

RESIDENTIAL BUILDING RESALE REPORT (RBR) PROGRAM

City Council Study Session

August 1, 2016



BACKGROUND

- ❑ 1973- City established RBR Program
- ❑ Similar resale programs administered by all Marin jurisdictions except County
- ❑ 600-700 resale reports prepared/issued annually
- ❑ 2013-2014 City worked with MAR to develop **“San Rafael RBR Program Policies & Practices”**

STATE PERFORMANCE AUDIT

- ❑ State Performance Audit commissioned in 2015
- ❑ Audit report completed in March
- ❑ Performance Audit recommends procedural improvements to program; most being implemented
- ❑ April 4 = City Council review of Audit report; directed staff to **study program options** including continuation or elimination

OPTION	ADVANTAGES	DISADVANTAGES	FEE/FISCAL IMPACT	MARIN JURISDICTIONS
1. Eliminate Program	Free-up staff time; 90% of CA = no resale program	No access to inventory; no enforcement of unpermitted work	Fee eliminated. Reduction in cost recovery from pursuing unpermitted work	County of Marin
2. Continue Current Program	Continued access to inventory to capture unpermitted work	Fee increase per State Audit; increase in cost to customer	Fee increase to \$270 for SFD report Continued cost recovery for permits	Novato Belvedere Mill Valley Ross Tiburon
3. Voluntary Program	Same as #2	Extent/number of requests unknown	Same as #2 except amount of cost recovery unknown	----
4. Permit Record Only	Limited staff required to administer; shorter process for customer	Questionable value as records available on-line No capture of unpermitted work	Reduce fee to \$130 for SFD report. No capture of cost recovery for unpermitted work	Corte Madera Sausalito
5. Continue Current Program but Limit Enforcement	Continued access to inventory. Enforcement and correction of major violations	Unpermitted work would continue to be in violation; could discourage owner from securing permits for future work major violations = difficult to define ?	Fee increase to \$270 for SFD report;	Larkspur Fairfax San Anselmo

STAKEHOLDERS

- Marin Association of Realtors = support for **Option 4** (some supporting **Option 1**)
- Marin County Tax Assessor = support for **Option 2**
- Marin Builder's Association = support for **Option 2**
- Fire Department + Emergency Responders
- Local Architects/Designers
- Citizens who lawfully obtain permits
- Other Marin jurisdictions
- Contractors State License Board & State DOJ

DATA & STATISTICS

- ❑ San Rafael performed just under 700 RBRs per year over last 4 years.
- ❑ Roughly half of those have clean reports with no violations.
- ❑ More than 50% of inspections identify some level of unpermitted work.
- ❑ Over half of those are 'major' in nature (require plans/zoning review/abatement)

BENEFITS OF PROGRAM

- Health and Safety..... Health and Safety
- Unique service, not provided by others
- Consumer benefit to the Buyers (seller pays)
- Limited nature of the report does not duplicate other typical inspections
- Relatively high incidence of violations identified
- Effective program is a strong disincentive to performing unpermitted work
- Neighborhood preservation in lieu of more proactive Code Enforcement practices

BENEFITS OF PROGRAM

- ❑ Through coordination with the Assessor's office, keeps housing inventories accurate, and tax assessment on a "level playing field"
- ❑ By requiring retroactive permits for illegal work, helps to maintain fairness/parity with contractors/citizens who do lawfully obtain permits
- ❑ Provides for cost recovery of permit fees which would otherwise be lost, keeping permit fees relatively low for all.

FISCAL IMPLICATIONS

- ❑ Current program brings in approximately \$117,000 annually in fees (cost recovery)
- ❑ Part time RBR inspector costs approximately \$35,000 annually
- ❑ Recovered permit/inspection fees for unpermitted work are approximately \$325,000 annually (including penalty fees).

FACTORS TO CONSIDER

- ❑ State auditor implicitly supported the program in all three cities selected for the study; report recommends program improvements.
- ❑ Current program provides a strong disincentive to perform illegal work -- benefits the construction and design businesses.
- ❑ High incidence of unpermitted work – potential for health and safety risks to that property and neighboring properties.
- ❑ Helps to identify many illegal units, and often legalize them. Other benefits for neighborhood preservation.

FACTORS TO CONSIDER

- Consumer protection by ensuring that all residential improvements are ultimately inspected and safe for the new home purchaser.
- Difficult to justify suspending the program based the very high incidence of illegal activity being identified.
- Whatever San Rafael does could impact other jurisdictions in the county.
- Others in the community are supportive of the program.
- Recovery of permit fees for unpermitted work helps to keep permit fees lower for all.

QUESTIONS



OPTION 2 – FEE STUDY

STAFF	FUNCTION	TIME (HOURS)	FBHR	COST
Permit Tech.	Process/open application	0.25	\$90	\$22.50
Admin Asst.	Permit history; base report prep; coordinate with applicant; schedule inspections	0.65	\$87	\$56.55
RBR Inspector	Perform field inspection; enter results into report	1.25	\$115	\$143.75
Admin Asst.	Proof and finalize report; post report; contact customer	0.3	\$87	\$26.10
Management staff	Meet with customer when issues are in dispute	0.06521	\$160	10.43
	Overhead (vehicle gas, supplies, etc.).			\$11.00
			TOTAL:	\$270.33