

CITY OF BETHLEHEM

Department of Community and Economic Development Interoffice Memorandum

Date: 7/8/24

To: Grace Campsie Smith, Chair of Finance Committee

From: Laura Collins, Director, Department of Community and Economic Development
Sara Satullo, Deputy Director of Community Development
Mike Simonson, Chief Building Code Official

Re: Housing Inspectors

The City of Bethlehem Department of Community and Economic Development proposes to increase the number of housing inspectors serving the city to match the demands of the housing code enforcement programs established by ordinance for residential sales and rental inspections. There are currently six housing inspectors, and we propose increasing the number to eight. The change is anticipated to be budget neutral.

Bethlehem's current residential rental program launched in 2020 to allow the City to take a more proactive role in housing code enforcement. Each of the City's 15,000 rentals is now annually licensed and inspected at least once every three years. The city's regulated rentals, where three to five unrelated people live, are inspected and licensed annually.

To meet the demand of this new rental licensing program, in 2020, the Housing Bureau added two contract housing inspector positions, increasing total inspectors from four to six, as well as a residential rental housing manager. Our residential rental housing manager is tasked with licensing every rental in the city and scheduling an inspection of each rental unit once every three years.

The City's six housing inspectors visit thousands of properties annually and work with property owners to bring them into compliance with the International Property Maintenance Code. We are on track to complete almost 8,000 property inspections in 2024 compared to half of that under the old program with fewer inspectors.

Our current program launched amid the pandemic slowing its momentum. Today, with full staffing and the program functioning as designed, it has become evident we need two more full-time housing inspectors. Our current staffing levels cannot keep up with the demand for inspections. Today, our first available appointment for a rental or a sales inspection is nearly three months from now. At this rate, we will not complete the 2024 inspection cycle until at least the first quarter of 2025, putting the program continuously behind schedule. This lengthy lead time is preventing buyers from closing on home

purchases and leaving inspectors little time for follow-up on properties that have failed inspection. Ultimately, we want each property to achieve a Certificate of Occupancy, which is issued once all violations are abated. To achieve this goal inspectors often must revisit a property several times.

We have made numerous staffing and scheduling adjustments to accommodate this workload, such as designating certain days in the schedules for short-notice sales inspections. But it is not enough to keep up with this demand. By the end of June 2024, we had completed 5,200.

Adding two new inspectors will get the program back on schedule and allow inspectors time to appropriately follow up on properties with code violations. It is clear after completing the first full cycle of the program we need eight inspectors to properly run the housing code enforcement program. With eight inspectors, we can remain confident we are improving our City's housing stock while running a program that is self-sustaining.

The first chart shows how many rental properties in each ward are due for inspection each year - not including regulated rentals - and the total number of inspections performed; reflecting initial, recheck, sales and regulated rental inspections. In 2020, the COVID-19 pandemic resulted in fewer inspections and lower revenue collection than projected. The dip in inspections in 2022 reflects the bureau being down an inspector for a portion of the year, the transition to a new rental licensing manager as well as the lower number of units in the cycle's third year as the majority of those rentals are single-family homes compared to complexes in year one and two.

Year	Due for Rental Inspection	Inspections Performed
2020	6,288	5,615
2021	4,764	8,245
2022	2,435	6,093
2023	6,288	8,934
@6/30/2024	4,764	5,200

The second chart below demonstrates the program's annual budget and actual revenue collected.

Year	Budget	Total Revenue
2020	\$1,000,000	\$768,754
2021	\$1,000,000	\$1,018,523
2022	\$1,000,000	\$1,051,865
2023	\$1,000,000	\$1,224,415
@6/30/24	\$1,200,000	\$637,010

After its introduction in mid-2019, the new rental housing inspections program was interrupted by the pandemic for most of 2020 and revenue did not meet budget. After the pandemic eased in 2021 and 2022, the program generated more than the \$1 million that was budgeted. In 2023, the program increased production and generated \$1.2 million. In 2024, the budget was increased to \$1.2 million, and inspection revenue is on-pace to exceed that figure, as illustrated in the chart above. It is reasonable to expect that the city will be able to budget \$1.4 million in 2025, if two inspectors are added to the staff. Adding \$200,000 of additional revenue to the budget would cover the expense of the two new positions and leases of their vehicles. Inspectors are one of the few positions in the city that generates new additional revenue to cover the expenses of the adding the position(s).



CITY OF BETHLEHEM

10 E. Church Street, Bethlehem, PA 18018-6025

To: Grace Crampsie Smith, Chair of Finance Committee
From: Laura Collins, Director of Community and Economic Development
Date: 7/8/2024
Subject: Housing Inspectors

Action Requested: Budget Adjustment (Ordinance)

Proposed Transaction:

REVENUE

<u>Account #</u>	<u>Account Title</u>	<u>From</u>	<u>To</u>	<u>Change</u>
001A-30231	Housing	\$ 1,200,000	\$ 1,295,000	\$ 95,000
			Total	\$ 95,000

EXPENSE

<u>Account #</u>	<u>Account Title</u>	<u>From</u>	<u>To</u>	<u>Change</u>
0309-40001	Salaries	\$ 345,675	\$ 400,675	\$ 55,000
0801-42085	Medical	\$ 7,785,816	\$ 7,800,816	\$ 15,000
0309-43099	Equipment	\$ 29,325	\$ 54,325	\$ 25,000
			Total	\$ 95,000

Reason for Proposal:

Memo attached

This transaction will amend the total General Fund budget from \$113,949,955 to \$114,044,955

Thank you for your consideration.