
TESTIMONY IN OPPOSITION TO HB 2665
Concerning city and county inspections of rental properties; limitations

To: Honorable Chairman, Rep. Mark Hutton
House Committee on Commerce, Labor, and Economic Development

Date: March 3, 2016

Chairman Hutton and members of the Committee, thank you for the opportunity to provide testimony today. I am here on behalf of the City of Mission in opposition to House Bill 2665, which would prohibit Kansas cities and counties from performing routine interior inspections of rental properties.

The City of Mission is an inner-ring suburb located in northeast Johnson County. Mission has just under 10,000 residents, and 51% of the city's dwelling units are rental properties.¹ Notably, the City is home to 19 apartment complexes that represent approximately 2,400 dwelling units. Since 2007, the City has operated a rental licensing and inspection program to protect the social and economic welfare of our community. Specifically, the program:

- Protects the character and stability of the City's residential areas
- Prevents the creation of blight and residential nuisances
- Reduces crime that arises in neighborhoods due to blight
- Preserves and enhances City property values
- Protects the health, safety, and welfare of rental tenants by enforcing:
 - Maintenance standards for structures and appliances
 - Limits on overcrowding
 - Safety standards to prevent fires, floods, and other property hazards

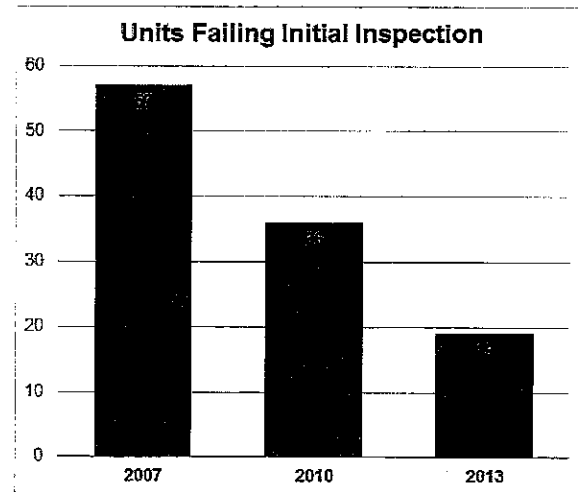
The City's rental licensing program was developed by a Rental Housing Stakeholder Task Force in 2006, which consisted of councilmembers, rental property owners and managers, apartment association representatives, and local residents. The program established mandatory licensing for all rental properties within the City, and provides for inspections of:

- 5% of the dwelling units of each apartment complex within Mission (~120 units annually)
- Dwellings upon the request of the occupant (7 to date, an average of 1 each year)
- Rental properties with 3 or more documented code violations (none since 2007)

¹ U.S. Census Bureau; 2014 American Community Survey 5-Year Estimates, Table DP04: *Selected Housing Characteristics*; Johnson County, Kansas property records

A checklist of items subject to inspection and the standards expected for property maintenance are provided to rental property managers every year in advance of scheduled inspections. The City and the property manager cooperate to select specific units for inspection. In many instances, dwellings can be inspected between tenant occupancies.

When the City began multi-family rental inspections, 57 units - about half of those inspected - had issues serious enough to fail the initial inspection. While the failure rate has decreased significantly over time, up to 15 units each year typically require some corrective action. Photos of property maintenance issues addressed by our inspection program are attached.



Currently, only multi-family properties receive periodic interior inspections, but management and regulation of rental property remains a clear policy challenge for the City. A 2014 study² of the City's single-family housing stock showed that rental properties, compared to owner-occupied housing, on average had:

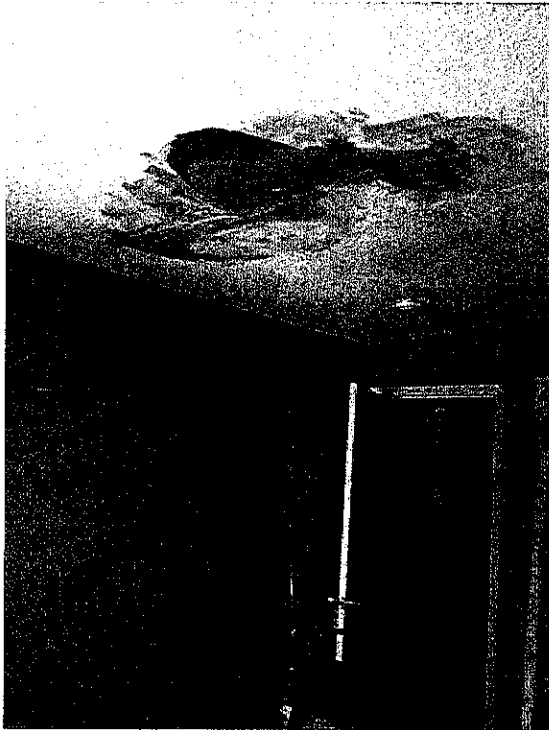
- Over twice as many valid complaints regarding property maintenance and nuisance codes;
- Substantially lower property values overall;
- Larger declines in assessed valuation over the last 5-year and 10-year periods; and
- Lower ratings of each building's structural and exterior maintenance.

While many property owners and managers are responsible, the statistics maintained since 2007 demonstrate that the City has a clear interest in regulation, including inspection. Absent the City's intervention, these issues will not be adequately addressed. Many Mission tenants are unable to afford housing in other areas of Johnson County, and still others fear retaliation from their landlord if they seek to address serious maintenance issues. If House Bill 2665 becomes law, the City would lose a critical tool in our ongoing efforts to combat blight and substandard housing. Maintaining a range of quality housing options allows the City to be a place where the needs of all populations are met.

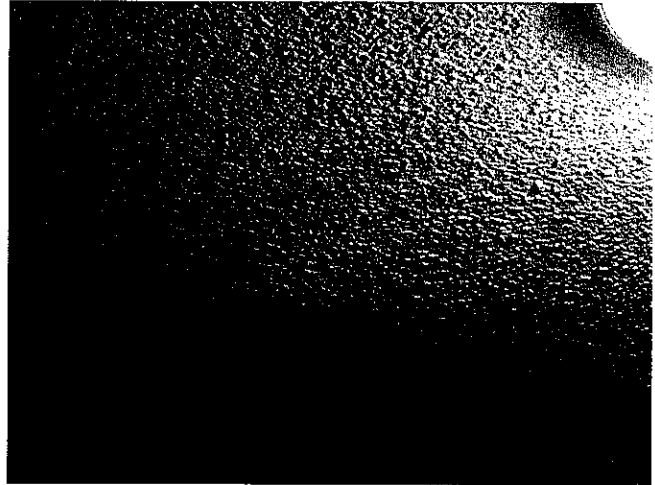
For all of the foregoing reasons, the City of Mission respectfully asks the Committee **to oppose** House Bill 2665. I thank you for your time and attention.

² The study was conducted based on methodology designed by the University of Missouri - Kansas City's Center for Economic Information. The Center periodically evaluates the neighborhoods of Kansas City, Missouri using this method, and their work has been recognized by the National Housing Institute.

Failed Inspection (Multifamily)



After Passed Inspection (Same Unit)



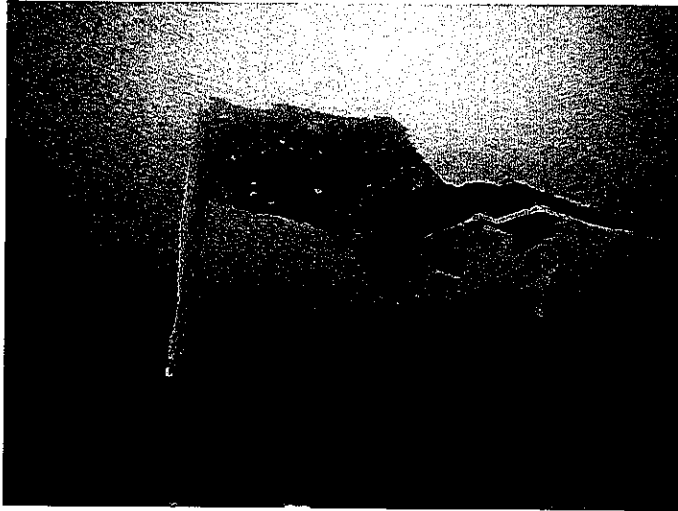
The photo to the *left* had water damage coming through the ceiling light fixture.
The photo to the *right* portrays the ceiling fully corrected and painted.

Tenant Requested (Single Family) Before



The photo on the *left* portrays total decay of piping, interior of home, under sub floor.
The photo on the *right* portrays a broken pipe inside the wall, creating water damage.

Tenant Requested (Multifamily)

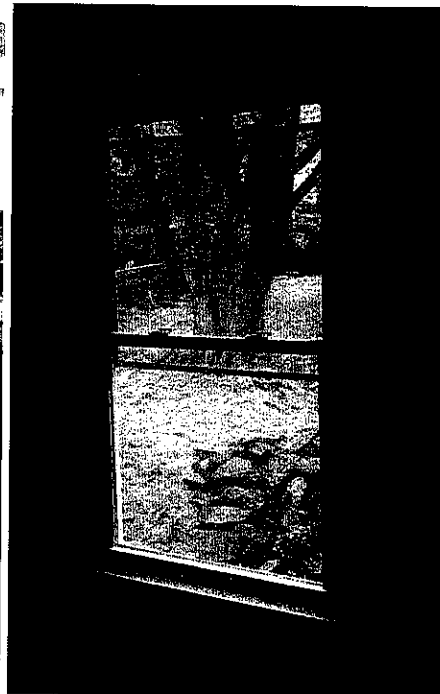


Rental Inspections (Multifamily)



The photo to the *left* had a broken roof joist causing the ceiling to cave in.
The photo to the *right* is a water heater without a pressure relief hose.

Tenant Requested (Single Family) Before and After



The photo to the *left* portrays total wood rot, interior of the window sill.
The photo to the *right* is the window replaced and wood rot removed.