



### ILA Legislative Report

The 79<sup>th</sup> General Assembly completed its two-year cycle on April 12<sup>th</sup>. Both the 2001 and 2002 sessions will have at least two extraordinary sessions, usually known as special sessions. The dominant theme in both legislative sessions has been the declining state revenues coupled with the increasing costs of funding education and welfare needs.



**Joe Kelly**  
*ILA Lobbyist*

This fiscal reality has caused both the legislature and the Governor to make cuts in the state budget.

This situation has affected landlord legislation in a couple of ways. The fiscal problems put a damper on efforts by landlords to pass a bill changing the tax classification on most rental properties from commercial to residential. Even though property taxes are local taxes, the state's financial problems come into play because the state sends money to local governments for property tax replacements. Therefore, the overall climate was not good for our property tax bill, HSB 713/SSB 3181. The effort wasn't without some benefit. In press interviews after the session, looking forward to 2003, leadership of both the House and Senate, and of both political parties, predicted that property tax reform would be among the top issues for legislative review.

Consequently, lobbying on the issue by landlords has contributed to bringing it to the forefront of the legislative agenda. What happens next? To be successful, lobbying must take advantage of opportunities at hand. The opportunity at hand is the upcoming election. Candidates will be everywhere between now and November 5<sup>th</sup>. Every time you talk to a candidate for the Iowa legislature, bring up the issue of why it's not fair that most rental property is classified as commercial while single family, owner occupied housing enjoys a 49% reduction of taxes. Renters pay the increased taxes by means of higher rents.

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### DIALOGUE WITH DIRECTORS



We always tell you that you should read the Newsletter. If you only read one this year, this would be the one to read. This month's issue contains important information that concerns many of our member landlords.

We were going to dedicate a lot of print space to report on the Spring Seminar. Some last minute topic revisions lead us to postpone that article until next month. We would like to take this opportunity to thank our presenters, Clifford McClure, John Leavengood, and Joe Kelly who all gave very informative and useful information to the attendees. We also thank the members and guests who could attend the Spring Seminar. We sincerely hope you were able to chat with any of the speakers either in the formal question and answer period or during the break. We are already working on the Fall Seminar. Be sure to check the newsletter and website for details.

As we said, this is a very important Newsletter Issue. Besides the astonishing details reported by Joe Kelly in his ILA Legislative Report this month, you will find information you can use all the way through the Newsletter. If you own or manage property in Des Moines, you will find Page Two very interesting. We encourage you to read Ben Bishop's Letter, and plan to accept his invitation. We think you will have some useful thoughts and dialog to add to the conversation. We hope to see you there.

We have been telling you about Lead Based Paint Issues for a while. On Page Three, you will find information that will be useful. If you have any questions, be sure to call us at the office, and check out the website for Lead Based Paint Information.

### ***This Month's June 2002 NewsBrief .....***

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- Lead Based Paint
- Advertise with ILA

- Directors: • Dennis McDonald • Dave Sollenbarger
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# Draft Copy of Ben Bishops Letter to Des Moines Landlords

On July 22, 2002 the Neighborhood Inspections Division will be proposing significant changes to the City Council. The changes deal with Section 26, Article IV of the Municipal Code. This section of the code deals with rental housing inspections. The changes are an attempt to accomplish two things: 1) to make the code more user-friendly; and 2) to make significant changes in the way rental inspections are completed in the City of Des Moines.

A public meeting for landlords and managers of rental property is scheduled for June 18, 2002 in the City Council Chambers. Your attendance or the attendance of your designated representative would be greatly appreciated at this meeting. We will be actively pursuing your input, comments and suggestions. Our primary goal is to improve the housing stock in our city and thereby make a significant positive difference in the housing stock of our community.

The changes I am proposing are an attempt to help good landlords. Those of you who manage your properties and are making a significant positive difference in the lives of your tenants don't need inspectors at your properties telling you how to manage your business. The proposed changes also give my staff sufficient time to concentrate on the less responsible property owners who are not making a significant positive difference in the housing stock of our community.

The proposed changes recommend that on or about the first of April of each year the Neighborhood Inspections Division will mail to each landlord a self-inspection form for each property owned and rented in the City. Not later than June 30<sup>th</sup> of each year the property owner or his/her designated representative will self-inspect each rental unit in order to certify that it complies with the code, and register the unit with the Neighborhood Inspections Division having pay the administrative fee of \$25.00 per unit.

During the first thirty months of the new process the fee will be prorated based on the number of months left on the current rental certificate under the old process. In other words, if you have a current rental certificate that is good until June 30<sup>th</sup> of the following year self-inspection and registration of the unit will be required but no fee assessed.

A late fee of \$1.00 per unit will be assessed for each day past June 30<sup>th</sup> that the unit is not registered, with a maximum penalty fee of \$50.00 per unit.

Owners who elect to have the Neighborhood Inspections Division inspect their property rather than self-inspect may pay an inspection fee of \$150.00 per unit.

Properties, which have not held current inspection certificates during the previous year, and are not new construction, or do not have a new certificate of occupancy, will be

required to have an inspection completed by the Neighborhood Inspections Division and pay a fee of \$150.00 per unit.

The Neighborhood Inspections Division will conduct the following inspections at no charge; 1) inspections generated by complaint; 2) random inspections for the purposes of quality control; 3) inspections of suspect properties based on past poor performance; and 4) inspections ordered by the Housing Appeals Board. Should violations be observed during these inspections the first re-inspection of the property will also be free. Subsequent re-inspections will be charged \$150.00

The changes to the code will also require an annual inspection by a certified fire inspector and a semi-annual inspection by a licensed heating contractor.

The proposed changes also permit the filing of municipal infraction in the following situations; 1) after the third re-inspections if the violations have not been corrected; 2) When the self-inspection has not been completed and/or the fees have not been paid; 3) Illegal rentals; 4) When there's are three occurrences of violations in a three-year period of time. (An occurrence is a violation or a set of violations at a given time); 5) When ten or more violations are observed at a given time; 6) False self-inspection.

The proposal eliminates the present distinction between class one and class two violations. When violations are observed the landlord and the inspector will negotiate an appropriate time frame for correcting the problems. As in the past the Housing Appeals Board and the Judicial System will be the final arbiters.

It is my belief that these changes help you streamline the management of your properties. They do however; entail significant consequences for those that don't manage their properties appropriately. The changes also increase the costs associated of owning residential rental real estate. The cost of inspections has not been increased since July 1, 1992. The cost of inspecting and registering a single-family would increase from \$23.60 to \$25.00 annually. The Cost for a duplex would go from \$36.80 to \$50.00 and the cost of a 12 plex would increase from \$134.66 to \$400.00.

To insure that tenants can't generate complaints that put the landlord at risk without his/her knowledge, tenant generated complaints other than health and safety issues will not be handled by the Neighborhood Inspections staff until the landlord has first been notified and had ten days to correct the problem. Your input is valued; please plan to attend in the Council Chamber on June 18, 2002 at 6:30 p.m.

Sincerely,

Ben Bishop

## ILA Legislative Report

(continued from Page 1)

The dismal financial situation led to the passage of SF 2320, which will affect landlords. This bill, signed by Governor Vilsack, will increase your cost of doing business, although both the legislature and the Governor publicly stated that taxes would not be increased this year. The distinction is that SF 2320 raised court fees and is not actually a tax. A fee applies to a user of a service whereas a tax affects everyone. Specifically, as of July 1 of this year, it will cost you \$50 to file a small claims action, instead of the current fee of \$30. That's a 66.6% increase. If you file an appeal from small claims, the fee goes up from \$50 to \$75. That's just a 50% increase. Other fees in small claims court were also raised.

Landlords were instrumental in the passage of one piece of legislation. HF 518, which was signed by Governor Vilsack on April 8<sup>th</sup>, will increase the jurisdictional amount of small claims court from \$4000 to \$5000. This new law will take effect on July 1. The bill passed the House last year before being bogged down in the Senate. Landlords worked with key Senators in order to get the bill moving in the Senate.

Some landlords had an interest in HF 2565 which has been signed into law. This new law will impose certain duties on those people who sell houses on contract. It won't affect most landlords because the law doesn't apply unless the person sells four or more homes within 365 days previous to the contract seller signing a new disclosure statement with a potential buyer. If you think you might sell enough homes on contract to come under the provisions of this law, you should secure a copy of the law from your association.

(Article Continued Next Month)

Joe Kelly  
Landlords' Lobbyist

## Section 8 Housing

Congress continues to debate possible reform of the Section 8 housing program. Voucher reform provisions are included in a pending House bill (S 3995). A new study commissioned by the HUD found that the success rate of families in the Section voucher program fell from 81% in 1991 to 69% in 2000. The report attributes the decline to tightening rental markets, but also says that a policy change in 1995 that reduced fair market rents from the 45th to the 40th percentile of local rents may also have contributed to the lack of success.

## Disclosure Violations for Lead Based Paint in Iowa

Since 2000, the EPA has issued nine penalties in Iowa for violations of the real estate disclosure rule. There are two cases (in Mason City and Dubuque) involving very small landlords where the final penalty was \$500.

The seven other cases were in Avoca, Carter Lake, Cedar Rapids, Council Bluffs, Davenport, Dubuque and Harlan. The proposed penalties in these cases ranged from \$5500 to \$22,000. In some cases, the cash penalty can be reduced, but not eliminated, if the landlord conducts a supplemental environmental project (SEP). These are usually abatement projects. They must be conducted by lead abatement contractors certified in the state of Iowa and must follow all state regulations. In all cases except one, the violation was a failure to provide inspection reports that showed the presence of lead-based paint in the property. In New Hampshire, a landlord was sentenced to prison in a case where he failed to do the disclosure and a child then died from lead poisoning.

The landlords should also be aware that they are required to do a notification prior to any renovation, remodeling, or repainting that will disturb more than .1 square foot of painted surface. This rule is enforced by the Iowa Department of Public Health. No fines have been issued, but they have the authority to do so.

Reported by Rita Gergely, Chief  
Bureau of Lead Poisoning Prevention  
Iowa Department of Public Health  
State of Iowa 515-242-6340

## Breakfast Meetings Return !



The dates for the meetings are; Wednesday, June 12, Wednesday, July 10, Wednesday, August 14 and Wednesday, September 11<sup>th</sup>. Breakfast Meetings start at 7:30AM in the morning. Breakfast meetings will generally be limited to the first 20 registrants. Be sure to give Connie a call at 515-255-0675 to register or for more information.

We do encourage you to attend. We hope to have a breakfast meeting each month during the Summer.

We look forward to seeing you!