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**Office of the City Auditor**  
**Report to the City Council**  
**City of San Jose**

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**AN AUDIT OF THE MULTIPLE  
HOUSING PROGRAM**

**Code Enforcement Has No  
Assurance That It Performed  
Required Inspections Of An  
Estimated 1,200 Multiple Housing  
Buildings Containing 12,000 Units**

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**Report 99-02**  
**March 1999**



# CITY OF SAN JOSÉ, CALIFORNIA

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GERALD A. SILVA  
City Auditor

March 8, 1999

Honorable Mayor and Members  
of the City Council  
801 North First Street, Room 600  
San Jose, CA 95110

Transmitted herewith is a report on *An Audit Of The Multiple Housing Program*.  
This report is in accordance with City Charter Section 805.

An Executive Summary is presented on the blue pages in the front of this report.  
The City Administration's response is shown on the yellow pages while the City  
Auditor's comments on the City Administration's response are shown on the green  
pages before the Appendices.

I will present this report to the Finance Committee at its March 24, 1999,  
meeting. If you need additional information in the interim, please let me know. The  
City Auditor's staff members who participated in the preparation of this report are  
Mike Edmonds and Eduardo Luna.

Respectfully submitted,

Gerald A. Silva  
City Auditor

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**Office of the City Auditor**

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**Report to the City Council  
City of San Jose**

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**MULTIPLE HOUSING  
PROGRAM**

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# Table of Contents

<b>Executive Summary</b> .....	<b>i</b>
<b>Introduction</b> .....	<b>1</b>
Background.....	1
Scope and Methodology .....	3
Major Accomplishments Related To This Program .....	4
<b>Finding I</b>	
<b>Code Enforcement Has No Assurance That It Performed Required Inspections Of An Estimated 1,200 Multiple Housing Buildings Containing 12,000 Units</b> .....	<b>7</b>
Multiple Housing Program .....	8
Multiple Housing Roster Identifies Permit Holder.....	8
Routine Inspections Target Health And Safety Issues.....	9
Code Enforcement Inspects Multiple Housing Buildings On A Three- Or Six-Year Cycle.....	9
Code Enforcement Is Supposed To Inspect Newly Permitted Multiple Housing Buildings .....	10
Code Enforcement May Not Have Inspected An Estimated 1,200 Multiple Housing Buildings Containing 12,000 Units.....	10
Examples Of Multiple Housing Buildings Needing Inspection .....	12
Code Enforcement Lacks Adequate Controls To Ensure That Multiple Housing Buildings Are Inspected On A Timely Basis .....	14
Inspection Results Not Documented Consistently Among Inspectors .....	14
Routine Inspections Can Be Scheduled On A More Timely Basis .....	16
Incorrect Dates Shown For Last Routine Inspections.....	17
Not All Intended Positions Utilized.....	18
Workload Varies Among Inspectors.....	19
Workload Analysis Needs To Be Updated.....	20
San Jose Citizens May Be Exposed To Substandard Conditions And Property Owners Pay For Services Not Received .....	23
<b>CONCLUSION</b> .....	<b>23</b>
<b>RECOMMENDATIONS</b> .....	<b>24</b>

**Administration’s Response .....27**

**Office Of The City Auditor’s Comments On  
The Administration’s Reponse .....33**

**Appendix A**

**Definition Of Priority 1, 2, And 3 Audit Recommendations..... A-1**

**Appendix B**

**Memorandum Of Program Accomplishments.....B-1**

# Table of Figures

Figure 1	
Multiple Housing Roster By Building Type, As Of August 8, 1998.....	9
Figure 2	
Audit Sample Results For Buildings And Units Without Evidence Of Recent Routine Inspections Since 1992.....	10
Figure 3	
Summary Of 80 Buildings In Audit Sample For Which No Evidence Exists In Case Files That Code Enforcement Conducted A Routine Inspection Since June 1992.....	12
Figure 4	
Inspector Positions Assigned To The Multiple Housing Program And Source Of Position Funding.....	19
Figure 5	
Annual Workload Assigned To The 13 Code Enforcement Inspector II's.....	20
Figure 6	
Average Time (In Minutes) To Complete Enhanced And Routine Inspections Of An Apartment Unit.....	21
Figure 7	
Department Workload Analysis.....	21

## Executive Summary

In accordance with the City Auditor's 1998-99 Audit Workplan, we have audited the Multiple Housing Program of the Code Enforcement Division of the Department of Planning, Building, and Code Enforcement (Code Enforcement). This is the second in a series of audit reports on Code Enforcement. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

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### **Finding I      Code Enforcement Has No Assurance That It Performed Required Inspections Of An Estimated 1,200 Multiple Housing Buildings Containing 12,000 Units**

The Code Enforcement Division of the Planning Department (Code Enforcement) is supposed to inspect multiple housing buildings for compliance with state housing laws and Municipal Code requirements at least once every six years. Code Enforcement relies on a Multiple Housing Roster (Roster) to annually bill owners of multiple housing buildings \$23.60 per unit and to schedule routine inspections. Our audit revealed that Code Enforcement cannot document that it did routine inspections for all the multiple housing buildings identified in its Roster within the last six years. Specifically, we estimate that Code Enforcement may not have conducted routine inspections for about 1,200 multiple housing buildings totaling 12,000 units, or 20 percent of the buildings listed in its Roster. We also found that Code Enforcement lacks the following controls to ensure that all buildings in its Roster are inspected on a timely basis.

- Current management reports do not provide information on achieving routine inspection goals;
- Inspection results are not properly documented or documented consistently among inspectors;
- Routine inspections can be scheduled on a more timely basis;

- Incorrect dates are shown for last routine inspections; and
- Not all intended inspector positions are utilized.

Finally, Code Enforcement needs to update their workload analysis to ensure that staffing levels are proper and inspector workloads are equitably distributed among inspectors. Without these changes, citizens who live in rental units may be exposed to substandard conditions and some property owners may pay for inspection services they do not receive.

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## RECOMMENDATIONS

We recommend that Code Enforcement:

- Recommendation #1 Identify those multiple housing buildings that have not had a routine inspection within the last six years. Once those buildings have been identified, Code Enforcement should conduct routine inspections of those buildings on a priority basis. (Priority 2)**
- Recommendation #2 Develop a report that will show the number and percent of buildings that need routine inspections based on the date of last inspection. (Priority 3)**
- Recommendation #3 Develop and distribute to Code Enforcement inspectors guidance on documenting inspection results, including instances where no violations are noted. (Priority 3)**
- Recommendation #4 Adopt a more aggressive approach regarding the scheduling of routine inspections. (Priority 3)**
- Recommendation #5 Validate the date of last action shown in the Multiple Housing Roster. (Priority 3)**

**Recommendation #6 Fully utilize all inspector positions intended for the Multiple Housing Program, change the funding for one inspector position from Solid Waste Enforcement Fee-funded to Residential Occupancy Permit Fee-funded, and evaluate using a different Solid Waste Enforcement Fee-funded inspector position for the Multiple Housing Program. (Priority 2)**

**Recommendation #7 Update their workload analysis in order to ensure proper staffing to meet their inspection schedule. When updating its workload analysis, Code Enforcement should consider the following items:**

- **An equitable distribution of workload among the Code Enforcement inspectors;**
  - **On a pilot basis, monitoring and recording actual inspection results for a specified timeframe;**
  - **Basing inspector workload measures both on a per building and per unit basis; and**
  - **Including the additional 362 multiple housing buildings and 5,411 units identified as not being on the Roster.**
- (Priority 2)**

# Introduction

In accordance with the City Auditor's 1998-99 Audit Workplan, we have audited the Multiple Housing Program of the Code Enforcement Division of the Department of Planning, Building, and Code Enforcement (Code Enforcement). This is the second in a series of audit reports on Code Enforcement. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

The City Auditor's Office thanks the Code Enforcement staff who gave their time, information, insight, and cooperation during the audit process.

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## Background

Code Enforcement's program mission is to work in partnership with the people of San Jose, provide citywide education and enforcement to promote and maintain a safe and desirable community consistent with health and safety regulations. Code Enforcement enforces various ordinances to promote health, safety, and appearance of the City of San Jose. Specifically, Code Enforcement investigates and abates complaints involving land use (zoning), housing conditions, abandoned vehicles, signs, fences, and general public nuisances. Code Enforcement also monitors landfill and recycling sites to ensure their proper operation and adherence to federal, state, and local codes.

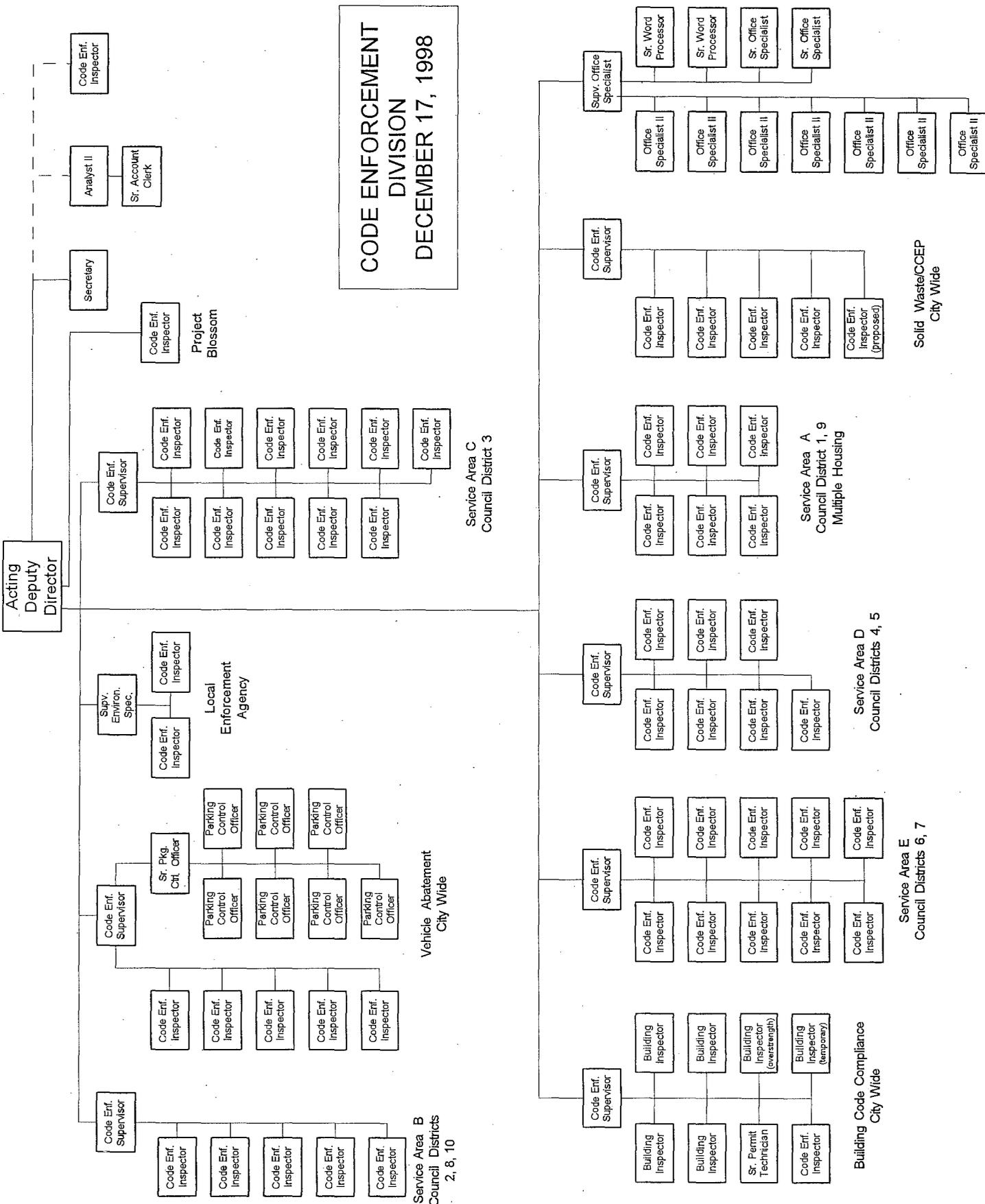
## *Budget and Staffing*

In 1998-99, Code Enforcement's budget was \$6.9 million, which included \$6.2 million for personal services and about \$700,000 for non-personal services (including equipment). Code Enforcement receives its revenues from the General Fund, Federal Community Development Block Grant Funds, and various cost-recovery fees, such as Solid Waste Disposal Fees and Residential Occupancy Permit Fees.

In 1998-99, Code Enforcement has 94 authorized positions, which are organized into five service area groups and three additional groups: building code compliance, vehicle abatement, and solid waste issues. The five service area groups provide general code, multiple housing, and targeted program enforcement services. Code Enforcement's organization chart is shown on the next page.

# Multiple Housing Program

**CODE ENFORCEMENT  
DIVISION  
DECEMBER 17, 1998**



Through the Multiple Housing Program, Code Enforcement provides compliance inspection services on all multiple housing projects within the City to foster compliance with state laws and Municipal Code. Multiple Housing units include all apartment buildings (three units or more), hotels and motels, guesthouses, residential care facilities, residential service facilities, emergency residential shelters, and fraternities and sororities in San Jose. The program does not apply to single family rental properties, condominiums, and duplexes. Code Enforcement inspectors routinely inspect all multiple housing buildings within the City on either a three- or six-year inspection cycle. Code Enforcement inspectors also investigate complaints about substandard housing conditions in multiple family dwellings.

To pay for the Multiple Housing Program, Code Enforcement issues a Residential Occupancy Permit (permit) annually to all properties in its Roster. The permit fee is currently set at \$23.60 per unit, \$18.70 per unit goes to recover Code Enforcement's cost and \$4.90 per unit goes to partially recover the Fire Department's cost of providing fire inspection services to multiple housing units. In 1998-99, Code Enforcement issued permits for approximately 6,175 buildings containing 64,559 units. These permit fees generated approximately \$1.5 million in revenues.

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### Scope and Methodology

The scope of our audit was to determine as of June 1998, if Code Enforcement had conducted routine inspections of all multiple housing buildings in its Multiple Housing Roster (Roster) within the last six years. To determine if Code Enforcement has conducted the required routine inspections, we reviewed case files for 381 multiple housing buildings. Specifically, we stratified the Roster based on unit range and sampled case files from each range as follows:

Unit Range	Buildings	Units	Unit Mean	Sample Size
3 to 10 units	4,349	22,601	5.2	200
11 to 50 units	1,448	27,768	19.2	100
51 or more	81	9,899	122.2	81
<b>Total</b>	<b>5,878</b>	<b>60,268</b>	<b>10.3</b>	<b>381</b>

For the first strata, three to ten units, we randomly selected 200 multiple housing building case files. Similarly, we randomly selected 100 multiple housing building case files for the strata,

11 to 50 units. For the last strata, we sampled 100 percent of the case files for multiple housing buildings with 51 units or more.

For each case selected, we reviewed each building's case file to determine the following items:

- If the date of last action shown in Roster is valid;
- The type of last action, either routine or complaint;
- The date of most recent routine inspection; and
- The number of routine inspections within the last six years.

We made our determination of whether a building had been subjected to a routine inspection based on the documentation in the case file. Specifically, we reviewed the inspection log sheets or other documents in the case files to determine whether or not a routine inspection had been performed on a particular building. If the case file did not contain an inspection log sheet or other evidence of a routine inspection, we concluded that Code Enforcement had not routinely inspected the particular building.

Since Code Enforcement's policy is to inspect multiple housing buildings at least once every six years, we used the date of June 1992 to establish a cut-off point for the six-year timeframe. That is, if Code Enforcement conducted a routine inspection on a building after June 1992, we considered that Code Enforcement had met its six-year inspection policy for that building. On the other hand, if Code Enforcement last completed a routine inspection on a building before June 1992, we concluded that Code Enforcement had not met its six-year inspection policy. Similarly, if the case file did not contain an inspection log sheet or other documentation indicating that Code Enforcement had done a routine inspection since June 1992, we concluded that Code Enforcement had not met its six-year inspection policy.

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**Major Accomplishments Related To This Program**

In Appendix B, the Deputy Director of Code Enforcement informed us of major program accomplishments. Some of Code Enforcement's major accomplishments include the following:

- Clarified the Multiple Housing Program Scope;
- Reorganized the Multiple Housing Program;
- Completed a detailed workload analysis and established performance targets;

- Expanded use of Administrative Citations for solid waste violations;
- Implemented a new Code Enforcement computer system;
- Developed a property owner/manager training program;
- Developed an annual Multiple Housing newsletter;
- Updated the Multiple Housing Roster; and
- Completed a comprehensive Multiple Housing Program Report.



## **Finding I      Code Enforcement Has No Assurance That It Performed Required Inspections Of An Estimated 1,200 Multiple Housing Buildings Containing 12,000 Units**

The Code Enforcement Division of the Planning Department (Code Enforcement) is supposed to inspect multiple housing buildings for compliance with state housing laws and Municipal Code requirements at least once every six years. Code Enforcement relies on a Multiple Housing Roster (Roster) to annually bill owners of multiple housing buildings \$23.60 per unit and to schedule routine inspections. Our audit revealed that Code Enforcement cannot document that it did routine inspections for all the multiple housing buildings identified in its Roster within the last six years. Specifically, we estimate that Code Enforcement may not have conducted routine inspections for about 1,200 multiple housing buildings totaling 12,000 units, or 20 percent of the buildings listed in its Roster. We also found that Code Enforcement lacks the following controls to ensure that all buildings in its Roster are inspected on a timely basis.

- Current management reports do not provide information on achieving routine inspection goals;
- Inspection results are not properly documented or documented consistently among inspectors;
- Routine inspections can be scheduled on a more timely basis;
- Incorrect dates are shown for last routine inspections; and
- Not all intended inspector positions are utilized.

Finally, Code Enforcement needs to update their workload analysis to ensure that staffing levels are proper and inspector workloads are equitably distributed among inspectors. Without these changes, citizens who live in rental units may be exposed to substandard conditions and some property owners may pay for inspection services they do not receive.

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**Multiple Housing Program**

The Code Enforcement Division of the Department of Planning, Building, and Code Enforcement inspects multiple housing projects for compliance with state housing laws and Municipal Code regulations. Code Enforcement issues Residential Occupancy Permits (permits) for all apartment buildings (three units or more), hotels and motels, guesthouses, residential care facilities, residential service facilities, emergency residential shelters, and fraternities and sororities in San Jose. The program does not apply to single family rental properties, condominiums, and duplexes. In 1998-99, Code Enforcement assigned 13 Code Enforcement Inspectors to this program. Additionally, Code Enforcement officials indicated that inspectors assigned to targeted programs (i.e., Project Crackdown) also conducted routine inspections of multiple housing buildings. Code Enforcement inspectors should routinely inspect all multiple housing buildings within the City on either a three- or six-year inspection cycle. Code Enforcement inspectors also investigate complaints about substandard housing conditions in multiple family dwellings.

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**Multiple Housing Roster Identifies Permit Holder**

Owners of multiple housing (or their agents) must obtain a Residential Occupancy Permit (permit). The Municipal Code prescribes that any building, housing, or unit for which a permit is required, shall not be occupied until a permit has been issued. Code Enforcement maintains a Multiple Housing Roster (Roster) of known multiple housing buildings for which Code Enforcement has issued permits. Code Enforcement uses this Roster for billing permit holders on an annual basis and scheduling routine inspections.

As shown in Figure 1, as of August 9, 1998, the Roster included 5,878 multiple housing buildings with 60,268 units. Of these buildings 5,651 (96 percent) were apartment buildings with 52,289 units. The Roster lists the building address, building type, owner name and address, number of units, census tract, and permit number.

**Figure 1 Multiple Housing Roster By Building Type, As Of August 8, 1998**

<b>Building Type</b>	<b>Number of Buildings</b>	<b>Number of Units</b>
Apartment	5,651	52,289
Residential Care Facility	9	82
Emergency Residential Shelter	6	72
Fraternity/Sorority	22	304
Guesthouse	106	1,120
Hotel/Motel	79	6,380
Residential Service Facility	5	21
<b>Total</b>	<b>5,878</b>	<b>60,268</b>

Source: Auditor analysis of Code Enforcement data.

**Routine Inspections Target Health And Safety Issues**

The goal of the Multiple Housing Program is to ensure that the City’s multi-family rental housing stock is maintained in decent, safe, and sanitary condition in accordance with state housing laws and Municipal Code requirements. The program is intended to provide those renters who fear eviction if they complain to property owners protection from substandard housing conditions. To meet these program goals, Code Enforcement routinely inspects multiple housing projects for compliance with applicable laws.

**Code Enforcement Inspects Multiple Housing Buildings On A Three- Or Six-Year Cycle**

In 1997, Code Enforcement began to perform routine inspections on a three- and six-year inspection cycle. All multiple housing facilities should receive at least one routine inspection every six years. Therefore, 1998 inspections should include buildings which were last inspected between 1992 and 1997.

At one time, Code Enforcement inspected multiple housing buildings on a five-year cycle. In a 1996 memorandum to the Mayor and City Council, the Director of Planning, Building, and Code Enforcement reported that the Multiple Housing Program was scheduled to complete its first five-year inspection cycle of all multiple housing buildings in December 1996. If Code Enforcement completed these inspections on time, Code Enforcement inspectors should have completed routine inspections of all multiple housing buildings between January 1992 and December 1996.

**Code Enforcement Is Supposed To Inspect Newly Permitted Multiple Housing Buildings** In 1997, Code Enforcement adopted a procedure for inspecting newly constructed multiple housing buildings. Before Code Enforcement issues a permit for a new building or for a new use requiring a permit, a Multiple Housing Inspector must inspect the new building. The objective of the inspection is to ensure compliance with applicable laws and permits. However, the procedure did not specifically require inspectors to document their inspections of new buildings.

**Code Enforcement May Not Have Inspected An Estimated 1,200 Multiple Housing Buildings Containing 12,000 Units** Based on our review of multiple housing case files, we found that Code Enforcement has no assurance that it conducted routine inspections for all the multiple housing buildings identified in its Roster within the last six years. We estimate that Code Enforcement may not have conducted routine inspections for about 1,200 multiple housing buildings containing 12,000 units, or 20 percent of the buildings listed in its Roster. As a result, property owners of up to 1,200 buildings have paid for inspection services they may not have received.

From our sample of 381 buildings, we identified 80 buildings for which no evidence exists in the case files that Code Enforcement conducted a routine inspection since June 1992. Figure 2 shows our estimate of the number of buildings and units for which Code Enforcement has no documentation it did routine inspections since June 1992.

**Figure 2 Audit Sample Results For Buildings And Units Without Evidence Of Recent Routine Inspections Since 1992**

<b>Number of Units Per Building</b>	<b>3 to 10</b>	<b>11 to 50</b>	<b>51 +</b>	<b>Total</b>
Number of Buildings in Code Enforcement's Roster	4,349	1,448	81	5,878
Number of Units in Code Enforcement's Roster	22,601	27,768	9,899	60,268
Number of Buildings in Audit Sample	200	100	81	381
Number of Units in Audit Sample	869	1,616	9,899	12,384
Number of Buildings Without Routine Inspection in Audit Sample	42	18	20	80
Percent of Sample Cases Without Routine Inspections	21%	18%	25%	21%
Estimated Number of Buildings Without Routine Inspections	913	261	20	1,194
Estimated Number of Units Without Routine Inspections	4,746	4,998	2,214	11,958

Source: Auditor analysis of Code Enforcement data.

- 3 to 10 Unit Range* The Roster contained 4,349 buildings with less than 10 units (a total of 22,601 units). We reviewed case files for 200 buildings with less than 10 units. We found 42 buildings or 21 percent without evidence or documentation that Code Enforcement had done a routine inspection since June 1992. Extrapolating this percentage of non-inspections to the entire population of buildings with less than 10 units, equates to 913 buildings with 4,746 units for which Code Enforcement has no documentation that it did a routine inspection within the last six years.
- 11 to 50 Unit Range* The Roster contained 1,448 buildings with 11 to 50 units (a total of 27,768 units). We reviewed case files for 100 buildings with 11 to 50 units. We found 18 buildings or 18 percent without evidence or documentation that Code Enforcement had done a routine inspection since June 1992. Extrapolating this percentage of non-inspections to the entire population of buildings with 11 to 50 units, equates to 261 buildings with 4,998 units for which Code Enforcement has no documentation that a routine inspection was done within the last six years.
- 51 Units or More* The Roster contained 81 buildings with 51 units or more. These 81 multiple housing buildings had a total of 9,899 units. We reviewed the case files for all 81 buildings. Based on our review of the case files for these buildings, we found no evidence or documentation that Code Enforcement had done routine inspections within the last six years for 20 buildings (25 percent) with 2,214 units.
- Summary Of 80 Buildings In Audit Sample Without Evidence Of Code Enforcement Inspections* Figure 3 summarizes the dates of the last documented routine inspection of the 80 buildings in our sample for which no evidence exists in case files that Code Enforcement conducted a routine inspection since June 1992.

**Figure 3 Summary Of 80 Buildings In Audit Sample For Which No Evidence Exists In Case Files That Code Enforcement Conducted A Routine Inspection Since June 1992**

Number Of Cases				
Date Of Last Documented Inspection			No Evidence Of Routine Inspections	Total
1992	1986-1991	1976-1985		
11	5	41	23	80

Source: Auditor analysis of Code Enforcement data.

As shown above, 41 of the 80 buildings in our sample did not have evidence of a routine Code Enforcement inspection for at least 14 years. In addition, for 23 of the buildings in our sample, there was no evidence that Code Enforcement ever conducted a routine inspection.

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**Examples Of Multiple Housing Buildings Needing Inspection**

From our review of multiple housing case files, we found various examples of buildings without documentation of current routine inspections. Some examples include the following:

- Code Enforcement records indicated that a routine inspection was completed on a four-unit apartment building on February 2, 1998. However, the inspector’s log sheet shows no indication that a routine inspection was ever performed on the building. Other evidence in the case file indicated that Code Enforcement last did a routine inspection on this building in November 1982—over 16 years ago. The case log sheet shows that on May 2, 1997, a Code Enforcement Inspector sent the building’s owner a pre-inspection letter, but received no response. The inspector sent the building’s owner a second pre-inspection letter three months later on August 5, 1997, but again the owner did not respond. Finally, on February 2, 1998, a Code Enforcement Supervisor approved closing the case, even though a routine inspection was not performed on the property. Unless Code Enforcement corrects its records, it would not otherwise routinely inspect this building until 2004—22 years after its last inspection.

- On May 30, 1996, Code Enforcement received a complaint regarding plumbing, electrical, and blight problems at a four-unit apartment building. On June 11, 1996, a Code Enforcement inspector made a field visit, but was unsuccessful in reaching the property owner. On July 11, 1996, the inspector sent the property owner an Official Warning Notice that required the property owner to contact the inspector within ten days to schedule a routine inspection. The property owner never responded to this notice. On December 22, 1997, the inspector closed the case without any further action. As of November 19, 1998, Code Enforcement had not performed a routine inspection on the building. Code Enforcement last performed a routine inspection on this building in 1976.
- The Roster indicates that Code Enforcement completed a routine inspection on a 12-unit apartment building on October 9, 1997. However, the case log sheet shows no indication that the inspector ever performed the inspection because the building owner was in the process of making repairs to the building. A Code Enforcement Supervisor suggested postponing the routine inspection until the repairs were completed. Subsequently, the inspector closed the case and the case was reassigned to a different inspector. As of November 19, 1998, there was no evidence in the case folder that Code Enforcement had completed a routine inspection on this building. Code Enforcement last did a routine inspection of this building in March 1983.<sup>1</sup>

We recommend that Code Enforcement:

**Recommendation #1**

**Identify those multiple housing buildings that have not had a routine inspection within the last six years. Once those buildings have been identified, Code Enforcement should conduct routine inspections of those buildings on a priority basis. (Priority 2)**

<sup>1</sup> Before fieldwork was completed, Code Enforcement completed a routine inspection on this building in October 1998.

**Code Enforcement Lacks Adequate Controls To Ensure That Multiple Housing Buildings Are Inspected On A Timely Basis**

Code Enforcement management has limited controls to identify and monitor multiple housing buildings needing routine inspections. Current management reports do not provide Code Enforcement management with reliable information on the progress of achieving its routine inspection goals. For example, the monthly Multiple Housing Case Statistics Report has inspector totals for the number of:

- Routine inspections completed (buildings and units);
- Enhanced inspections completed (buildings and units);
- Housing complaints received and closed;
- Exterior inspections and citations issued as a result of these inspections;
- Cases open for more than 120 days; and
- Cases brought before the Appeals Hearing Board.

This report provides information on the number of buildings inspected. The report, however, does not provide information on Code Enforcement’s progress on meeting its routine inspection goals. For instance, Code Enforcement management does not receive information on the number of multiple housing buildings inspected as required. Management needs a report that shows the number and percent of buildings not inspected within the last six years. This information would be useful for Code Enforcement management to help ensure that Code Enforcement inspects buildings in a timely manner.

We recommend that Code Enforcement:

**Recommendation #2**  
**Develop a report that will show the number and percent of buildings that need routine inspections based on the date of last inspection. (Priority 3)**

**Inspection Results Not Documented Consistently Among Inspectors**

As noted above, we made our determination of whether a building had been subjected to a routine inspection based on the documentation in the case file. However, we found that inspectors inconsistently prepared log sheets. As a result, it is possible that some of the buildings we identified as not having current routine inspections may, in fact, have had a current routine inspection. Further, we found that Code Enforcement has not given inspectors any formal guidance regarding the documentation and preparation of inspection log sheets. We

also determined that some of the buildings that did not have any evidence of Code Enforcement performing a routine inspection in their case file were located in targeted program areas. According to a Code Enforcement Supervisor, an inspector probably did perform a routine inspection for multiple housing buildings located in targeted program areas, such as Project Crackdown. However, the Code Enforcement Supervisor indicated that inspectors did not properly document many of those inspections. Without documentation in the case file to support routine inspections, Code Enforcement has no assurance that all buildings in targeted program areas were inspected.

We also noted instances where a file did not contain evidence of a routine inspection but did contain evidence of a complaint inspection. For the purpose of our audit the distinction between a routine and complaint inspection is relevant. Specifically, when a Code Enforcement Inspector conducts routine inspections he or she proactively and thoroughly checks the following items in a multiple housing building:

- Hot and cold running water,
- Adequate heat of at least 70 degrees,
- Adequate electrical service free of any defects,
- Connection to an approved and functioning sewage disposal system,
- Adequate control of insects and vermin,
- Adequate garbage service,
- Functioning smoke detectors in each unit,
- Current inspection certificate tags on fire extinguishers,
- Dwelling units must be free of roof leaks,
- No overcrowded conditions in dwelling units, and
- Safety issues, such as proper height of deadbolts.

A complaint inspection, on the other hand, is not as thorough or detailed as a routine inspection. We found that in most situations, a Code Enforcement Inspector will respond to and resolve specific complaint issues, such as debris or blight. Based on the case files we examined, we found that inspectors generally do not conduct routine inspections when responding to complaints. We did not consider a complaint response as evidence of a routine inspection, unless the Code Enforcement Inspector had specifically documented changing the scope of the

complaint inspection to a routine inspection. When we found such evidence, we categorized those cases as routine inspections.

Finally, Code Enforcement officials indicated that inspectors should perform routine inspections of all newly permitted multiple housing buildings. However, our audit sample included several instances of newly permitted multiple housing buildings for which no evidence of a routine inspection existed. As such, it is possible that a Code Enforcement Inspector did perform a routine inspection for these newly permitted multiple housing buildings in our sample, but the inspector simply did not document the inspection.

We recommend that Code Enforcement:

**Recommendation #3**

**Develop and distribute to Code Enforcement inspectors guidance on documenting inspection results, including instances where no violations are noted. (Priority 3)**

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**Routine Inspections Can Be Scheduled On A More Timely Basis**

Code Enforcement inspectors utilize different approaches for scheduling routine inspections. Some inspectors send property owners letters with instructions to contact the inspector to schedule a routine inspection, while other inspectors send property owners letters with pre-set inspection dates and times. The latter type of letter allows the property owner to reschedule routine inspections by calling the inspector. The inspectors we met told us it was important to notify property owners before conducting routine inspections so property owners could notify tenants of the upcoming inspections. In addition, inspectors indicated they preferred having the property owner or a property manager present during a routine inspection so that the inspector could explain to the property manager any corrective actions needed.

Our review found that in some instances it can take several weeks for inspectors to schedule routine inspections. In our opinion, this is especially true when inspectors have to rely on the property owner to contact Code Enforcement to schedule routine inspections. As noted earlier, we found one instance where Code Enforcement never conducted a routine inspection because the property owner ignored two pre-inspection letters. The importance of notifying property owners before conducting inspections notwithstanding, in our opinion Code Enforcement should improve the efficiency of scheduling inspections by

adopting a more aggressive approach regarding the scheduling of routine inspections.

We recommend that Code Enforcement:

**Recommendation #4**

**Adopt a more aggressive approach regarding the scheduling of routine inspections. (Priority 3)**

**Incorrect Dates Shown For Last Routine Inspections**

Multiple housing inspectors have individual discretion in scheduling buildings for inspection and the number of units for routine inspections. Almost all of the inspectors indicated that they conducted routine inspections of the oldest cases assigned to them. In September 1997, Code Enforcement provided multiple housing inspectors with a printout of the Roster for their area of responsibility. The printout included each building's address, permit number, building owner's name and address, building type, number of units, census tract, and date of last routine inspection. Almost all of the inspectors told us they referred to the date of last action shown in the printout for scheduling routine inspections. Thus, the date of the last routine inspection shown in the printout is a critical component of Code Enforcement's system for scheduling timely multiple housing inspections.

Based on our review of multiple housing case files, the accuracy of the date of last action shown in the printout is not as reliable as it should be, and Code Enforcement cannot rely upon those dates to schedule routine inspections. Specifically, we found that the date of last action on the printout was incorrect for 20 percent of the units we sampled. Some of the problems with the dates included the use of a default date (November 25, 1995) and dates for routine inspections that never actually occurred. Based on the results of our sample on the use of the default date, we analyzed the entire Roster and found 423 cases with 3,719 units with the default date of November 25, 1995. We found that these 423 cases were 1) new buildings; 2) cases with no routine inspections; and 3) cases with recent routine inspections. Code Enforcement officials could not explain why the default date of November 25, 1995 was shown on the Multiple Housing Roster printout.

In our opinion, Code Enforcement should verify the date of last action shown on the Roster by comparing it to documentation in the case file. Code Enforcement needs to verify this information

to ensure that inspectors have reliable information for scheduling inspection dates.

Furthermore, Department of Planning, Building, and Code Enforcement officials told us that they are testing an information system that may help improve Code Enforcement’s ability to manage and monitor those multiple housing buildings needing inspections. The new system is called San Jose Code Enforcement System (SJCES) and it will allow inspectors to electronically record information on complaints, enforcement and inspection actions taken, and violations found. With regards to the Multiple Housing Program, the SJCES is expected to highlight multiple housing buildings needing routine inspections one month prior to the inspection due date. However, Code Enforcement has imported routine inspection date data from the old system into the new system. Unless Code Enforcement validates this data, the new management information system will have the same erroneous information as the current system.

We recommend that Code Enforcement:

**Recommendation #5**

**Validate the date of last action shown in the Multiple Housing Roster. (Priority 3)**

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**Not All Intended Positions Utilized**

According to a Code Enforcement official, prior to 1998-99 Code Enforcement did not fully utilize all intended positions for the Multiple Housing Program. During this period, nine Code Enforcement inspectors, one Supervisor, and one Senior Office Specialist staffed the Multiple Housing Program. The official also told us that only seven inspector positions were actually utilized full-time on the program. Of the inspectors assigned to the program, two were unable to have a full workload because of non-inspection work activities. In our opinion, Code Enforcement needs to use all the intended positions for the Multiple Housing Program full-time in order to help ensure that all multiple housing buildings inspection goals are met.

In 1998-99, Code Enforcement assigned 13 inspector positions to the Multiple Housing Program. As shown in Figure 4, Code Enforcement utilized three different funding sources for the inspector positions—Solid Waste Enforcement Fee, Community Development Block Grant, and Residential Occupancy Permit fee revenue.

**Figure 4 Inspector Positions Assigned To The Multiple Housing Program And Source Of Position Funding**

Source of Position Funding	Number of Assigned Positions
Solid Waste Enforcement Fee	1
Community Development Block Grant	4
Residential Occupancy Permit Fee	8
Total	13

Source: Code Enforcement Division

As shown above, 8 of the 13 Multiple Housing Inspector positions were Residential Occupancy Permit Fee-funded. However, the Code Enforcement 1998-99 Multiple Housing Occupancy Permit-Proposed Costs shows 9 inspector positions would be Residential Occupancy Permit Fee-funded. Accordingly, in our opinion, Code Enforcement should change the funding for the inspector currently Solid Waste Enforcement Fee-funded to Residential Occupancy Permit Fee-funded. In addition, Code Enforcement should evaluate using a different Solid Waste Enforcement Fee-funded inspector position for the Multiple Housing Program.

We recommend that Code Enforcement:

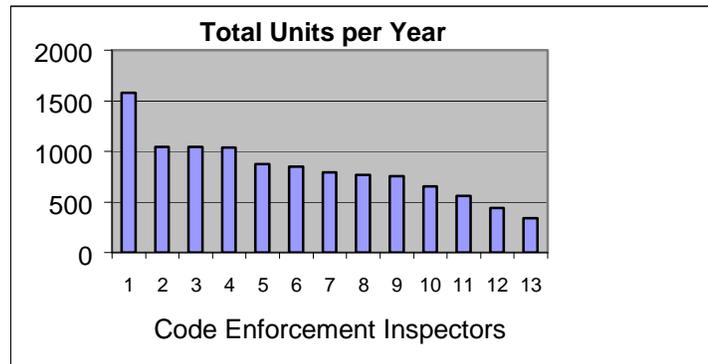
**Recommendation #6**

**Fully utilize all inspector positions intended for the Multiple Housing Program, change the funding for one inspector position from Solid Waste Enforcement Fee-funded to Residential Occupancy Permit Fee-funded, and evaluate using a different Solid Waste Enforcement Fee-funded inspector position for the Multiple Housing Program. (Priority 2)**

**Workload Varies Among Inspectors**

The number of multiple housing buildings and units assigned to individual inspectors is varied. Figure 5 shows the complete range of workload per inspector.

**Figure 5 Annual Workload Assigned To The 13 Code Enforcement Inspector II's**



Source: Code Enforcement Division

As shown in Figure 5, for inspectors assigned full-time to the Multiple Housing Program, the number of cases per inspector varies from a high of 1,580 units to a low of 338 units per year. Code Enforcement did not use a formal analysis of inspection workloads when assigning caseloads to individual inspectors. According to one inspector, in his service area, the inspectors decided among themselves how to allocate the workload. In some situations, Code Enforcement management assigned case workload based on inspector abilities.

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**Workload Analysis Needs To Be Updated**

In February 1998, Code Enforcement staff completed a workload analysis to determine the staff requirements for different inspection schedules (three and six years). During our review, we found that this workload analysis may be obsolete. We found that Code Enforcement needs to redo this analysis because of specific problems with the original workload analysis and an increased number of non-inspected multiple housing buildings.

*Workload Analysis Too Optimistic*

Code Enforcement staff made assumptions regarding the amount of time available for each inspector to conduct routine inspections. The analysis estimated that the inspectors assigned to the Multiple Housing Program could inspect up to 19,500 units per year. We believe this analysis is too optimistic. Specifically, staff assumed that inspectors needed 1.5 hours to resolve complaints and needed to make two to three inspection visits for enhanced<sup>2</sup> and routine<sup>3</sup> inspections, respectively. As a

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<sup>2</sup> An enhanced unit is located in a building that receives a routine inspection every three years. Enhanced buildings are located in areas eligible to receive Community Development Block Grant Funding.

<sup>3</sup> A routine unit is located in a building that receives a routine inspection at least once every six years.

result, staff estimated that inspectors needed 46 minutes to complete a routine inspection of a single unit (two inspection visits), and 114 minutes to complete an enhanced inspection of a single unit (three inspection visits). According to a Code Enforcement official, these assumptions were primarily based on the experience of one Code Enforcement Supervisor. As shown in Figure 6, the Supervisor estimated the average time (in minutes) for inspectors to complete various activities involved in conducting multiple housing inspections of a single unit.

**Figure 6 Average Time (In Minutes) To Complete Enhanced And Routine Inspections Of An Apartment Unit**

Activity	Enhanced Inspections			Routine Inspections	
	1st	2nd	3rd	1st	2nd
Research	5	1	0	1	0
Case Preparation	3	2	1	2	1
Note Logging	3	3	3	3	3
Phone Calls	3	5	5	3	3
Inspection and Travel	20	10	10	15	10
Compliance Order	20	10	0	5	0
Appeals Hearing Board	0	0	10	0	0
Subtotal	54	31	29	29	17
Total Inspection Time Per Unit	114			46	

Source: Code Enforcement Division.

Code Enforcement staff estimated that each inspector had 175.9 days (1,407 hours) available for inspections and that an inspector could inspect 12.6 to 20.9 units per day. Figure 7 shows that the workload analysis projected that 13 inspectors could routinely inspect up to 19,500 units per year.

**Figure 7 Department Workload Analysis**

Hours Available for Routine Inspection Cases	1,407
Routine Inspection Days Per Inspector	175.9
Number of Enhanced Unit Inspections Per Day	12.6
Number of Routine Unit Inspections Per Day	20.9
Estimated Enhanced Unit Inspections Per Year for Four Inspectors	2,955
Estimated Routine Unit Inspections Per Year for Nine Inspectors	16,543
Total Estimated Number of Units Inspected Per Year for 13 Inspectors	19,498

Source: Code Enforcement Division.

Code Enforcement’s workload analysis is too optimistic based on actual inspection results. Between January 1997 and June 1998 (18 months), inspectors assigned to the Multiple

Housing Program completed inspections of 12,852 multiple housing units. By comparison, the above workload analysis projects that Code Enforcement should have inspected 29,250 multiple housing units in a similar 18-month period.

It should be noted that in 1997, Code Enforcement established multiple housing inspection goals by service area. Specifically, independent of the above workload analysis, Code Enforcement set inspection goals of 18,112 multiple housing units in an 18-month period. However, when compared to actual inspections over a similar 18-month period Code Enforcement only achieved 71 percent of its inspection goals. In order to improve its workload analysis, Code Enforcement needs to initiate a pilot project to monitor and record actual inspection productivity.

*Code Enforcement's Basis For Calculating Workload Could Be Improved*

In our opinion, Code Enforcement's basis for calculating inspection workloads could be improved by tracking inspection results on a per building and per unit basis instead of the current per unit basis. The number of buildings inspected is an important measure of workload because permits are issued on a per building basis. Further, Code Enforcement's policy is to inspect every building every three or six years. Thus, we believe it would be more appropriate to assign inspectors' workload goals based on both the number of buildings and units to be inspected.

*Increased Workload*

As noted earlier in this report, we estimate that Code Enforcement may not have inspected as many as 1,200 buildings of the 5,878 buildings in its current Roster within the last six years. In addition, in August 1998, our office issued an audit report on Code Enforcement's Multiple Housing Roster. Specifically, our audit revealed that Code Enforcement's Roster was not complete. Subsequent to our audit, Code Enforcement staff confirmed that 362 buildings with 5,411 units that should have been in the Roster were not. As of January 9, 1999, Code Enforcement's workload of buildings and units to inspect had increased to 6,175 buildings with 64,559 units. Thus, Code Enforcement needs to update its workload analysis to include the additional buildings and units needing inspections.

We recommend that Code Enforcement:

**Recommendation #7**

**Update their workload analysis in order to ensure proper staffing to meet their inspection schedule. When updating its workload analysis, Code Enforcement should consider the following items:**

- **An equitable distribution of workload among the Code Enforcement inspectors;**
- **On a pilot basis, monitoring and recording actual inspection results for a specified timeframe;**
- **Basing inspector workload measures both on a per building and per unit basis; and**

**Including the additional 362 multiple housing buildings and 5,411 units identified as not being on the Roster. (Priority 2)**

**San Jose Citizens May Be Exposed To Substandard Conditions And Property Owners Pay For Services Not Received**

Code Enforcement cannot document that it conducted health and safety inspections as required for as many as 1,200 multiple housing buildings containing 12,000 units. Consequently, some San Jose citizens living in these rental units may have been exposed to substandard living conditions. In addition, property owners of up to 1,200 buildings have paid for inspection services they may not have received.

**CONCLUSION**

Code Enforcement has not made many required inspections of multiple housing buildings. We estimate that Code Enforcement has no assurance that it conducted health and safety inspections for about 1,200 multiple housing buildings totaling 12,000 units. We found that additional controls are needed to ensure that all buildings in its Roster are inspected on a timely basis. In addition, we found that Code Enforcement needs to update their workload analysis to ensure proper staffing levels to meet their inspection goals. Without improvement, citizens who live in rental units will continue to be exposed to potentially substandard living conditions and property owners will continue to pay for inspection services they do not receive.

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## RECOMMENDATIONS

We recommend that Code Enforcement:

- Recommendation #1** Identify those multiple housing buildings that have not had a routine inspection within the last six years. Once those buildings have been identified, Code Enforcement should conduct routine inspections of those buildings on a priority basis. (Priority 2)
- Recommendation #2** Develop a report that will show the number and percent of buildings that need routine inspections based on the date of last inspection. (Priority 3)
- Recommendation #3** Develop and distribute to Code Enforcement inspectors guidance on documenting inspection results, including instances where no violations are noted. (Priority 3)
- Recommendation #4** Adopt a more aggressive approach regarding the scheduling of routine inspections. (Priority 3)
- Recommendation #5** Validate the date of last action shown in the Multiple Housing Roster. (Priority 3)
- Recommendation #6** Fully utilize all inspector positions intended for the Multiple Housing Program, change the funding for one inspector position from Solid Waste Enforcement Fee-funded to Residential Occupancy Permit Fee-funded, and evaluate using a different Solid Waste Enforcement Fee-funded inspector position for the Multiple Housing Program. (Priority 2)

**Recommendation #7** Update their workload analysis in order to ensure proper staffing to meet their inspection schedule. When updating its workload analysis, Code Enforcement should consider the following items:

- An equitable distribution of workload among the Code Enforcement inspectors;
- On a pilot basis, monitoring and recording actual inspection results for a specified timeframe;
- Basing inspector workload measures both on a per building and per unit basis; and
- Including the additional 362 multiple housing buildings and 5,411 units identified as not being on the Roster.  
(Priority 2)



# CITY OF SAN JOSE - MEMORANDUM

TO: Gerald A. Silva  
City Auditor

FROM: James R. Derryberry, Director  
Planning, Building & Code  
Enforcement

SUBJECT: SEE BELOW

DATE: March 3, 1999

**RECEIVED**

**MAR 04 1999**

**CITY AUDITOR**

APPROVED: *Kay Winer*

DATE: *3/4/99*

**SUBJECT** *The Administration's Response to An Audit of the Multiple Housing Program*

## **BACKGROUND**

The Department of Planning, Building and Code Enforcement has reviewed the report on *An Audit of the Multiple Housing Program*. The Administration is generally in agreement with the recommendations of the audit and is providing specific responses to the recommendations below.

**Recommendation #1:** *Code Enforcement identify those multiple housing buildings that have not had a routine inspection within the last six years. Once those buildings have been identified, Code Enforcement should conduct routine inspections of those buildings on a priority basis.*

The Department concurs with this recommendation and will identify multiple housing buildings that have not had a routine inspection within the last six years. Code Enforcement recognizes that documentation of routine inspections is a problem that needs to be addressed. The Code Enforcement Division will conduct a review of the entire Multiple Housing Roster to determine which buildings have not received routine (proactive) inspection services. Any building identified will be prioritized for immediate inspection.

The Department wants to emphasize that inspection services have been provided to the vast majority of buildings in the Multiple Housing Program. Code Enforcement conducted additional analysis on the specific cases listed in the Audit Report as not having documentation of a routine inspection within the last six years. This analysis showed that inspection services have been provided to the vast majority of buildings in the Multiple Housing Roster.

The Department's analysis of the cases in the Audit sample indicates that the number of buildings that may not have received routine inspection services does not exceed 663 buildings (11%), as opposed to the 1,200 buildings (20%) indicated in the Audit Report. While undocumented in the sample case files, there are three main areas where routine inspections were provided. These include: 1) Complaint investigations which resulted in routine inspections; 2) issuance of new permits; and, 3) inspections conducted in special project areas.

- 1) **Complaint investigations which resulted in routine inspections** A review of the sample cases used in the Audit showed **6** buildings with inspections evidenced by the issuance of compliance orders. These compliance orders documented housing code violations for individual units and interior common areas of the building that are essentially the same as compliance orders generated from routine inspections.
- 2) **Issuance of new permits** New Residential Occupancy Permits cannot be issued to a building unless the Code Enforcement Inspector has inspected the building and determined that it is in compliance with the Housing Code and other state and local regulations. New Permit cases are logged in as complaint cases because the inspector must first determine whether or not a permit can be issued to the building. New permit inspections are conducted in a manner identical to routine inspections. A total of **14** buildings in the Audit sample were inspected and issued new permits. Code Enforcement is very confident, based upon conversations with some of the inspectors who issued the permits, that these buildings have received routine inspection services prior to issuance of the permit. As part of the audit implementation, the Department will confirm that routine inspections were provided for all of the new buildings in the Multiple Housing Roster.
- 3) **Inspections in special project areas** Neighborhood Revitalization projects such as Project Crackdown, Project Blossom, Community Improvement Program and the Neighborhood Action Center conduct targeted enforcement in selected neighborhoods. The Audit sample contained **17** buildings that were located in target project areas. It is standard procedure for Code Enforcement Inspectors in all target project areas to routinely inspect every apartment building in the target area. Consequently, Code Enforcement is very confident that all of these buildings have received at least one routine inspection in the last six years. As part of the audit implementation, Department will confirm that routine inspections were provided for all of the special project area buildings in the Multiple Housing Roster.

**Complaint-Initiated Inspection Services** It is important to note that many of the 43 remaining sample cases with no documentation of a routine inspection had records of complaint based inspection services. In the case of buildings with a small number of units, complaint-initiated inspections can be equivalent to routine inspections. These complaint inspections were funded by the Residential Occupancy Permit Fee.

In order to ensure that all buildings have received a routine inspection, the Code Enforcement Division will review all 6,193 files in the Multiple Housing Roster to verify that a documented routine inspection was completed within the last inspection cycle. This project will be completed by the Multiple Housing Inspectors assigned to each service area. Additional, temporary clerical assistance will be used to track and record any buildings that do not have a documented routine inspection. Any cases that do not have documentation of such services will be prioritized for inspection by the Supervisor assigned to each service area. This verification process is estimated to take 6 months to complete.

**Recommendation #2:** *That Code Enforcement develop a report that will show the number and percent of buildings that need routine inspections based on the date of last inspection.*

The Department concurs with this recommendation and will develop a report that shows the number of buildings that need routine inspections based on the date of last inspection. The need for better management reports was one of the main reasons the Department initiated the new Code Enforcement System (CES) and issued an RFP for its development in FY 1997-98. Verified dates of last routine inspections for all buildings on the Roster will be entered into the CES system. A report will be developed to track progress toward completion of routine inspections for the entire Roster inventory within the target inspection cycle. The data needed for the report is included in the new system.

The consultant retained by Code Enforcement to develop the CES will be required to create a customized report. Due to budget limitations, the development of this report was not included in the initial project scope. The report will be developed as part of the on-going maintenance and support contract that is being proposed in the FY 1999-00 budget.

**Recommendation #3:** *That Code Enforcement develop and distribute to Code Enforcement Inspectors guidance on documenting inspection results, including instances where no violations are noted.*

The Department concurs with this recommendation and is in the process of establishing written procedures for documenting inspection activities and recording results in the CES system. This project will be completed within three months.

**Recommendation #4:** *That Code Enforcement adopt a more aggressive approach regarding the scheduling of routine inspections.*

The Department concurs with this recommendation. The Department schedules over 1,000 cases for routine inspection yearly. In the cases cited by the Auditor, the inspector assigned to the case had difficulty contacting the owner or property manager to schedule a routine inspection. The Department will write changes into the procedures to ensure that these cases receive a timely routine inspection.

Inspections of apartment units are accomplished with tenant permission or via an inspection warrant issued by the courts. We rely on property owners and managers to secure tenant cooperation to gain access to inspect units. Warrants can be obtained, if necessary, but they do take extra time and resources to obtain and serve. Our policy of notifying property owners before scheduling routine inspections was developed in conjunction with the Tri-County Apartment Association. The process allows property owners to be aware of inspections and accompany the inspectors, if they so desire. It also provides an opportunity for inspectors to discuss violations directly with owners and to educate property owners about the Multiple Housing Inspection Program, the City and State regulations we enforce, and the services available to assist owners with other problems such as crime, drugs and gangs in their buildings.

In addition to developing new procedures, the Division will utilize the new reports that will be developed in the new CES to ensure that all buildings receive a routine inspection within the established response time targets.

**Recommendation #5:** *That Code Enforcement validate the date of last action shown in the Multiple Housing Roster.*

The Administration agrees with this recommendation. We concur that data to be entered into the CES system from the VAX needs to be verified for routine inspection dates. We will verify the last date of a routine inspection as suggested by Recommendation #1. These verified dates will be entered into the new CES tracking system. The CES system will be used to track routine inspections and notify inspectors when routine inspections are due.

**Recommendation #6:** *That Code Enforcement fully utilize all inspector positions intended for the Multiple Housing Program, change the funding for one inspector position from Solid Waste Enforcement Fee-funded to Residential Occupancy Permit Fee-funded, and evaluate using a different Solid Waste Enforcement Fee-funded inspector position for the Multiple Housing Program.*

The Department concurs with this recommendation. As mentioned in the Audit Report, several positions were not fully utilized for the Multiple Housing Inspection Program prior to FY 1998-99. With regard to the Inspector charged to the Solid Waste Program, the Department agrees that it should be charged to the Residential Occupancy Permit Fee. We also agree with the Auditor that it is appropriate to assign a Code Enforcement Inspector funded from Solid Waste fees to the Multiple Housing Inspection Program. A budget proposal has been submitted for FY 1999-00 to add one inspector position from the Solid Waste Enforcement Fee to the Multiple Housing Inspection Program for solid waste enforcement on buildings in the Residential Occupancy Permit Program.

**Recommendation #7:** *That Code Enforcement update their workload analysis in order to ensure proper staffing to meet their inspection schedule. When updating its workload analysis, Code Enforcement should consider the following items:*

- *An equitable distribution of workload among the Code Enforcement Inspectors;*
- *On a pilot basis, monitoring and recording actual inspections results for a specified timeframe;*
- *Basing inspector workload measures on both a per building and per unit basis; and*
- *Including the additional 362 multiple housing buildings and 5,411 units identified as not being on the Roster.*

The Department agrees that the workload analysis needs to be revised to include the new permits that have been added to the Roster. The previous workload analysis was completed prior to revising the program's current structure. The process was a first attempt to develop measurements and was based upon information available at the time. The program structure has been changed since the original targets were developed. Current analysis of workload is based upon the Service Area concept, with inspectors handling all the Multiple Housing cases within a specific geographic area.

Gerald A. Silva

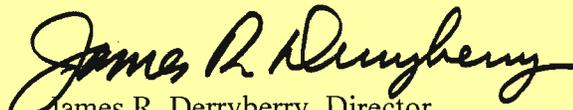
**RESPONSE TO THE AUDIT OF THE MULTIPLE HOUSING PROGRAM**

March 3, 1999

Page 5

Existing workload assignments vary based on the fact that different parts of the City vary in age and type of buildings and in the average number of complaints received. The distribution of workload among inspectors should be equitable. It should be noted however, that this does not mean that the number of buildings will be identical for each inspector. The Department is committed to the Service Area concept and all variables are considered when formulating workload targets.

The Administration appreciates the work performed by the Auditor's Office.



James R. Derryberry, Director  
Planning, Building & Code Enforcement



**Office Of The City Auditor's  
Comments On The Response Of The City Administration To  
An Audit Of The Multiple Housing Program**

The following comments are presented to expand upon, clarify, and correct statements in the City Administration's response to *An Audit of the Multiple Housing Program*.

**Administration's Response-Page 1, Paragraph 4**

*The Department's analysis of the cases in the Audit sample indicates that the number of buildings that may not have received routine inspections services does not exceed 663 buildings (11%), as opposed to the 1,200 buildings (20%) indicated in the Audit Report. While undocumented in the sample case files, there are three main areas where routine inspections were provided. These include: 1) Complaint investigations which resulted in routine inspections; 2) issuance of new permits; and, 3) inspections conducted in special project areas.*

**Auditor's Comment**

On page 10 of the Audit Report we state:

**"Code Enforcement May Not Have Inspected An Estimated 1,200 Multiple Housing Buildings Containing 12,000 Units**

Based on our review of multiple housing case files, we found that Code Enforcement has no assurance that it conducted routine inspections for all multiple housing buildings identified in its Roster within the last six years.

Specifically, from our sample of 381 buildings, we identified 80 buildings for which no evidence exists in the case files that Code Enforcement conducted a routine inspection since June 1992."

Because of the lack of evidence of routine inspection in its case files, Code Enforcement's estimate of 663 buildings without inspection is merely a guess that is based upon speculation – not documented proof.

### **Administration's Response-Page 2, Paragraph 1**

1) **Complaint investigations which resulted in routine inspections** A review of the sample cases used in the Audit showed 6 buildings with inspections evidenced by the issuance of compliance orders. These compliance orders documented housing code violations for individual units and interior common areas of the building that are essentially the same as compliance orders generated from routine inspections.

### **Administration's Response-Page 2, Paragraph 4**

**Complaint-Initiated Inspection Services** It is important to note that many of the 43 remaining sample cases with no documentation of a routine inspection had records of complaint based inspection services. In the case of buildings with a small number of units, complaint-initiated inspections can be equivalent to routine inspections. These complaint inspections were funded by the Residential Occupancy Permit Fee.

### **Auditor's Comment**

On page 15 and 16 of the Audit Report we state:

“We also noted instances where a file did not contain evidence of a routine inspection but did contain evidence of a complaint inspection. For the purpose of our audit the distinction between a routine and complaint inspection is relevant. Specifically, when a Code Enforcement Inspector conducts routine inspections he or she proactively and thoroughly checks the following items in a multiple housing building:

- Hot and cold running water,
- Adequate heat of at least 70 degrees,
- Adequate electrical service free of any defects,
- Connection to an approved and functioning sewage disposal system,
- Adequate control of insects and vermin,
- Adequate garbage service,
- Functioning smoke detectors in each unit,
- Current inspection certificate tags on fire extinguishers,
- Dwelling units must be free of roof leaks,
- No overcrowded conditions in dwelling units, and
- Safety issues, such as proper height of deadbolts.

A complaint inspection, on the other hand, is not as thorough or detailed as a routine inspection. We found that in most situations, a Code Enforcement Inspector will respond to and resolve specific complaint issues, such as debris or blight. Based on the case files we examined, we found that inspectors generally do not conduct routine inspections when responding to complaints. We did not consider a complaint response as evidence of a routine inspection, unless the Code Enforcement Inspector had specifically

documented changing the scope of the complaint inspection to a routine inspection. When we found such evidence, we categorized those cases as routine inspections.”

### **Administration’s Response-Page 2, Paragraph 2**

2) **Issuance of new permits** *New Residential Occupancy Permits cannot be issued to a building unless the Code Enforcement Inspector has inspected the building and determined that it is in compliance with the Housing Code and other state and local regulations. New Permit (sic) cases are logged in as complaint cases because the inspector must first determine whether or not a permit can be issued to the building. New permit inspections are conducted in a manner identical to routine inspections. A total of 14 buildings in the audit sample were inspected and issued new permits. Code Enforcement is very confident, based upon conversations with some of the inspectors who issued the permits, that these buildings have received routine inspection services prior to issuance of the permit. As part of the audit implementation, the Department will confirm that routine inspections were provided for all of the new buildings in the Multiple Housing Roster.*

### **Auditor’s Comment**

On page 16 of the Audit Report we state:

“Finally, Code Enforcement officials indicated that inspectors should perform routine inspections of all newly permitted multiple housing buildings. However, our audit sample included several instances of newly permitted multiple housing buildings for which no evidence of a routine inspection existed. As such, it is possible that a Code Enforcement Inspector did perform a routine inspection for these newly permitted multiple housing buildings in our sample, but the inspector simply did not document the inspection.”

Additionally, we identified instances where inspectors had conducted and documented routine inspections for newly permitted buildings. In one instance, the inspection resulted in Code Enforcement issuing a compliance order to correct violations.

### **Administration’s Response-Page 2, Paragraph 3**

2) **Inspections in special project areas** *Neighborhood Revitalization projects such as Project Crackdown, Project Blossom, Community Improvement Program and the Neighborhood Action Center conduct targeted enforcement in selected neighborhoods. The Audit sample contained 17 buildings that were located in target project areas. It is standard procedure for Code Enforcement Inspectors in all target project areas to routinely inspect every apartment building in the target area. Consequently, Code Enforcement is very confident that all of these buildings have received at least one routine inspection in the last six years. As part of the audit implementation, Department will confirm that routine inspections were provided for all of the special project area buildings in the Multiple Housing Roster.*

### **Auditor's Comment**

On page 14 and 15 of the Audit Report we state:

“We also determined that some of the buildings that did not have any evidence of Code Enforcement performing a routine inspection in their case file were located in targeted program areas. According to a Code Enforcement Supervisor, an inspector probably did perform a routine inspection for multiple housing buildings located in targeted program areas, such as Project Crackdown. However, the Code Enforcement Supervisor indicated that inspectors did not properly document many of those inspections. Without documentation in the case file to support routine inspections, Code Enforcement has no assurance that all buildings in targeted program areas were inspected.”

The lack of documentation means that Code Enforcement cannot provide basic information regarding routine inspections of properties located in targeted areas. Code Enforcement has no assurance of when and who inspected the building, the number of units that were inspected, the number of violations that were noted, and when the violations were corrected.

## APPENDIX A

### DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The City of San Jose's City Administration Manual (CAM) defines the classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

Priority Class <sup>1</sup>	Description	Implementation Category	Implementation Action <sup>3</sup>
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring. <sup>2</sup>	Priority	Immediate
2	A potential for incurring significant fiscal or equivalent fiscal or equivalent non-fiscal losses exists. <sup>2</sup>	Priority	Within 60 days
3	Operation or administrative process will be improved.	General	60 days to one year

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<sup>1</sup> The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number. (CAM 196.4)

<sup>2</sup> For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of \$25,000 or more to be involved or for a potential loss (including unrealized revenue increases) of \$50,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens. (CAM 196.4)

<sup>3</sup> The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration. (CAM 196.4)

APPENDIX B

CITY OF SAN JOSÉ — MEMORANDUM

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TO: Gerald Silva

FROM: James R. Derryberry

SUBJECT: **MULTIPLE HOUSING INSPECTION  
PROGRAM ACCOMPLISHMENTS**

DATE: February 3, 1999

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APPROVED:

DATE:

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This memorandum summarizes the Code Enforcement Division's recent accomplishments for the Multiple Housing Inspection Program. These accomplishments reflect the tremendous effort that the Department has invested in improving the service provided by this Program over the past two years.

- **Multiple Housing Inspection Program Scope Clarification**

Staff prepared a comprehensive memorandum to clearly outline the scope of the Multiple Housing Inspection Program (MHIP). The memorandum was coordinated with the City Attorney's office and provided consistency and clarity on the scope of the fee supported program and services and standardized the program's policy on reinspection fees.

- **Reorganized the Multiple Housing Inspection Program**

The Division combined the Community Improvement Program (CIP) with the MHIP to allow implementation of a two-tier inspection cycle and annual exterior inspections of priority service units. This was initiated in response to the Mayor's Focus Group Report. As a result, buildings in lower income neighborhoods with more pervasive code violations receive enhanced services, including quarterly exterior blight inspections and additional routine inspections.

- **Completed a Detailed Workload Analysis and Established Performance Targets**

Completed a detailed workload analysis that was used to determine the feasibility of providing a two-tiered inspection program through the integration of the CIP staff. The analysis is used to establish workload targets for each inspector assigned to the Program.

- **Expanded Use of Administrative Citations for Solid Waste Violations**

The Mayor's Focus Group stated that apartment buildings in specific neighborhoods had recurring problems with overflowing garbage dumpsters, trash and illegal dumping. In response, the Division instituted the concept of proactive exterior blight surveys in targeted multiple housing buildings. Warning letters and administrative citations are used to correct these solid waste issues and improve the exterior maintenance of buildings.

- **Implemented a new Code Enforcement Computer System**

Code Enforcement began using the new Code Enforcement Computer System in January, 1999. Extensive system design and programming was required to meet the needs of the MHIP. This system will track all multiple housing inspections and provide improved tracking of case data and workload measurements.

**MULTIPLE HOUSING INSPECTION PROGRAM ACCOMPLISHMENTS**

February 3, 1999

Page 2

- **Development of a Property Owner/Manager Training Program**

Staff developed and presented a training class for property owners and managers in conjunction with the Tri-County Apartment Association and staff from City Staff from Crime Prevention, Rental Mediation and Project Blossom. Classes are presented to property owners in a specific target neighborhood on proper management techniques, fair housing laws, evictions, tenant screening, gang and drug awareness and prevention. These classes are followed by efforts from Project Blossom staff to organize and maintain an owner's association and tenant association for each neighborhood. These associations are encouraged to work together to on common problems and to sustain physical and management improvements to the neighborhood.

- **Annual Multiple Housing Newsletter**

Staff developed a Multiple Housing newsletter to be included in the annual permit billing. The newsletter promotes the Property Owner Training Program, Crime Prevention services, and the Office of Emergency Service's Residential Seismic Safety Program. It provides updated information on new and pending state and local regulations of interest to property owners.

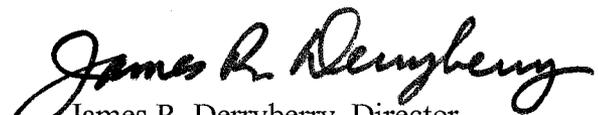
- **Updated the Multiple Housing Roster**

As a result of the City Auditor's audit of the Multiple Housing Roster, staff has completed an extensive review of potential buildings that could be added to the Roster. An additional 362 buildings (5,411 units) have since been added. Invoices for these additional units were included in the annual billing cycle in November 1998. This will result in \$128,000 in additional revenue for inspection services.

- **Completed a comprehensive Multiple Housing Inspection Program Report**

The Mayor's Focus Group suggested that staff review a number of suggestions regarding possible strategies for the MHIP. A number of changes to the program were incorporated as a result of this study.

Please contact Dave Bopf at extension 4703 if you have any questions regarding this memorandum.

  
James R. Derryberry, Director  
Planning, Building & Code Enforcement

c: Kay Winer  
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