# Rental Registry One Year Evaluation

City Council Study Session

August 19, 2025

Olympia

# Program History

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**2017:** Assessment of Fair Housing

**2021-2022:** Public engagement process

**May 2022:** Program goals identified

**2022- 2023:** Peer city research performed

**November 2023:** Ordinance adopted

**March 2024:** Rental Registry & Inspection program launches

# Community Engagement

**Tenant concerns:**

1. Environmental health concerns and substandard housing conditions.

2. Increasing rents amid lack of maintenance or upgrades and a lack of enforcement for landlords to follow landlord-tenant rules.

**Landlord concerns:**

1. Landlords communicated it's difficult for them to keep up with changing regulations at the state and local level.

# Program Goals & Design

# Program Goals

o Ensure basic life health and safety in rental housing

o Preserve existing rental housing

o Share information and resources with landlords

o Gather data about rental housing in Olympia

# Program Design

Landlords in Olympia are required* to:

- o   Register rental properties with the City and annually renew

- o   Obtain and maintain state business license w/City of Olympia endorsement through the DOR

- o   Schedule inspections w/qualified third-party inspectors for a portion of their rental units once every 5 years

*Certain exemptions apply to each of these requirements

# Rental Registry & Inspection Fees

| Requirement | Fee | Paid to |
|---|---|---|
| Annual registration fee | $35/unit | City of Olympia |
| Business license | $50 application fee (one-time) <br> $30 Olympia endorsement (annually) <br> $5 license renewal (annually) | Washington State Department of Revenue |
| Inspections | Fees will be set by third party inspectors and vary depending on size and type of rental property. Once the inspection program is more established, the City will share average costs. | Third-party qualified rental housing inspector |

# Inspection Zones

1. <u>Downtown:</u> 2025

2. <u>Eastside 1:</u> 2026

3. <u>Westside 1:</u> 2027

4. <u>Eastside 2:</u> 2028

5. <u>Westside 1:</u> 2029
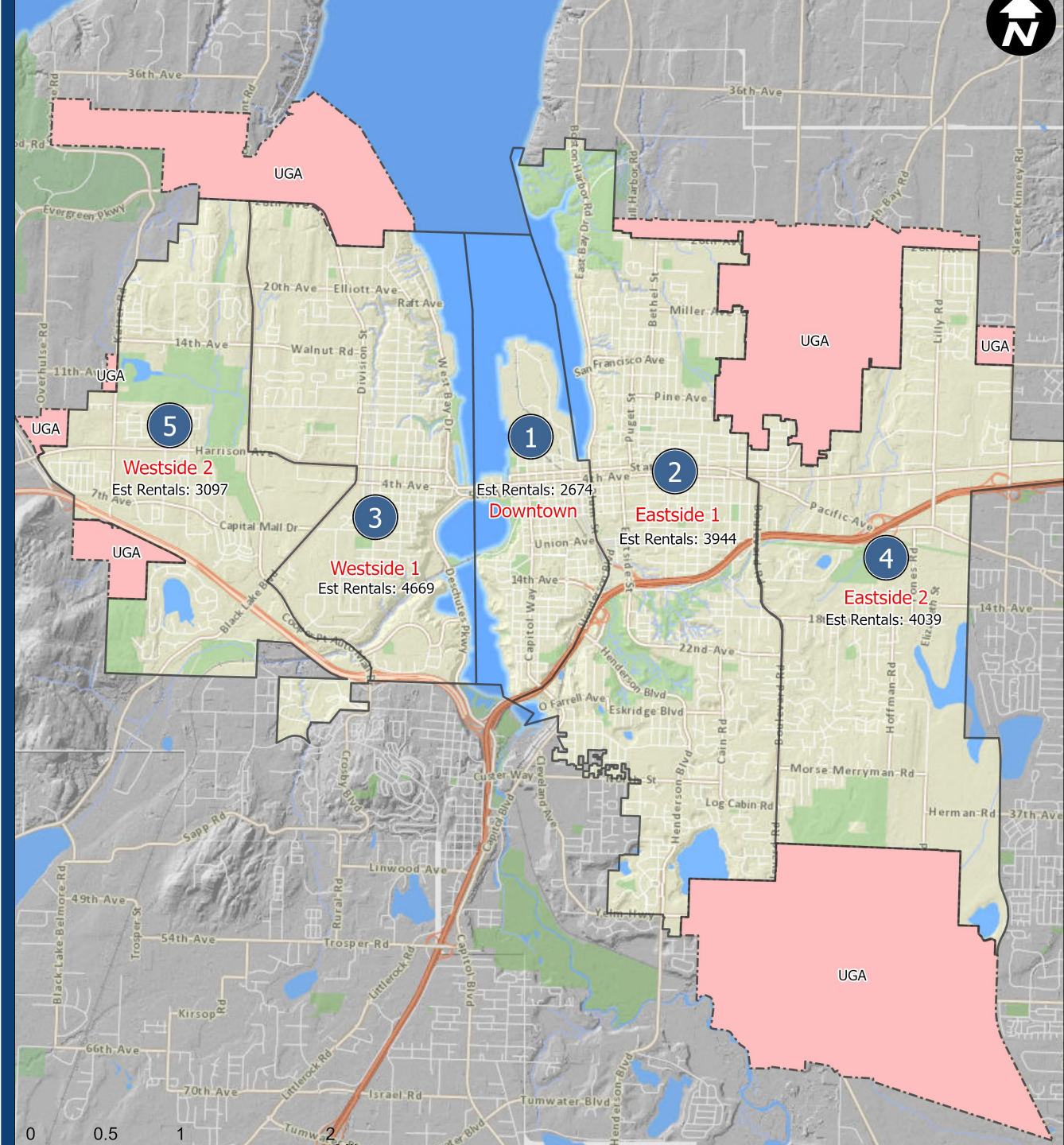
# Program Accomplishments

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1. Program is operational
   - o Program launched on time and staff from several divisions and departments collaborate to operate the program with a focus on quality customer service

2. Enforcement of business license code
   - o Staff ensure each applicant has a business license & city endorsement

3. Rental housing code education
   - o Listserv, Rental Housing Code webinar series, landlord resources webinar, mold prevention and mitigation training, helpful handouts
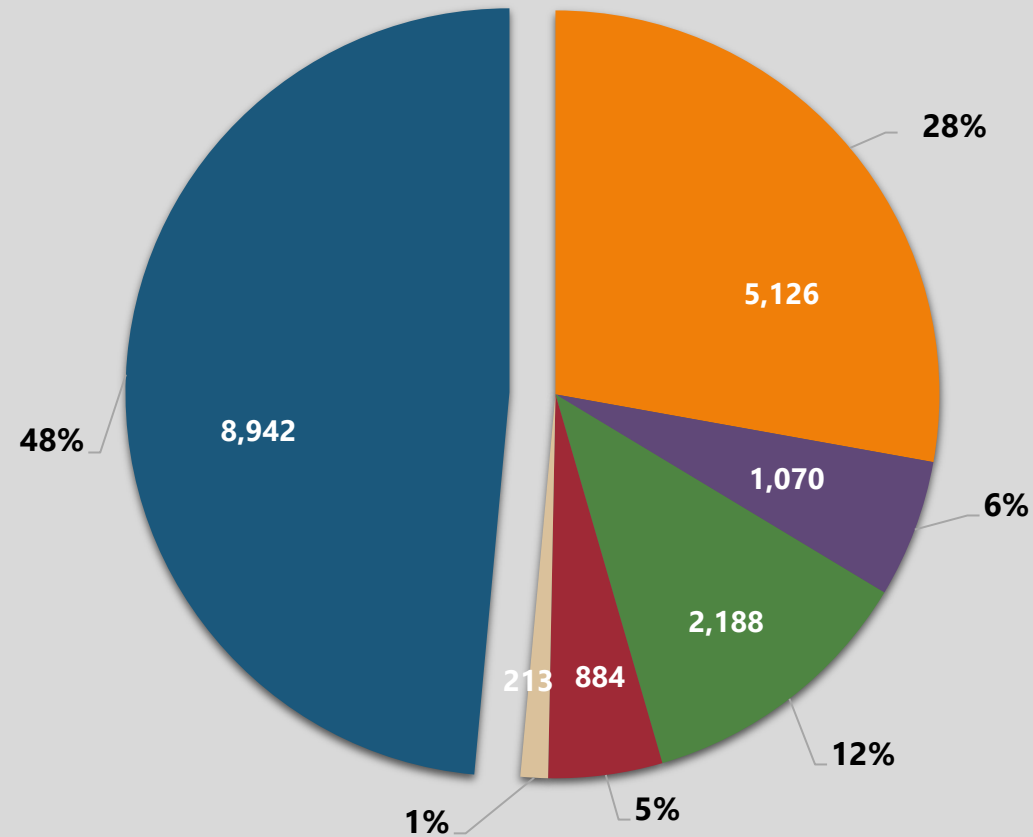
4. Rental housing data collection
   - o Revised projection of number of rentals, average rents, average sq. footage, number of rentals by housing type
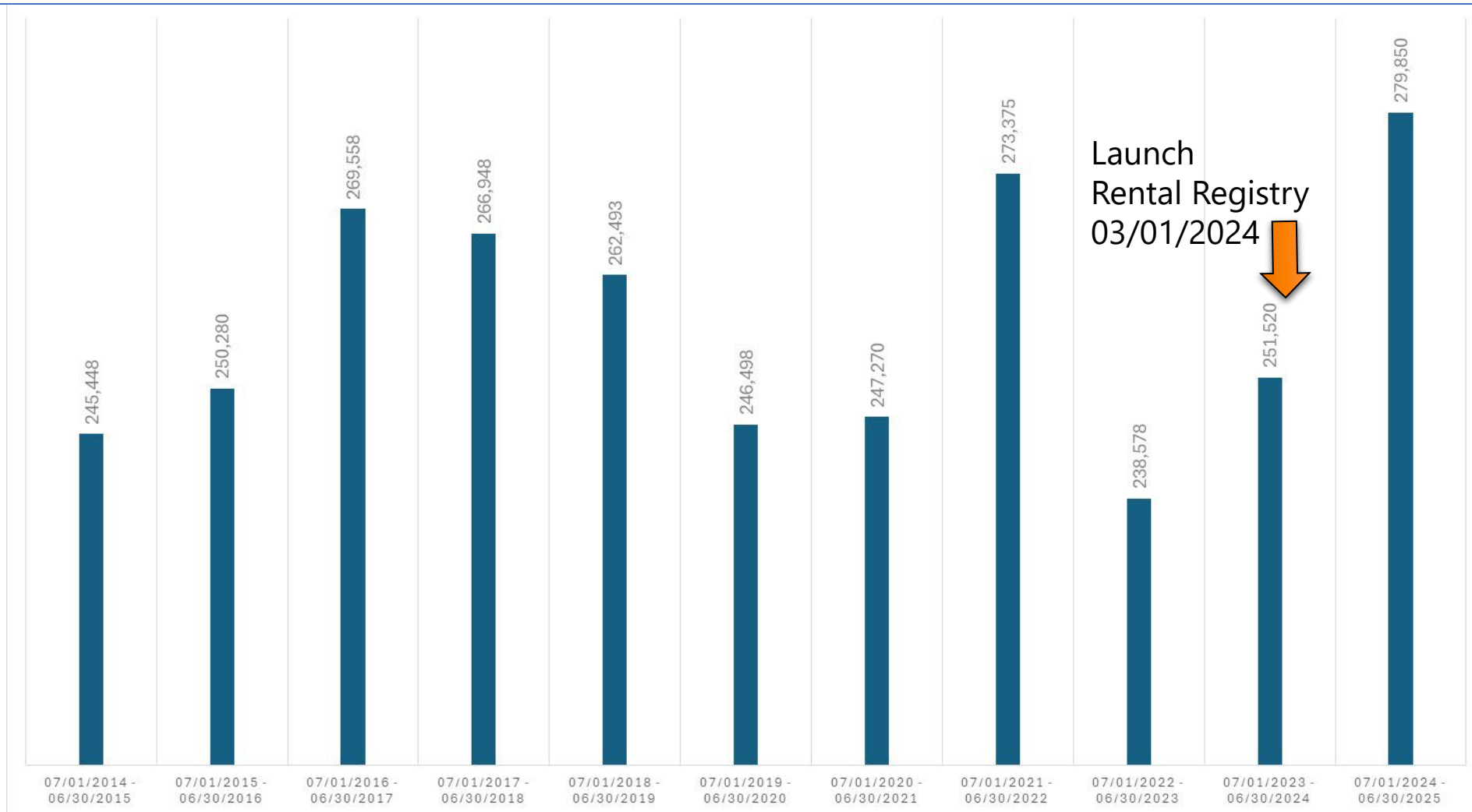
# Rental Units Registered



Total Projected Rental Units: 18,423
Data as of July 9, 2025

- 28% — 5,126
- 6% — 1,070
- 12% — 2,188
- 5% — 884
- 1% — 213
- 48% — 8,942

Registered | Expired Registration | Incomplete Registration | Registration Pending Review | Family Member Declaration | Unregistered

# Registered Rental Housing Data

| Type | Number of Units | Average Rent | Average sqft | Average of Bedrooms | Average of Bathrooms |
|---|---|---|---|---|---|
| ADU | 24 | $ 1,403 | 716 | 1.0 | 1.1 |
| CONDO | 25 | $ 2,010 | 1,298 | 2.4 | 2.0 |
| DPLX | 344 | $ 1,583 | 1,041 | 2.0 | 1.3 |
| FRPLX | 211 | $ 1,417 | 957 | 1.9 | 1.3 |
| MULTI-5+ | 3,859 | $ 1,577 | 804 | 1.5 | 1.3 |
| OTHER | 39 | $ 1,439 | 1,005 | 1.9 | 1.2 |
| SFR | 565 | $ 2,043 | 1,514 | 2.9 | 1.8 |
| TRPLX | 12 | $ 1,394 | 824 | 1.4 | 1.3 |
| TWNHS | 47 | $ 2,304 | 1,619 | 2.9 | 2.4 |
| Grand Total | 5,126 | $ 1,625 | 904 | 1.7 | 1.4 |

# Program Challenges

# Initial Registration

o Limitations of registration software

o Program requirements

- Business license

- Rent roll

# Registration Renewal

o Timing of Renewals

- Rental registration – calendar year cycle (Jan-Dec)

- Business license – renewed each year based on date of issuance

o Renewal Process

- Landlords submit new applications, rather than renewing

# Program Costs

## Rental Registry & Inspections Program Revenues vs. Expenditures

| | 2024 Actuals | 2025 Actuals to Date (July 31, 2025) | 2025 Scenario 1 (38% of units registered) | 2025 Scenario 2 (65% of units registered) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Buildings UP Prize (seed funds) | $ 40,000 | - | - | - |
| Registration/Renewal Fees Collected (as of July 31,2025) | $ 69,930 | $ 188,125 | $ 188,125 | $ 188,125 |
| Registration/Renewal Fees Anticipated (Aug.- Dec., 2025) | - | - | $ *57,575 | $ ****228,820 |
| Business License Fees Anticipated | - | - | - | - |
| **Total Revenues** | **$ 109,930** | **$ 188,125** | **$ **245,700** | **$ *****416,945** |
| **Expenditures** | | | | |
| Salaries & Benefits Paid (as of July 31, 2025) | $ 179,455 | $ 137,834 | $ 137,834 | $ 137,834 |
| Salaries & Benefits Anticipated (Aug.- Dec., 2025) | - | - | $ ***102,191 | $ **102,191 |
| Operating Supplies | $ 10,733 | $ 24,013 | $ 29,013 | $ 29,013 |
| Office Supplies | - | $ 98 | $ 98 | $ 98 |
| Buildings UP Prize Repayment to Climate Program | - | $ 40,000 | $ 40,000 | $ 40,000 |
| **Total Expenditures** | **$ 190,188** | **$ 201,945** | **$ 309,136** | **$ 309,136** |
| **Program Balance** | | | | |
| **Year to Date Balance** | - | $ (13,820) | - | - |
| **Year End Balance** | **$ (80,258)** | - | **$ (63,436)** | **$ 107,809** |

\* This is a conservative estimate calculated by multiplying the 16-month average monthly revenue of $11,515 by five months (Aug.-Dec.2025).

\*\* This represents a total of 7,020 (38%) registered/renewed units.

\*\*\* This accounts for 1 FTE Program Manager and 1 FTE Permit Specialist for the period of Aug.- Dec. 2025

\*\*\*\* This estimate is calculated by multiplying the 2025 average monthly registration/renewal revenue of $24,260 by five months ($121,300) and adding an additonal $107,520 in revenue generated by validly registering/renewing the 3,072 units that are currently in pending review or incomplete status.

\*\*\*\*\* This represents a total of 11,913 (65%) registered/renewed units.

# Inspections

o Call for increased transparency

- Inspection costs

- Third-party inspector qualifications

# Planned Changes

# Planned Changes

| | Ensure Safety | Preserve Housing | Support Landlords | Gather Data |
|---|:---:|:---:|:---:|:---:|
| Capture business license revenue | ✓ | ✓ | ✓ | ✓ |
| Switch software modules | ✓ | ✓ | ✓ | ✓ |
| Separate applications for 1-4 unit and 5+ unit properties | ✓ | ✓ | ✓ | ✓ |
| Publish average inspection costs | | ✓ | ✓ | |
| Revise and publish clear policies & procedures for 3rd-party inspectors | ✓ | ✓ | ✓ | |

# Potential Changes for Council Consideration

# Potential Changes

o **Increase staffing (requires budget enhancement)**
- Benefit: help support the program
- Drawback: increases program costs

o **Invest in alternative software for registration (requires budget enhancement)**
- Benefit: improve customer experience for landlords and automates data collection/evaluation
- Drawback: high cost that may not outweigh the benefits without program requirement changes

o **Extend registration renewal period so landlords don't need to renew annually (requires code amendment)**
- Benefit: reduce staff time to process registrations
- Drawback: City would lose annual comparison data and may exacerbate the issue of landlords not updating current contact information

# Potential Changes Cont.

o **Remove or adjust business license requirement (requires code amendment)**
- Benefit: allow for more automation of rental registration and reduce confusion for landlords
- Drawback: reduction in revenue

o **Eliminate rent roll requirement and rely on external data sources for tracking trends**
- Benefit: reduce staff time related to data entry and management as well as simplify registration process for landlords
- Drawback: City would lose access to unit-level data and likely miss SF rental data

o **Shift to affidavit model for inspections in which landlords self-certify their rentals (requires code amendment)**
- Benefit: reduce staff time as well as reduce time burden and cost to landlords for inspections
- Drawback: leaves room for landlords to self-certify without fully evaluating units for health & safety concerns and relies more heavily on tenant complaints

# Program Resilience

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o  At least 50% of rental units are **validly registered** by the end of year 3 (2026)

o  The program's revenues **meet or exceed expenses** by year 4 (2027)

o  At least 70% of rental units are **validly registered** by the end of year 5 (2028)

# Program Costs- Break Even

## Rental Registry & Inspections Program Revenues vs. Expenditures

| | 2024 Actuals | 2025 Breakeven (48% of units registered) | 2026 Breakeven (59% of units registered) |
|---|---|---|---|
| **Revenues** | | | |
| Buildings UP Prize (seed funds) | $ 40,000 | - | - |
| Registration/Renewal Fees Collected | $ 69,930 | $ *309,155 | $ **377,370 |
| Business License Fees Anticipated | - | - | $ 25,000 |
| **Total Revenues** | $ 109,930 | $ 309,155 | $ 402,370 |
| **Expenditures** | | | |
| Salaries & Benefits Paid | $ 179,455 | $ 240,025 | $ ***372,262 |
| Operating Supplies | $ 10,733 | $ 29,013 | $ 30,000 |
| Office Supplies | - | $ 98 | $ 100.00 |
| Buildings UP Prize Repayment to Climate Program | - | $ 40,000 | - |
| **Total Expenditures** | $ 190,188 | $ 309,136 | $ 402,362 |
| **Program Balance** | | | |
| Year to Date Balance | - | - | - |
| Year End Balance | $ (80,258) | $ 19 | $ 8 |

* This represents 8,833 validly registered/renewed units with none exempt from fees.

** This represents 10,782 validly registered/renewed units with none exempt from fees.

*** This accounts for 1 FTE Program Manager, 1 FTE Permit Specialist and 1 FTE code compliance officer for the duration of the year. This amount does not account for the 2025 union negotiated salary and benefits for a code compliance officer. This information was not available at the time of calculation.

# Questions?

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Olympia