



# CITY OF CARSON

## Legislation Text

File #: 2019-714, Version: 1

### Report to Mayor and City Council

Tuesday, August 06, 2019

Special Orders of the Day

#### SUBJECT:

**PUBLIC HEARING INTRODUCING ORDINANCE NO. 19-1933, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AMENDING MUNICIPAL CODE, ARTICLE V (SANITATION AND HEALTH), CHAPTER 9 (RESIDENTIAL PROPERTY REPORT) REPEALING THE RESIDENTIAL PROPERTY REPORT (RPR) REQUIREMENT FOR ALL RESIDENTIAL REAL PROPERTY SALES (CITY COUNCIL)**

#### **I. SUMMARY**

On April 20, 1999, the City established the Residential Property Report (RPR) Program (the "Program") with the intent to preserve and improve the quality of neighborhoods in Carson. The report is based on a pre-sale inspection conducted by a Building and Safety inspector and identifies building code and zoning violations of residential properties, and requires the seller to correct violations prior to closing of escrow of residential real property sales.

On July 19, 2016, at the direction of the City Council, an RPR Ad Hoc Committee (Committee) was formed to evaluate the Program and to meet with members of the South Bay Association of Realtors and other interested parties to gather input, discuss concerns and return with recommendations to the City Council.

The Committee met several times in the last three years and considered several options to modify the Program. At the June 12, 2018 meeting, the Committee agreed to recommend ending the Program.

On April 2, 2019, based on the recommendation of the Committee, the City Council voted 4 -0 to direct staff to proceed with formally eliminating the Program and bring this matter before the City Council for decision.

On May 28, 2019, the Planning Commission voted 9-0 to continue the matter to July 9, 2019. On July 9, 2019, the Planning Commission voted 5-3 recommending that the City Council adopt Ordinance 19-1933 that amends the Carson Municipal Code, Article V (Sanitation and Health), Chapter 9 (Residential Property Report) to repeal the Residential

Property Report (RPR) requirement for all residential real property sales. The Planning Commission's main discussion revolved around the options for removal of the Notice.

The balance of the Chapter regarding Residential Care Facilities and the Foreclosed Vacant Residential Property Program will remain because the Committee did not recommend ending these programs.

## **II. RECOMMENDATION**

TAKE the following actions:

1. OPEN the Public Hearing, TAKE public testimony, and CLOSE the Public Hearing;
2. INTRODUCE for the first reading, by title only and with further reading waived, Ordinance 19-1933 to amend Municipal Code, Article V (Sanitation and Health), Chapter 9 (Residential Property Report) to repeal the Residential Property Report (RPR) requirement for all residential real property sales; AND
3. DIRECT staff to remove of RPR notices on a request basis, by parties involved in real estate transactions, at a cost of \$8.00 per property.

## **III. ALTERNATIVES**

1. Take such other action, as the City Council deems appropriate, consistent with the requirement of the law.

## **IV. BACKGROUND**

On April 2, 2019, based on the recommendation of the Committee, the City Council directed staff to formally eliminate the Program and bring this matter before the City Council for decision. At that time, the City Council made the following requests:

- Notify the South Bay Association of Realtors of the proposed change and public hearing date before the City Council;
- Meet with the South Bay Association of Realtors prior to City Council public hearing;
- Recommend removing County liens/notes on all properties affected by the Program;
- Create a checklist consisting of a realtor's responsibilities for the sale of residential properties to ensure all Building and Planning code violations are addressed by the real estate professionals; and
- Ensure the City will continue to be responsible for addressing illegal garage conversions and additions.

The following information is provided in response to the City Council's requests:

### South Bay Association of Realtors

Staff has informed the South Bay Association of Realtors (SBAOR) about the proposed repeal of the Program, provided the City Council hearing date, and arranged a meeting/conference call.

On July 17, 2019, staff held a conference call with David Kissinger of the South Bay Association of Realtors (SBAOR). Mr. Kissinger was primarily interested in Notice recordation that is currently on title and its potential impact to the sale of these properties.

### Residential Property Report (RPR) Notes/liens

The Council has directed staff to remove the RPR Notices from the titles of the City's residential properties. According to the Los Angeles County Recorder's Office, the cost to remove the Notices is \$8.00 per parcel. Records show approximately 21,110 properties were recorded with the RPR Notices in 2005. Since 2005, additional housing stock has been built. There are currently 22,897 residential properties in Carson (source: GIS), for a total of \$183,176, which would have to be paid by the City all at once if all Notices were to be removed by the City at the same time. The other option would be to remove the Notices individually as needed. The following three options were presented to the Planning Commission for its consideration. The Planning Commission recommended Option 3, which requires the City to pay the \$8.00 fee per property if and when an interested party chooses to independently request removal of the Notice from title.

#### Option 1:

*Do not remove RPR Notices:* Notify the South Bay Association of Realtors and local escrow companies that the Program has ended. This option allows real estate professionals to share the information with their respective members and clients. For this option, the Notices remain on the property titles and the real estate professional community or staff will provide written confirmation to the buyers, sellers, escrow officers, etc. that the Program has ended. In this case, the City will not pay the \$8.00 fee per property.

#### Option 2:

*Do not remove RPR Notices:* Upon request of buyers, sellers, escrow officers, etc., staff will confirm in writing that the Program has ended. This option is very similar to Option 1, leaving the RPR Notice on the titles. In this case, the City will not pay the \$8.00 fee per property.

#### Option 3:

*Remove RPR Notices:* On a case-by-case basis upon request, staff would cause the removal of the notice at a cost of \$8.00 per request by sending a letter to the County. In this case, the City will pay the \$8.00 fee per property.

The Planning Commission voted 5-3 in favor of Option 3, recommending removal of the RPR Notices on a case-by-case basis. This incremental approach minimizes the fiscal impact to the City by eliminating the upfront cost for a mass removal of the Notices.

### Public Outreach

Regardless of the option chosen, upon repeal of the Program, SBAOR and local escrow companies will be notified of the adopted ordinance and any procedures established for the City to remove the Notices. This information will also be posted on the City's website and an article will be published in the forthcoming Carson Report.

### RPR Inspection Checklist

The Committee and representatives of SBAOR identified seventeen (17) out of eighteen (18) RPR inspections as overlapping inspections between the RPR inspector, real estate agents, appraisers, and home inspectors (Exhibit No. 6). This checklist identifies that the RPR inspector and real estate professionals have duplicative inspection responsibilities.

### Unpermitted Garage Conversions and Additions

The City will continue its oversight of abating illegal garage conversions and additions. Observed violations and submitted complaints will be processed through the Public Safety Division through Code Enforcement action.

The Public Safety Department's Code Enforcement generally has a three-step process for these types of violations:

1. Issue a Warning Notice requesting to correct the violation;
2. Issue an official Notice of Code Violation consisting of a deadline to correct the violation if unresponsive to the Warning Notice; and
3. Legal action: Citation to go to court if violator does not cooperative by correcting the violation

### Outstanding Residential Property Reports

During the July 9<sup>th</sup> public hearing, the Planning Commission inquired about outstanding RPRs and their disposition going forward.

Building and Safety records show there are presently 121 outstanding RPRs:

- 15 - New (no initial inspection conducted);
- 95 - Re-inspections (pending 2<sup>nd</sup> inspection);
- 11 - Pending Property Remediation Agreements (buyer assumes responsibility to cure violations).

Once the Program is eliminated by City Council action, all new, pending re-inspections, and property remediation agreements will be cancelled and the applicants will be notified of the

procedures to close the transactions or steps necessary to remove the Notices.

After the elimination of the Program, outstanding violations will be resolved between the seller and the buyer as part of the disclosure process when completing transactions for residential properties.

## CONCLUSION

### Proposed Code Amendments

The chapter pertains to three programs collectively and one small text amendment is all that is appropriate to eliminate the “all residential property” component while leaving the other programs in place. Subsequently, the following is the proposed amendment to the CMC, Residential Property Report Program:

Section 5902.

➤ Existing Language:

- (a) No owner of residential real property shall transfer title and/or convey ownership for such property without first providing the prospective buyer with a copy of a valid residential property report for the property.

➤ Proposed Amendment:

- (a) No owner of residential real property shall transfer title and/or convey ownership of such property **a residential care facility** without first providing the prospective buyer with a copy of a valid residential property report for the property.

## ENVIRONMENTAL

Pursuant to Section 15061(b)(3) the proposed Ordinance amendment is exempt from the California Environmental Quality Act (CEQA) since the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

## V. FISCAL IMPACT

Currently, sellers of properties file the Program application and pay the associated fee to ensure compliance with the Program. This fee only pays for a portion of staff time necessary to administer the Program. According to staff's analysis, the Program operates at an annual deficit. Ending the Program will save the City approximately \$150,475 annually. The optional removal of the Notice would cost the City \$8.00 per property. It is difficult to estimate the fiscal impacts from this action since it is impossible to know how many Notice removals will be requested. This incremental approach minimizes the fiscal impact to the City by eliminating the upfront cost for a mass removal of the Notices, which is approximately \$183,176.

## VI. EXHIBITS

1. Minutes RPR Ad Hoc Committee Meeting on June 12, 2018 (pgs. 7-8)
2. City Council Post-Council Agenda (excerpt) dated April 2, 2019 (pgs. 9-12)
3. City Council Staff Report dated April 2, 2019 (pgs. 13-19)
4. Planning Commission Disposition dated May 28, 2019 (pgs. 20-23)
5. Planning Commission Disposition (excerpt) dated July 9, 2019 (pgs. 24-25)
6. Planning Commission Staff Report, Resolution No. 19-2670, and Exhibits dated July 9, 2019 (pgs. 26-45)
7. Draft Ordinance No. 19-1933 (pgs. 46-53)
8. Planning Commission Resolution No. 19-2670 (pgs. 54-56)

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