

Levesque, Jennifer

From: Aaron Rosales Hill [REDACTED]
Sent: Friday, July 02, 2021 11:20 AM
To: Serratto, Matthew; Ornelas, Jesse; Perez, Bertha; Blake, Kevin; Echevarria, Fernando; Boyle, Sarah; Shelton, Delray; cityclerk
Subject: Rental Inspection Program

Members of the Merced City Council and Staff of the City of Merced,

Below is an email that I wrote and shared with Mayor Serratto on the topic of the 'Rental Inspection program'. I wanted to share my research with each council member and make it a part of the public comment in anticipation of the upcoming city council meeting.

A link to the article highlighting the challenges of the Fresno Rental Inspection program that I reference in the letter can be found

here: <https://www.fresnobee.com/fresnoland/article251513933.html>

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I hope this letter finds you well. I wanted to thank you for your strong convictions and for standing up for the small-time landowners in Merced during the April 5th meeting. I agree that there is a difference between my own situation and an apartment complex with hundreds of units. We own two single-family homes in Merced and take great pride in keeping our tenants healthy and happy by providing clean and safe living conditions. In our mind, the best way for us to ensure a steady income is by providing a product worth paying for - in short - we make sure that the needs of our tenants are met. If something breaks, I'm out there to fix it the same day.

The discussion during April 5th wasn't as much 'for' the inspection program, as it was 'against' errant landlords. Nobody likes slumlords, myself included. The true argument that should have occurred during the discussion is whether or not more bureaucracy and government oversight would make a meaningful impact on tenant safety in Merced.

While there were many emphatic personal anecdotes of slumlords and substandard living situations, there was no mention of any economic studies measuring the costs and outcomes that justified this new branch of local government. Although the examples cited were indeed alarming, the city possesses the current toolset to deal with them today such as Code Enforcement and Merced Connect. There are many ongoing examples that highlight the shortfall between intention and reality for these types of government programs. Look no further than Fresno; If you look critically at the Fresno program, which is similar to what is being proposed in Merced, you can quickly see the critical failures of the proposal - tenants are not better off, the backlog of inspections only grow, and Fresno's only proposal is to expand an already inadequate and unnecessary program.

While well-intentioned, Fresno's 'cost neutral' program has quickly spun out of control, not delivered on the initial promises, and has created more layers of unnecessary bureaucracy. What is their solution moving forward? More layers of bureaucracy and expanding the program. No doubt it has increased the cost of living for the very people it was intended to protect, the tenants; this is due to the program requiring an additional inspection prior to a unit being used in certain cases - while this sounds equitable, with the staffing and inspection limitations, improved units are often-times curtailed

for months before they are made available at market. Although there are not enough years of data on this particular program, studies show that increasing these types of operational and development costs have dire ramifications on the supply of apartments and homes; they discourage new growth and only increase the cost of living through supply restriction.

As a direct comparison to the proposal of adding even more layers of government inspection, there exists an example of homes and apartments that are already 'routinely inspected' by government agencies in our community. This of course is 'Section-8' subsidized housing, as well as other government housing assistant programs. While Section-8 and Merced County Mental Health housing programs are extremely important to our community, these homes are often those with the largest health and safety issues - impacting children and entire neighborhood blocks.

Although they are supposed to be 'inspected regularly', often this does not occur. Backlogs are inevitable and the inefficiencies are commonplace (as an example, compare to other government-sponsored programs, such as EDD and the inspection program in Fresno). To provide an anecdote, when my wife and I moved to Merced, we had the misfortune of moving in directly next to a drug & human trafficking home in downtown Merced on 22nd and V street. This represented an immediate threat to our safety, but since the home was Section-8, it took the landlord nearly a year to work through the eviction process. If the Merced Housing Authority had been inspecting it routinely, as they were supposed to, they could have caught the poor living conditions early and improved the outcome of the situation. The failures of these supportive program's 'proactive inspection' is on full display on the corner of G and 21st street in Merced; the dismal living conditions serve as a landmark for many of our out of town guests who are driving through our town to Yosemite. In short, why would Section-8 and similar programs be exempt in the existing proposal and does the current government inspection have any meaningful impact on tenant outcomes?

Additionally, it is unrealistic and possibly unconstitutional to impose this tax without allowing landlords to increase their rental rates. It was suggested by council members to forbid any type of rental increase due to this program; the language is too vague and invites unnecessary lawsuits against landlords - how can one determine if the increase in rent is due to market forces versus retaliation action? This type of question is often only settled in court at great expense.

Looking at the proposal as a whole, there are some elements that are laudable. Namely, a complete registration of rental units in the area as well as educational outreach to inform tenants of their rights. Personally, I provide each of my tenants a copy of their tenant's rights - California has some of the most robust protections in the United States. Additionally, if there is a repair that demands immediate action, tenants can make the repair themselves (through repair and deduct), and deduct it from their rental check; these are existing tools that can be used today to help address some of the examples of poor living conditions shared by council members. I would suggest that instead of rolling out a massive government program with unmeasured economic and fiscal impacts, we could consider an educational campaign using a toolset we already have access to today. I'd be happy to help collaborate and promote such a campaign.

Thank you for your time and for your representation,

Aaron Lee Rosales-Hill

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