuisance/misc.	419	3%
Total	12,438	100%

Source: City Inspections data run, September 1, 2016. Similar code violations were grouped into a major category. Units with 13 or more violations are excluded to avoid skewing the results.

Table 9. Violation Types, Multifamily Buildings (four or more units)

Major Category	Number	Percent
Fire code	1,200	35%
Smoke/CO Detector	394	11%
Safety issue	374	11%
Electrical	312	9%
Interior repair	304	9%
Plumbing	236	7%
Windows	197	6%
Exterior repair	133	4%
Nuisance/misc.	95	3%
Handrail	92	3%
License	45	1%
Paint Exterior	41	1%
Appliance repair	35	1%
Total	3,458	100%

Source: City Inspections data run, September 1, 2016. Similar code violations were grouped into a major category.

Repairing or installing hand- or guardrails, exterior structural repairs and exterior painting were almost 25 percent of housing inspectors' total violations. Electrical violations were less frequent than in MPHA inspections. Properties with 13 or more violations were more likely to require window, structural exterior and interior repairs than properties with fewer violations.

The Department's fire inspectors found 3,458 code violations in 539 multifamily buildings (Table 9). Fire inspectors' primary focus is fire-code compliance for hallways, stairways, other common areas and fire systems. One-third of the 3,458 violations concerned blocked, propped open, or non-latching fire doors; exit lighting and signs; extinguishers; and sprinkler and alarm maintenance. The most common unit-specific violation was a missing or non-working smoke or carbon monoxide (CO) detector.

Safety issues were typically furnace checks, clogged dryer duct, and unnumbered units. The remaining violation categories were a range of electrical, plumbing, interior and exterior repairs, none more than 10 percent of total violations.

The number of individual units within the inspected multifamily buildings varies significantly, but the per-unit violation count is very low. Many of these buildings are professionally managed and the inspected buildings averaged 6.5 violations each, including fire and other building wide violations.

Recommended Process Changes

The Housing and Fire Inspection divisions have added new inspector positions to help with the growing workload. These entry level positions are taking the burden of complaint inspections from senior inspectors, who can focus on the more technical licensing inspections. The new tiered inspection schedule directs inspection resources to the worse-performing properties and rewards good property owners with lower annual fees and fewer inspections. A new licensing management system and mobile devices for recording inspection results and printing violation orders will substantially increase inspectors' field time and productivity.

Housing Inspection Services has created more lead inspector positions to help with training new staff, and combined supervisory leadership into two positions for better communications and staff management. Housing inspectors are also testing a consolidated list of violation codes to simplify writing orders. The following recommendations build on the Department's streamlining efforts:

1. Create a short pre-inspection list with the most common deficiencies and send to owners when the licensing inspection is scheduled.

The Department has a two-page rental property inspection checklist. A shorter checklist with the top five violations could focus the owner's attention and reduce violations and re-inspections. The most common violations are easily addressed before an inspection occurs, such as checking smoke and CO detectors, cleaning dryer ducts, and hiring a contractor to inspect the furnace.

2. Reduce the required number of units to be sampled in multifamily buildings.

Housing Maintenance Code Section 244.1855 requires inspectors to inspect a minimum of 20 percent of the units in buildings with more than ten units. HUD and other cities have lower minimum sample sizes as a building's total units increase. For example, HUD requires just 26 units to be sampled in buildings with more than 450

units for quality control purposes.¹⁶ The City of Seattle requires 15 percent of units to be sampled, up to 50 units maximum. New Orleans also uses 15 percent but caps the total at 20 units. Statistically, once a certain number of units are inspected, the next unit's condition is likely similar to the previous units. City inspectors could advise on a suitable percentage based on their experiences with large multifamily buildings.

3. Impose higher re-inspection fees for single family, duplex and triplex rental properties with 20 or more violations.

Eight percent of inspected one-to-three-unit rental properties had 20 or more violations in 2015. These buildings accounted for 30 percent of all violations issued by Housing Inspection Services during licensing inspections. These properties require much greater staff time than recovered by the annual licensing fee. The Department should seek authority from the City Council to charge an hourly rate or higher inspection fees for properties with 20 or more violations, or require the property owner to hire a licensed contractor to bring the property into compliance before renewing a rental license.

¹⁶ U.S. Department of Housing and Urban Development – Real Estate Assessment Center, *Minimum Unit Sample Size Reference Chart*, no date.
<http://portal.hud.gov/hudportal/documents/huddoc?id=MinUnitSampleSizeRefChart.pdf>.

COORDINATION OPPORTUNITIES

One of this study's purposes was to "identify potential areas for cooperative, joint or shared action or service delivery that might efficiently advance the shared or stated goals of the [City and MPHA]." ¹⁷ The two entities have a shared goal of ensuring that rental housing meets a stated standard, but their relationship with the property owner is significantly different. The City inspects properties to grant a rental license; failure to meet the City's standards can result in fines and license revocation. The MPHA wants landlords to accept Housing Choice Vouchers; a punitive inspection process is a significant disincentive. No comparably sized cities or public housing authorities have a joint or shared inspection program.¹⁸

The MPHA could use the City's inspection results as an alternative to the HQS inspection.¹⁹ However, the City's eight- and five-year inspection cycles are significantly longer than HUD's biennial inspection requirement. Only two percent of the City's rental properties are inspected annually. HUD is unlikely to grant MPHA a longer inspection cycle because biennial inspections are intended for well-managed properties or those "already inspected annually under a local housing code enforcement program."²⁰

The MPHA could contract with the Department for all its inspections. The Department of Regulatory Services' biggest advantage is its large inspection staff with greater scheduling flexibility and small geographic areas to cover, which reduces travel time. But the Department would likely need a separate HQS team rather than distribute the HQS workload among all inspectors:

- City interviewees reported that Housing Inspection Services and Fire Inspection Services do not have the capacity to perform more inspections with their current staff complement.
- The voucher program has unique program requirements, such as verifying rent reasonableness and different compliance timelines than the City's.

¹⁷ Memorandum of Understanding between the City of Minneapolis and the Minneapolis Public Housing Authority, May 20, 2016 and approved by the City Council on June 22, 2016, File Number 16-00757. <http://www.minneapolismn.gov/meetings/legislation/WCMSP-180688>

¹⁸ Based on review of other public housing authorities participating in HUD's Moving to Work demonstration project. The Louisville, Kentucky, PHA contracts with the city inspection department to perform HCV inspections, but the city itself does not have a rental licensing program. The Portage County, Ohio, PHA conducts rental licensing for its largest city, Kent, with a population of 30,000. Seattle landlords can submit the results of an HQS inspection to satisfy the City's rental licensing program's inspection requirement.

¹⁹ Federal Code of Regulations Title 24, Subtitle B, Chapter IX, Part 928.405.

²⁰ U.S. Department of Housing and Urban Development – Office of Public and Indian Housing, *Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies*, Notice PIH 2016-05 (HA), April 7, 2016, p. 25. <http://portal.hud.gov/hudportal/documents/huddoc?id=16-05pihn.pdf>

- Fire inspectors' primary function is inspecting a building's life-safety systems and common areas. Two-thirds of voucher subsidized units are in multifamily buildings, which are Fire Inspection Services' responsibility. Assigning HQS inspections to fire inspectors is not an effective use of their time and training.

A separate HQS team within the Department has no substantial advantage over the current situation. Communication channels are strengthened between MPHA and Department inspection functions but weakened with the remainder of the Housing Choice Voucher program staff. Additionally, the Minneapolis Housing Maintenance Code is more stringent than the HQS. A higher standard might delay tenant occupancy or payments when a landlord must correct more violations.

MPHA and the Department have little history of working together on inspections. A MPHA inspector attends the Department's monthly rental property owners meeting and both entities share information about the most problematic properties. The MPHA and Department could strengthen their relationship gradually by:

1. Giving each other read-only access to their inspection data systems.

The MPHA's Yardi Visual Homes database has inspection results, inspector notes and photographs on each subsidized unit. City inspectors could use this information in place of inspecting individual units within a building because the MPHA has likely inspected most of the units in buildings with a large number of voucher tenants. Withholding voucher payments can provide an incentive for a difficult landlord to cooperate with the City. Blocking City inspectors' access to tenant information in the MPHA system would ensure confidentiality and a data sharing agreement would specify each entity's responsibilities to protect privacy.

MPHA inspectors could access the City's Enterprise Land Management System to check for current rental licenses or enforcement actions, and use recently completed city inspection results in place of an HQS inspection, with HUD's approval. Data sharing improved understanding of each entity's inspection programs and might create future opportunities for shared or joint action.

2. Having the Department conduct MPHA's complaint-based inspections.

Voucher recipients can call the MPHA or City when they have a complaint about their unit. The MPHA received almost 125 complaints in 2015. The MPHA could forward its complaints to the Department. City inspectors are assigned to specific neighborhoods to respond quickly, and can address multiple complaints about the same property. Setting up the process would educate both entities on each other's policies and procedures and evaluate whether shared or joint program inspections are feasible. The Department can also factor in voucher recipients' complaints when assigning licensing tiers.

Appendix A: Comparison of Inspection Standards

City and MPHA interviewees consistently stated that the City’s inspection standards are higher than HUD’s Housing Quality Standards. An older HUD inspection manual explains why:

The HUD Housing Quality Standards will appear... less stringent than many local housing codes. There is a reason for this. The HUD standards have been set at a level high enough to guarantee that housing that passes is decent, safe and sanitary. But the level is not so high as to make large numbers of habitable units unavailable to program participants.²¹

Table A. Comparison of housing standards (examples)

Area	HUD Housing Quality Standards	Minneapolis Housing Maintenance Code
Bathroom	The unit must have its own bathroom, usable in private, with a toilet; sink with a trap and hot/cold water; and a shower or a tub with hot/cold water. Plumbing must connect to approved sewer system.	Similar, with requirement that the sink be in same room as toilet or near its door and the door locks if non-family members share the unit. An additional bathroom is required if more than 10 occupants.
Solid waste disposal	"There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary."	Every unit "shall be provided with an adequate number of containers to hold the solid waste accumulated by such units until said solid waste is removed from the premises. These containers shall be made of metal or approved plastic and be equipped with tight-fitting covers."
Water heater	Water heater is located, equipped, and installed in a safe manner: the heater has a pressure relief valve and discharge line, and is properly vented. The surrounding area is free from clutter.	A unit "shall have supplied water heating facilities properly installed and maintained in a safe and good working condition and properly connected." The water heater shall provide "an adequate supply of water to be drawn at any required kitchen sink, hand lavatory, bathtub or shower and to maintain the temperature of said water at not less than 120 degrees Fahrenheit."
Natural light	"There must be at least one window in the living room and in each sleeping room."	"Habitable rooms shall be provided with natural light by means of windows or skylights with a glazed area of not less than eight (8) percent of the floor area of such rooms with a minimum of eight (8) square feet."

²¹ U.S. Department of Housing and Urban Development, *Housing Inspection Manual: Section 8 Existing Housing*, no date, p. 11. http://portal.hud.gov/hudportal/documents/huddoc?id=hqs_inspect_manual.pdf

Area	HUD Housing Quality Standards	Minneapolis Housing Maintenance Code
Outlets	"The living room and each bedroom must have at least two electrical outlets in proper operating condition. Permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets."	Similar for rooms up to 120 square feet. An additional outlet is required for every 80 square feet over 120 square feet. "Required outlets shall, insofar as possible, be spaced equal distances apart."
Ventilation	"There must be adequate air circulation in the dwelling unit." "Bathroom areas must have one operable window or other adequate exhaust ventilation." "Any room used for sleeping must have at least one window. If the window is designed to be operable, the window must work."	"Not less than one-half (1/2) of the required window or skylight area shall be openable to provide natural ventilation. In lieu of openable windows for natural ventilation, a mechanical ventilation system may be provided [and] be capable of providing two (2) air changes per hour in all habitable rooms. One-fifth (1/5) of the air supply shall be taken from the outside."
Walls	"must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation."	"shall be maintained and kept free from dilapidation by cracks, tears or breaks or from deteriorated plaster, stucco, brick, wood or other material that is extensive and gives evidence of long neglect."
Roof	"The roof must be structurally sound and weather tight."	"All rainwater shall be so drained and conveyed from every roof so as not to cause dampness in the walls, ceilings, or floors of any portion of the dwelling or of any adjacent building or structure."
Bedroom	Uses City Housing Maintenance Code, but does not permit more than two people per bedroom.	"shall have the following minimum superficial floor area, 70 square feet for one person, 90 square feet for two persons and the required superficial floor area shall be increased at the rate of 50 square feet for each occupant in excess of two" but not exceeding four.
Outdoor areas	"The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade, such as dangerous walks or steps; instability; flooding, poor drainage, septic tank back-ups or sewage hazards; mudslides; abnormal air pollution, smoke or dust; excessive noise, vibration or vehicular traffic; excessive accumulations of trash; vermin or rodent infestation; or fire hazards.	Covered by the City's Nuisance ordinance.

Appendix B: Data Sources

In-Person Interviews & Meetings

Minneapolis Department of Regulatory Services: director; deputy director of Operations; deputy director of Housing Inspection Services; both field managers and one lead inspector from Housing Inspection Services; and one supervisor from Fire Inspection Services.

City of Minneapolis City Coordinator's Office: deputy city coordinator

Minneapolis Public Housing Authority – Housing Choice Voucher Program: managing director, senior supervisor, senior inspector, administrative assistant, program analyst and IT analyst.

Telephone Interviews

Senior inspectors or program managers from these public housing authorities or housing redevelopment authorities: Atlanta (GA), Bloomington (MN), Louisville (KY), Multnomah County (OR), Omaha (NE), and Plymouth (MN).

2015 Workload Data

The City and MPHA provided both summary data and source data ("raw data") for all inspections completed during calendar year 2015.

Minneapolis Department of Regulatory Services:

- Total licensed properties and total dwelling units by inspection tier and by building type: one-to-three-unit buildings, condos, and four-or-more-unit buildings (summary data);
- Number of rental properties with at least one violation by building type (summary data); and
- Each property's individual violation(s) by ordinance or statute number with open and closed dates by building type (source data).

Minneapolis Public Housing Authority – Housing Choice Voucher Program:

- Total initial inspections by inspection type (annual, biannual, complaint and quality-control) by pass or fail status (summary data);
- Total re-inspections by inspection type by pass or fail status (summary data);
- Move-in inspections by date requested, date completed, address and whether an initial- or re-inspection (source data); and
- Total failed items by each item category, such as stairs or smoke detectors (summary data).

Documents & Online Resources (not cited in footnotes)

Abt Associates, *Innovations in the Moving to Work Demonstration*, December 2014, <http://www.abtassociates.com/AbtAssociates/files/b8/b8bd4434-4303-408e-b696-874f821e66ea.pdf>

ChangeLab Solutions, *A Guide to Proactive Rental Inspection Programs*, February 2014, [http://www.changelabsolutions.org/sites/default/files/Proactive-Rental-Inspection-Programs Guide FINAL 20140204.pdf](http://www.changelabsolutions.org/sites/default/files/Proactive-Rental-Inspection-Programs%20Guide%20FINAL%2020140204.pdf)

City of Minneapolis Listening Sessions sponsored by Councilmembers Glidden and Warsame: housing choice voucher holders (May 13, 2016), commercial developers (June 8, 2016), and multifamily property owners (May 12, 2016).

City of Minneapolis – Department of Regulatory Services – Housing Inspections website: <http://www.ci.minneapolis.mn.us/inspections/index.htm>

Family Housing Fund, *Owners/Managers Creating Opportunity: Analysis of Owner/Manager Feedback*, February 2016. http://www.fhfund.org/wp-content/uploads/2016/05/OMCO-Phase-I-Report_4.6.16.pdf

Minneapolis Public Housing Authority – Housing Choice Voucher 2016 Administrative Plan, September 23, 2015, <http://www.mphaonline.org/wp-content/uploads/2015/11/S8-Admin-Plan-2016-Complete.pdf>

Minneapolis Public Housing Authority – Housing Choice Voucher Draft 2017 Administrative Plan, July 31, 2016, <http://www.mphaonline.org/wp-content/uploads/2016/08/Section-8-HCV-Working-Draft-for-2017.pdf>

Minneapolis Public Housing Authority – Housing Choice Voucher program website: <http://www.mphaonline.org/section-8/>

Minneapolis Public Housing Authority – Moving to Work Plans and Reports: <http://www.mphaonline.org/about/pr-policies-and-publications/>

Sloto, Allison, *Targeted Rental Licensing Programs: A Strategic Overview*, April 2016, http://www.americanbar.org/content/dam/aba/administrative/state_local_government/BinderHotTopicsinLandUse4416.authcheckdam.pdf

U.S. Department of Housing and Urban Development, *Housing Choice Voucher Program Guidebook*, April 2001, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/forms/guidebook

U.S. Department of Housing and Urban Development, *Moving to Work (MTW) - Promising Practices*: http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/mtw/promisingpractices