



**CITY AUDITOR** 345 6<sup>th</sup> Street, Suite 100, Bremerton, WA 98337-1873 & Phone (360) 473-5369

May 20, 2024

To Audit Committee Members:

Deborah McDaniel, Audit Committee Vice-Chair and Citizen Member  
Marwan Cameron, Citizen Member  
Anna Mockler, Audit Committee Chair and Council Member  
Eric Younger, Council Member

## **Re: Landlord Licensing Compliance**

Dear Audit Committee Members:

To help ensure dwelling units located in the City of Bremerton (“City”) meet the minimum standards of the Washington Residential Landlord-Tenant Act (RCW 59.18.060), I was asked to identify potential rental properties in the City with unlicensed landlords. The following comments summarize my review and findings.

### **SUMMARY OF FINDINGS**

The results of this review found there are approximately 1,800 residential properties in the City with characteristics of a rental property and owners<sup>1</sup> who do not appear to be registered in the City’s Landlord License database.

### **BACKGROUND**

In response to City Council’s determination that there were residential tenants living in substandard housing that was potentially dangerous to the health and safety of the tenants, in 2013, [via Ordinance 5221, the Council created new Chapter 5.06 BMC entitled “Rental Property Registration”](#). BMC Chapter 5.06 established a program to prevent and correct conditions in residential rental units that adversely affect or are likely to adversely affect the health, safety, and welfare of the public. The purpose of the new Chapter was to assure that rental housing within the City is actively operated and maintained in compliance with RCW 59.18.060.

When landlords apply for the landlord business license, they [certify](#) that each of their rentals complies with the standards set forth in RCW 59.18.060. A [residential inspection checklist](#) is available from the City, which provides a list of areas that should be inspected to ensure compliance with RCW 59.18.060.

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<sup>1</sup> It is assumed that the taxpayers associated with these properties are the property owners.



## LIMITATIONS

This review was limited to the following housing types:

- Single family residences
- 2 living units
- 3 living units
- 4 living units
- 5-9 living units
- 10-14 living units
- 15-19 living units
- 20-29 living units
- 30-39 living units
- 40-49 living units
- 50+ living units
- Residential condos

This review involved comparing two sets of data that contain multiple fields including taxpayer and landlord names, mailing addresses and property addresses. One set of data comes from the Kitsap County Assessor's Office; the other is from the City's Landlord License program.

Comparisons were made both within the County data, and between the County and City data. Inconsistencies within the County database, and between the County and City data resulted in significant portions of the comparisons to be performed manually rather than automated. Following are the primary types of inconsistencies noted:

1. Name variations such as: John and Jane Doe vs Jane and John Doe; John Doe vs John L Doe; John and Jane Doe in one database vs Jane Doe in the other, etc.
2. Address variations: 1234 Smith St vs 1234 N Smith St; 1234 Smith St vs 1234 Smith Ave, etc.
3. More challenging name variations: ABC Corp vs John Doe; ABC Corp vs ABC Corp (note the extra space in the second ABC Corp.)

The manual portion of the comparisons was time consuming and prone to increased human error.

Additionally, in some instances, it was difficult to determine the type of housing of some properties. For example, some properties are categorized by the County as single-family residences, yet are shown to have two addresses such as 123 Smith Street Suite A and 123 Smith Street Suite B. Assessing whether the property was a likely rental was based on a few factors including number of bathrooms and size of the home.

Because of the data challenges noted above, it is advised that caution is exercised in relying upon the results. A detailed list of properties with rental characteristics and owners who do not appear to be in the City's Landlord License database will be provided to the Department of Community Development for its discretionary use. (It is not a definitive list of unlicensed landlords.)



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## IDENTIFYING POTENTIAL RENTAL PROPERTIES

To identify potential rentals, a database of residential properties within the City was requested from the Kitsap County Assessor's Office. The database provided includes a total of 11,459 parcels, ranging from single family homes to complexes with 50 or more living units.

To identify potential rentals, the following characteristics are assumed to be indicative of a rental:

1. Multi-family properties, such as duplexes and apartment complexes,
2. Single family homes and condominiums that have mailing addresses that differ from the property address,
3. Taxpayers (presumed property owners) with multiple properties.

Based on these assumptions, 4,508 parcels from the Assessor's data were identified as properties with rental characteristics.

## IDENTIFYING POTENTIAL UNLICENSED LANDLORDS

Due to the aforementioned name and address variations in the data, it was determined that it would be more efficient to simplify the County and City data prior to attempting comparisons. Thus, parcels with duplicate mailing addresses in the County database were reduced, leaving only one parcel and taxpayer per mailing address.<sup>2</sup> And City data was reduced based on duplicate business names (i.e. landlord names.)<sup>3</sup>

The list of 4,508 potential rental properties from the County database was reduced to 3,026 properties without the duplicates. And the list of 2,249 licensed landlords from the City database was reduced to 1,525 landlords without the duplicates.

Comparing the two reduced databases resulted in 1,802 taxpayers that own at least one parcel that has characteristics of a rental, who do not appear to be licensed landlords. The table below summarizes the data by property type.

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<sup>2</sup> It is assumed that eliminating duplicate mailing addresses has the effect of eliminating duplicate potential landlord names. Since the objective of this project is to identify potential unlicensed landlords rather than potential rental properties, eliminating duplicate mailing addresses should not impact the outcome of the analysis.

<sup>3</sup> Again, the objective of this project is to identify potential unlicensed landlords. This analysis is not concerned with how many properties a landlord owns or how many times a landlord is in the City database. Thus, eliminating duplicate landlord names should not impact the outcome of the analysis.



Property Class Code	Property Class	Number of Parcels			Potential Unlicensed Landlords
		Total Reviewed	Apparent Rentals (AR)	AR Less Dup Mail Address	
111	Single family residence	9,296	2,836	2,077	1,257
121	2 living units	961	961	559	275
122	3 living units	80	80	33	16
123	4 living units	64	64	22	7
131	5-9 living units	85	85	34	10
132	10-14 living units	14	14	4	2
133	15- 19 living units	3	3	2	1
134	20-29 living units	15	15	8	1
135	30-39 living units	10	10	4	1
136	40-49 living units	5	5	3	1
137	50+ living units	36	36	21	9
141	Condo, residential	879	390	259	222
180 & 198	Other	11	9	-	-
Total		11,459	4,508	3,026	1,802

Of the [1,802 potentially unlicensed landlords](#), 1,476 have a Washington mailing address, of which 984 are in Kitsap County and 645 are in Bremerton.

**NUMBER OF PARCELS OWNED**

The number of City parcels owned by each taxpayer was also reviewed. This information could be useful for assessing whether it is appropriate to charge the same amount for a Landlord License whether a landlord owns one property or multiple. The table below shows there are 9,269 taxpayers who own one residential parcel in the City, 539 who own two, 105 that own three, etc. Please note these are parcels rather than dwelling or living units.



Landlord License Compliance

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Number of Taxpayers (A)	Number of City Parcels Owned	Total City of Brem. Parcels
9,269	1	9,269
539	2	1,078
105	3	315
37	4	148
25	5	125
14	6	84
4	7	28
3	8	24
2	9	18
3	10	30
2	11	22
1	12	12
2	14	28
1	15	15
1	17	17
1	21	21
1	28	28
1	44	44
1	60	60
1	93	93
<b>Total</b>	<b>11,459</b>	

The table below has the number of living units added:

Number of Taxpayers (A)	Number of City Parcels Owned	Total City of Brem. Parcels	Living Units												
			One (SF) (111)	Two (121)	Three (122)	Four (123)	5-9 (131)	10-14 (132)	15-19 (133)	20-29 (134)	30-39 (135)	40-49 (136)	50+ (137)	Condos (141)	Other (180+198)
9,269	1	9,269	7,979	458	29	20	28	4	2	6	2	3	16	720	2
539	2	1,078	763	193	9	8	17			2	3	1	9	68	5
105	3	315	173	92	6	6	4	2					5	24	3
37	4	148	83	40	5	4	2							14	
25	5	125	64	33	5	6	3			3	2	1	3	4	1
14	6	84	54	19			4	1	1					5	
4	7	28	14	9	2		2	1							
3	8	24	5	8			2						1	8	
2	9	18	17			1									
3	10	30	13	11	1	2	3								
2	11	22	3	11	1	1								6	
1	12	12												12	
2	14	28	13	12		1	1			1					
1	15	15		12	1	1	1								
1	17	17	1	8			5	2			1				
1	21	21	2	7	4	1	3	2		2					
1	28	28	28												
1	44	44	42					1		1					
1	60	60	24	27	4	3	2								
1	93	93	18	21	13	10	8	1			2		2	18	
<b>Total</b>	<b>11,459</b>		<b>9,296</b>	<b>961</b>	<b>80</b>	<b>64</b>	<b>85</b>	<b>14</b>	<b>3</b>	<b>15</b>	<b>10</b>	<b>5</b>	<b>36</b>	<b>879</b>	<b>11</b>
<b>Living units (B)</b>		<b>17,838</b>	<b>9,296</b>	<b>1,922</b>	<b>240</b>	<b>256</b>	<b>595</b>	<b>168</b>	<b>51</b>	<b>368</b>	<b>345</b>	<b>223</b>	<b>3,485</b>	<b>879</b>	<b>11</b>



To walk through the schedule shown above, please refer to the fourth numeric line. The first column shows there are 37 taxpayers (property owners) that each own four parcels, which is a total of 148 parcels. Of the 148 parcels, 83 have single family residences, 40 have duplexes, etc.

The last row of this schedule shows the City has a total of approximately 17,838 living units (e.g. a single parcel with a duplex has two living units.) For complexes with five to 49 units, the mid-point was assumed for each property type. Complexes with 50+ units are based on actual living units determined through research.

### **DEPARTMENT EFFORTS TO ENSURE LICENSING COMPLIANCE**

The Department of Community Development (DCD) oversees the Landlord Licensing program. Andrea Spencer, Director of Community Development, stated given the available resources, the following tools are used to obtain compliance:

- Check monthly reports from Utility Billing listing addresses of newly registered landlord accounts in their database;
- Work with property management companies to ensure clients are properly licensed;
- Work with Impark who does not issue residential parking permits to tenants until verification with DCD that the landlord is licensed.
- Check sales of property owned by a licensed landlord

### **RECOMMENDATION**

The following item is recommended:

1. Add a data field for the parcel numbers to the Landlord License database. The parcel number could serve as a common identifier in the Assessor and City databases, without having to deal with spelling anomalies, and issues like Rd vs St.

Ms. Spencer stated DCD was told by IT that they can cross reference addresses in the landlord database to the GIS database and obtain parcel numbers without asking the applicant to do anything. In the past, DCD requested applicants supply the parcel number and most were unable to do so, and due to limits in staff time they reverted to just asking for the site address to move applications forward. In DCD's observation, the more complex the application process, the less compliance they obtain from applicants.

Although IT may have this capability, they will likely be subject to the same challenges associated with discrepancies between the databases.



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**SUMMARY**

This review resulted in identifying approximately 1,800 potentially unlicensed landlords. Because of assumptions relied upon and limitations noted above, discretion should be used in determining next steps.

Please contact me if you have questions or need additional information.

Sincerely,

Jennifer L. Sims CPA/CFF, CFE  
City Auditor

cc: Mayor Wheeler  
City Council  
Andrea Spencer, Community Development Director  
Mike Riley, Finance Director