

CITY AUDITOR 345 6th Street, Suite 600, Bremerton, WA 98337-1873 & Phone (360) 473-5369

January 30, 2013

Bremerton City Council

You requested that I conduct a study of the costs and impacts of rental housing. Attached is my report. This has been a long and challenging project. I would be pleased to discuss this report with you.

The assistance of David Buffington of the Department of Information Technology was a significant element in gathering and analyzing the data. The Records Division of the Bremerton Police Department also assisted in providing call data. The assistance of all of these staff members is greatly appreciated.

Sincerely,

Gary W. Nystul

cc: Mayor Patty Lent
Fire Chief Al Duke
Police Chief Craig Rogers
City Attorney Roger Lubovich
Director of Financial Services Becky Hasart

THE COST OF PROVIDING CITY SERVICES TO RESIDENTIAL UNITS

PURPOSE

The Bremerton City Council requested that the City Auditor study the costs and impacts of rental housing and to issue a report. This report is in response to that request.

SCOPE

The number of police calls for services, fire department calls for service, and code complaints for the calendar year 2011 were used. The county property records as of April 2012 were used to establish the listing of residential dwelling units in the city and to determine the type of unit, such as single family, duplex, and etc. They were also used as an “indication” if the unit was owner occupied or renter occupied.

STATEMENT of AUDITING STANDARDS

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards, except section 3.82 requiring an external peer review. Those standards require the auditor to plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. The auditor believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

OBJECTIVE

Determine the volume of requests for city services from renter and/or owner occupied residential units which will establish a measure of costs to the city.

SUMMARY

A review of calls for service of the police department, fire department and code enforcement indicate that substantially more calls are from renter occupied dwellings than from owner occupied dwellings.

BACKGROUND

Many different services are provided to residents of the city. For example, the City provides fire, emergency medical services, code enforcement and police services. Utilities including water, wastewater, and stormwater are also provided. Other services include the maintenance of streets and parks. The cost for the utilities of water, wastewater and stormwater are considered to be fully paid by the consumer through their utility bill. There is no differentiation between a renter or owner as a utility customer. Streets and parks are utilized by residents as well as non-residents. There is a significant difference in demand for police and fire services between owners and renters which therefore causes the most significant impact on the city.

It is not possible to calculate the actual cost of providing city services of police, fire, and code enforcement to a specific residence. For example, it would be possible to divide total fire department expenditures for a year by the number of fire calls. This would provide a cost for an average call. However, it would not give an accurate measure. Most fire runs last only a few minutes while others last hours. Some involve only one engine company while others involve all city fire apparatus. Some runs are for business locations while others are for residences. Without significant additional research resources, it is not possible to make cost calculations.

The cost of a police call for service is also not easily determined. A call for a burglary, threats, or follow up may involve only one police unit, while a domestic violence call may involve three or more police units. The number of units who respond is not included in the summary call data. Cases referred to the detectives and their workloads are not included in the data of initial call volume. Without substantial research assistance, it is not possible to compute actual costs. However, the volume of requests for services can give a good indication of the relative cost of police, fire and code enforcement.

METHODOLOGY

All parcels of land in the city are included in the Kitsap County property tax records. Therefore the county property tax rolls are the most complete record available to identify all residential units. They are coded for property class such as single family residence, duplex, triplex, retail, restaurants, fast food and etc. The city IT Department provided technical assistance to obtain the listing of residential properties from the county property tax records.

The 2010 US Census also includes a count of all dwelling units in the city. This is an independent reference to ensure all residences were included in the study. The Census also provides data of the other cities in Kitsap County and the

unincorporated area. The Census identified the following number of dwelling units for these areas. The population of each area is also included.

	Population	Owner Occupied	Renter Occupied	Vacant	Total Units
Bremerton	37,729	6,380	8,552	2,341	17,273
Bainbridge Island	23,025	7,222	2,248	1,114	10,584
Port Orchard	11,144	2,389	1,889	352	4,630
Poulsbo	9,200	2,401	1,482	232	4,115
Unincorporated	170,035	48,033	16,624	6,108	70,765

A relevant comparison is the percent of housing units in each jurisdiction that are owner occupied or renter occupied. Vacant units, when they become occupied, could be either. The percentage is of total occupied units.

	Owner Occupied	Renter Occupied
Bremerton	43%	57%
Bainbridge Island	76%	24%
Port Orchard	56%	44%
Poulsbo	62%	38%
Unincorporated	56%	44%

Data for the following table was obtained from the property tax lists of the number of properties according to county classification. This is only the number of properties and is not a count of dwelling units. To compute the total number of dwelling units requires the number of duplexes to be multiplied by two and triplexes multiplied by 3 and etc.

NUMBER OF PROPERTIES BY CLASS

Single family residence	8,411
Residential condo	806
Duplex	904
Triplex	63
Four units	71
5 - 9 units	137
10 - 14 units	24
15 - 19 units	4
20 - 29 units	23
30 - 39 units	23
40 - 49 units	16
50+ units	118
Mobile Home	<u>277</u>
Total	10,877

These listed properties were analyzed to determine the total number of residential units in each of the multifamily properties. The Navy housing in Jackson Park was also added since they are in the city limits, but are not listed on the tax rolls. The result of this analysis indicates there are 16,311 dwelling units in this sample of residential properties. The Census identified 17,273 units for a difference of 962. Some residential units are located above businesses or in mixed use buildings. These appear on the property rolls as non-residential properties. It was not possible to identify and count these properties without examining all parcels on the tax rolls. The 5.6% difference was considered acceptable.

Calls for services to the police and fire departments go through CENCOM, the 911 public safety answering point. Each call is summarized in a data base that is accessed by the police or fire departments. The data provides the date, time, location and nature of the call. This data was used to measure requests for service.

In 2011 the fire department had 6,809 CENCOM calls including 1,657 fire and 5,152 EMS calls. Some examples of these calls include 18 calls to remove people from stalled elevators, 339 dispatched and cancelled en route, 201 to assist invalid, 87 motor vehicle accident with injuries, and 118 where no incident was found upon arrival at the dispatched address.

In 2011, there were 56,484 CENCOM calls for the police. However, a number of these were traffic related. For example, each time an officer makes a traffic stop it creates a call record. Each cell phone "hang-up," is a record. Motor vehicle collisions, DUI, Media, and be-on-the-lookout-for all create a record. For the purposes of this report, these types of calls have been eliminated in an effort to

obtain a more accurate classification of calls for service relating to residential units.

The following table reflects on the breakdown of CENCOM calls for police for 2011.

Total Calls	56,484
Less:	
Traffic	12,010
Cell phones	6,608
Media	409
DUI	403
Motor Vehicle Incidents	1,410
Be On The Lookout	528
Tests	688
Traffic Related	1,723
Subtotal	<u>23,779</u>
Calls Related To Residential	32,705

Code enforcement cases were small enough in number to manually match to residential units identified in our sample.

DATA SAMPLES

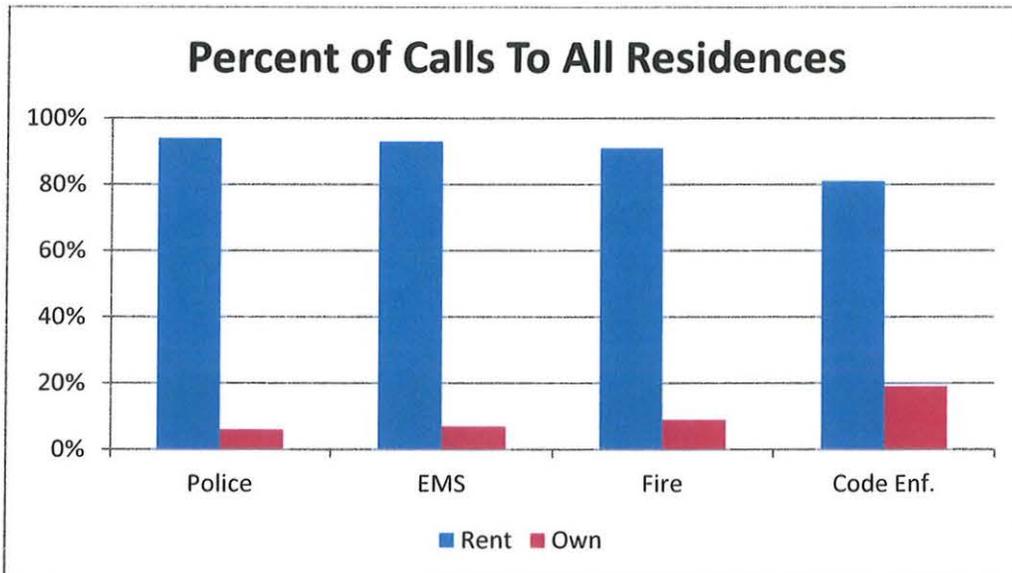
It is not practical to analyze the requests for service to all 16,311 dwelling units. It is also not practical to match the 32,705 police requests for service or the 6,809 fire calls to dwelling units. Therefore two random samples were selected of residential housing units. One sample included all units such as single family, duplexes, and apartment buildings. Another sample of single family units was also selected.

All Residential Units

The sample for all residential units included 233 renters and 140 owners (or 62% renter and 38% owner). As listed above, the Census reported 57% renter and 43% owner which included only occupied dwelling units.

The following table presents the results of calls for services for the addresses of the properties in the first sample.

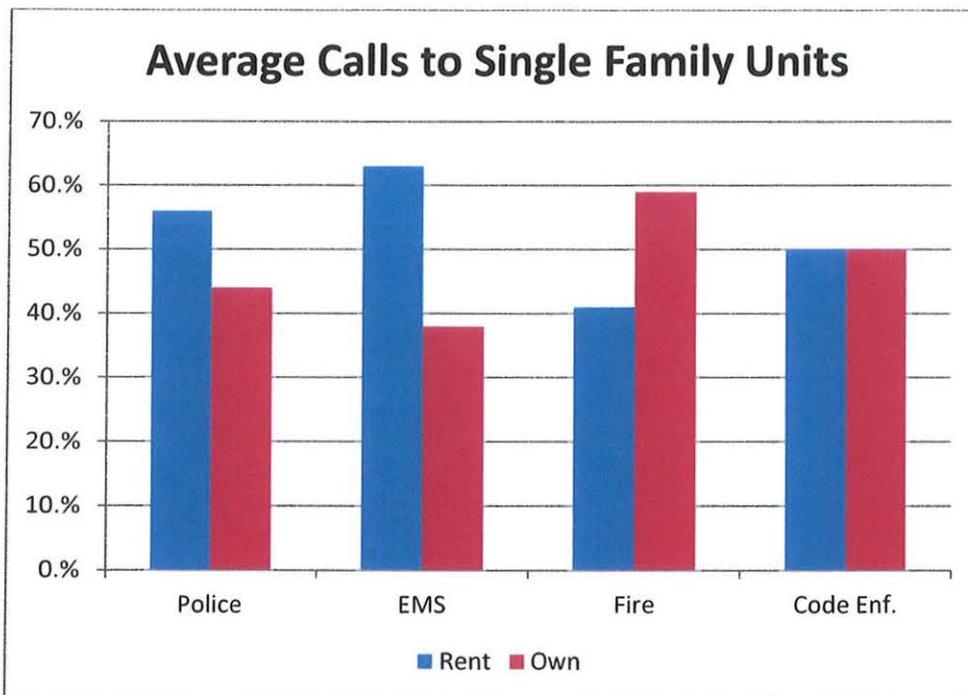
Department		Number of Calls	Percent
Police	Rent	2,006	94%
	Own	118	6%
Fire Medical	Rent	444	93%
	Own	35	7%
Fire	Rent	134	91%
	Own	13	9%
Code Enforcement	Rent	17	81%
	Own	4	19%



Single Family Residential Units

The second sample of only single family residences included 131 renters and 239 owners (or 35% renter and 65% owner). In this group the following call volume was observed.

		Number of Calls	Percent of Call Volume	Average Calls per Residence
Police	Rent	179	56%	1.37
	Owner	141	44%	0.59
EMS	Rent	45	63%	0.34
	Owner	27	38%	0.11
Fire	Rent	7	41%	0.05
	Owner	10	59%	0.04
Code Enforcement	Rent	6	50%	0.05
	Owner	6	50%	0.03



ADDITIONAL INFORMATION

Police Department Community Services Program

In 2008 the city passed the Chronic Nuisance Properties ordinance to address properties which had repetitive police calls and code violations. The goal was to reduce the number of police calls for service and hold accountable those property owners that allow nuisance activities to persist. To assist in keeping owners aware of police activities at their properties, the police department created the Landlord Notification Program. This voluntary program allows owners to sign up and receive timely notifications of police calls to their properties. The Community Resources Officer frequently downloads police CENCOM calls, sorts them by property, removes some sensitive data and then sends the listing to the affected property owners via email.

This program had 497 individuals registered to receive email notifications. Included in this number are some businesses as well as rental property managers and housing authority managers. After eliminating what appear to be duplicate entries, there were over 6,000 individual rental units included in the program.

Rental Licensing

Chapter 5.02 of the Bremerton Municipal Code requires any person engaged in the business of renting real property, other than ancillary or casual rentals, to obtain a city landlord license. Only one license is required regardless of the number of units rented.

Washington cities comparable to Bremerton (either by size or proximity) that currently have no rental license requirement include the following.

City	Population
Olympia	46,780
Lacey	42,830
Puyallup	37,240
Longview	36,730
Lynnwood	35,860
Wenatchee	32,090
Mt Vernon	31,940
Walla Walla	31,670
Bainbridge Island	23,380
Poulsbo	9,360

The following cities do have rental license requirements as summarized below:

City	Population	Applies To	Fee
Seattle	612,100	New program to apply to all rentals	Being developed
Tacoma	198,900	All rentals. May require a provisional license which includes inspection	Fee of \$90 or \$24 depending on gross income
Marysville	60,660	Rental of four or more residential dwellings	New business \$50 Renewals \$40
Lakewood	58,190	Five or more units on one property or adjacent property is a Rental Housing Complex	Annual Fee for complex \$53
Richland	49,090	Three or more units	Fee of \$40 plus \$2 each additional unit
Burien	47,660	Four or more dwelling units	Four to 24 units \$100 25 or more \$200
Edmonds	39,800	All rental units (rooms or apartments)	New license \$125 Renewal \$50
Bremerton	38,790	All rentals	Fee \$75
Bothell	33,720	Three or more dwelling units are an apartment	Fee based on number of employees, type of business and square footage.
Issaquah	30,690	Any building containing an aggregate of 10 or more rental units located on a single or contiguous lots; or business or commercial buildings containing any rental units	Fee \$60 plus MLS fee of \$15
Port Orchard	10,400	Any apartment building containing ten or more units or any business with containing rental units	Fee \$35

Bremerton Licensing

In 2012 the City of Bremerton sold 1,256 rental licenses which produced revenue of \$94,200. There is no enforcement if a landlord does not obtain a license. Follow up letters are sent, but no enforcement steps have historically been taken.

For rental licenses, the Department of Financial Services uses software that has been added on to the system used for business and occupation taxes. The software allows for the recording of the applicants name and address and etc. However, it has fields to list only three property addresses. Many owners have more units and city staff has at times entered more than one address in these fields. It is therefore not possible to accurately search for a licensed rental address or to determine how many rentals one person may have.