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DATE: December 8, 2010

TO: Community Development Committee

Via: Fred Murry, Assistant City Manager

FROM: Christopher Cooper, Interim Code Enforcement Manager

RE: Community Development Committee Referral – Proration of Landlord Permit Fees

The issue of prorating landlord permit fees was brought up at the January 12, 2010 Community Development Committee meeting during discussion of item #080579 – Landlord Licensing Late Fees.

Currently, the City of Gainesville does not prorate landlord permit fees. However, there are instances during the landlord permit cycle, August 1 – July 31, when new rentals which require a landlord permit come onto the market. If this happens, they are charged the full annual fee for the landlord permit. The Code Enforcement Division received 69 new applications in 2008 and 128 new applications in 2009 for landlord permits after the start of the permit cycle. The following four options are being submitted for consideration by the Community Development Committee.

- The landlord permit fee remains as currently provided for in city ordinance. This would mean that regardless of when a landlord permit is acquired, the applicant would pay the same amount throughout the year.
- Prorate the landlord permit fee on a monthly basis. Based on the current landlord permit fee of \$195 this would equate to \$16.25 per month.
- Prorate the landlord permit fee on a quarterly basis. Landlord permit fees would be charged based on the quarter of the landlord permit cycle the application is received. Based on the current landlord permit fee of \$195 this would amount to: Quarter 1 - \$195; Quarter 2 – 146.25; Quarter 3 - \$97.50; and Quarter 4 - \$48.75.
- Allow for a prorated semiannual landlord permit fee if a permit is applied for after the first six months of the permit cycle. Based on the current landlord permit fee amount of \$195, new applicants would be charged 50% (or \$97.50 based on the current fee amount) if granted a permit after January 31st. The City of Gainesville currently provides such a provision for payment of the city's business tax.

The landlord permit fee is based on services provided by Code Enforcement, Billing and Collections, Computer Services, and the City Attorney's Office as well as the operating costs incurred by each department. As the fee is currently structured there is no difference in the cost to administer the program regardless of when a landlord permit is obtained. The only variable is the Code Enforcement Officer's involvement with the property as a rental. If a prorated fee option is implemented there would be an additional fiscal impact to the Billing and Collections Department and the Computer Services Department due to the staffing needs created by additional computer programming and fee collection requirements. This fiscal impact would need to be considered and may result in the calculation of a higher landlord permit fee.

If the objective of the Community Development Committee is to offer relief to landlords whose properties come onto the rental market after the start of the permit cycle staff will support a semiannual proration of landlord permit fees. As previously stated, this process would mirror the currently established business tax procedure. Additionally, semiannual proration could be implemented with minimal fiscal impact and therefore would not result in an increase in the landlord permit fee calculation. Staff also suggests that prorated landlord permit fees only apply to new application and not permit renewals.