

THE COMPUTERWORLD HONORS PROGRAM

CASE STUDY

LOCATION:
Ogden, Utah, United States

YEAR:
2006

STATUS:
Laureate

CATEGORY:
*Government and Non-Profit
Organizations*

NOMINATING COMPANY:
HP

ORGANIZATION:

City of Ogden

PROJECT NAME:

Rental Property Management Project

Summary

Throughout America, cities have struggled with the realities of sharply reduced revenues, while simultaneously confronting a significant spike in the demand for public services. Providing critical police and fire services is a significant cost center for local government.

In 2004 Ogden's Mayor, Matthew Godfrey, asked the City's IT Division to answer a simple question: Do residential rental properties require more police and fire services than owner occupied properties or other businesses? Our initial review revealed that single-family and duplex rentals utilized between 3 and 7 times more police and fire service than owner occupied single-family and duplex properties. The City was determined to lower this disproportionate impact on City coffers, while improving conditions for our City's tenant residents.

Ogden's solution: The Good Landlord Incentive program. The program is basically a carrot and stick program, whereby City landlords are charged a business license fee for their disproportionate usage of City services; however, if these landlords choose to comply with the terms of the City Good Landlord Program, essentially, these increased fees are credited back to the landlord. If a landlord chooses not to participate in the program, the landlord is forced to pay for the privilege of not being a good landlord.

In the first nine months of the program's operation (Jan-Oct 2005), the City realized an 8% city-wide reduction in dispatched calls for police and fire services. More importantly, the tenants of Good Landlord Program properties realized a 24% reduction in crimes involving violence to people and property.

The success of the Good Landlord program required the utilization of all of the local governmental powers available to the City of Ogden including: Police, Planning & Zoning, Utilities, Business Regulation, and Community Development. Moreover, the information required to effect this program required Ogden's IT Division to undertake a massive data mining and enterprise application integration effort in order to provide coordination and accurate information to various City agencies and field staff tasked with making this program successful. Ogden chooses to coordinate this program around our Information Technology Division due to the program's reliance on information.



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Introductory Overview

The Ogden City Good Landlord Incentive Program (GLIP) was created with the goal to increase both the quality of life within our neighborhoods, and incentivate landlords to take an active role in improving our City. In the first 9 months of the program's operation (Jan-Oct 05), the City realized an 8% reduction in dispatched calls for police and fire services. The tenants of Good Landlord Program properties realized a 24% reduction (Jan-Oct 05) in crimes involving violence to people and property.

Throughout America, cities have struggled with the realities of sharply reduced revenues, while simultaneously confronting a significant spike in the demand for public services. Providing public safety services is a significant cost center for local government. Both the cost of providing services and the level of demand for services is rising faster than the revenue sources that fund these services. Like many US cities, Ogden City has struggled with the realities of increasing service demand and sharply reduced revenues.

In 2004 the City was forced to reduce the size of its Fire Dept. In this context, City officials began to examine the nature of the demand for city services. Ogden's Mayor, Matthew Godfrey, asked a simple question: Do residential rental properties require more police and fire services than owner occupied properties or other businesses? An initial review revealed that single-family and duplex rentals utilized 3 to 7 times more service than owner occupied properties.

Like most cities, Ogden regulates business activity within its borders. The City imposes both regulatory and disproportionate impact fees as part of its business licensing structure. Disproportionate impact fees are charges levied against a class of businesses due to disproportionate use of City services by that type of business. Examples include bars, due to the cost of enforcing alcohol regulations and enhanced need for other police services. To establish a disproportionate impact fee a City must document the use of City services by each type of business and resident. This is a massive undertaking, requiring usage data to be identified and extracted from many disparate databases & records sources. Ogden utilized data mining, data reporting, and business intelligence tools and techniques to develop the datasets required to document usage of City services. The data then had to be independently verified, substantiated, and valued by a 3rd party to establish the disproportionate usage patterns & associated costs which can be recovered through the imposition of disproportionate impact fees. In the case of rental property units, the City was able to establish an annual / unit disproportionate impact in excess of \$200. The City was determined to lower this disproportionate impact on City coffers, while improving conditions for our tenant residents.

Ogden's solution, The GLIP, is basically a carrot and stick program, whereby landlords are charged a business license fee for their disproportionate usage of City services; however, if landlords chose to comply with the terms of the GLIP essentially these increased fees are credited back to the landlord. Landlords declining to participate in the program pay for their disproportionate use; the landlord is forced to pay for not being a good landlord.

The GLIP requires participating landlords to receive some training and adopt some basic business practices that have proven best practice within the rental housing industry. These business practices include:

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The Landlord must require prospective tenants to complete rental applications & perform background checks on all prospective adult tenants; and may not knowingly rent to a person who has been convicted of any crime in the past 4 years involving any threat or damage to property or person.

The Landlord must require all tenants to sign a lease or rental agreement with the provision that tenants may be evicted if they engage in criminal activity on or near the rental premises, or activities which would disturb the peaceful enjoyment of other tenants.

The Landlord does not knowingly allow any crime to be committed on the Landlord's premises and actively enforces lease provisions providing for eviction of tenants engaging in criminal activity or other prohibited activities.

Landlords must ensure that there are no City zoning, building code, or nuisance violations (such as having junk and debris or unsafe conditions) on their premises. When a landlord is notified of a violation by the City, the landlord has 14 days to correct the problem or risk being disqualified from participation in the GLIP.

The Landlord is required to complete an 8 hour course offered by the City Police Department and our local apartment owners' assoc. at least every 2 years. The class addresses the business practices of successful property management and basic landlord activities that are most successful in the control and prevention of illegal activity on rental property.

The Landlords who do not participate in the program are subject to a disproportionate impact fee on their business license of \$156; whereas participating landlords would have the fee reduced to \$13. The incentive is very strong & landlords understand that the failure to meet the terms of the program results in disqualification from the program and significant costs for the offending landlord. Participation in the GLIP has been high (632 landlords & 8,425 property units). Metrics indicate that the program has met the City's objectives: Lessening disproportionate impact on City coffers as evidenced by an 8% reduction in calls for service; while improving conditions for our City's tenant residents, as evidenced by the marked reduction in crimes occurring on participating properties.

Success in meeting the objectives for the GLIP is due to the carrot and stick incentive coupled with targeted compliance requirements. Operation of the GLIP requires utilization of all of the local governmental powers available to the City including: Police, Planning & Zoning, Utilities, Business Regulation, and Community Development. Each of these agencies has disparate missions, powers, staff, & capabilities which must be coordinated in such a way to create a positive synergistic affect on the management behavior of landlords towards their respective properties. The ability to successfully coordinate and operate synergistically was accomplished through the information technology infrastructure developed to enable the program.

Implementation of the GLIP required Ogden to undertake a massive data mining and enterprise application integration effort in order to provide coordination and accurate information to various City agencies & staff tasked with making this program successful. Ogden chose to coordinate this program around our Information Technology Division due to the program's reliance on information and underlying data sets. In the end the program would not have been possible without the IT efforts required to create or locate data sets, facilitate the translate the data into usable information, and the creation of various applications which present the information to the appropriate user to ensure that each stakeholder had accurate & timely information upon



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which to base decisions and take appropriate actions.

Benefits

Ogden's Good Landlord Incentive program has succeeded in meeting its objective to lower the number, and associated cost, of calls for emergency service. Encouraging more cost effective use of City services by citizens, benefits the entire City as the cost savings can be utilized to provide services other areas of need.

The program has met its objective of improving conditions for our City's tenant residents as residents who chose to rent with participating Good Landlords realized a 24% reduction in crimes involving violence to people and property during the first 9 months of the program's operation. Tenants residing on properties owned by non-participating landlords now have a clear choice and option to identify and relocate to better managed properties. Moreover any reduction in crime benefits all area resident and business through safer stronger communities.

Additionally, Ogden has benefited not only from the direct effects of Good Landlord Incentive program, the underlying data warehousing, data mining, enterprise application integration, business intelligence and information delivery mechanisms developed to support the Good Landlord Incentive program have led to business process improvements and positive outcomes in a multitude of other City agencies, processes, and service levels.

The problems of providing public safety and other municipal services while facing sharply reduced revenues, is not unique to Ogden City or Utah. This situation is occurring throughout America. The National League of Cities has stated, "Cities are also raising fees and taxes while cutting infrastructure spending and city staffs in order to deal with the worst fiscal conditions for municipalities in the last two decades". Finding a methodology which allow cities to synergistically and cost effectively utilize all of its local governmental powers, is both novel and intriguing and a departure from the traditional compartmentalized bureaucratic governmental approach.

When government works better and effectively resolves community problems all people benefit. Through the sharing and replication of success methods and programs, the success of one local government can be shared and leveraged in other communities.

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The Importance of Technology



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The development and operation of Ogden's Good Landlord Incentive program could not, and would not, of been possible without information technology. The entire program rests on the ability of the City to bring the information and data from many disparate city departments, divisions which was being help in literally dozens of databases and systems utilizing differing operating systems, relational database systems, and various open and proprietary applications. Utilizing a best practice methods and technologies including data warehousing, data mining, enterprise application integration, business intelligence and information delivery mechanisms, the City of Ogden was able to bring a coordinated view of these data and to retrieve and generate new useful business information which allowed elected officials, city managers, city workers, together with our citizens and landlords to craft an effective solution to a community problem and the effectively implement and manage the solution to a successful outcome.

Originality

There have been many municipal programs and projects directed at reducing crime, or lowering the cost of providing services throughout America and the world. Likewise there have been many programs and projects to improve rental properties though the use of incentives. Ogden City's Good Landlord Incentive Program appears to be the first and only of its kind to utilize an enterprise wide view of data coupled with coordinated synergistic use of the full range of local governmental powers to accomplished targeted public outcomes. As local governmental agencies continue to embrace the concepts of digital government to improve citizen service and reduce the cost of government coupled with the increased availability of cost effective business intelligence and data sharing techniques, similar local government programs will also develop and yield success.

Success

Ogden's Good Landlord Incentive program went into full operation on January 1, 2005. The program's success has far exceeded the initial expectations of Ogden City. In the first nine months of the program's operation (Jan-Oct 2005), the City realized an 8% city-wide reduction in dispatched calls for police and fire services. More importantly, the tenants of Good Landlord Program properties realized a 24% reduction in crimes involving violence to people and property. Most of the City's landlords have elected to participate in the program (first year qualifying 632 rental businesses (landlords) and 8,425 property units) representing the bulk of Ogden's rental housing stock.

Although some local landlords and tenant activists initially opposed the program and predicted failure, the obvious success of the program has quieted all but the most ardent opposition. The following quotes seem to sum up the success of the program:

"The Ogden City Good Landlord program has made a big difference here in Ogden City. I am rewarded by following good business practices while my competitors who don't are penalized. I have noticed a significant improvement in the quality of rental applicants since the program's inception and feel that the program will eventually have a very positive effect on the long term value of my properties". (Josh Jones -- Landlord/Real Estate Investor)

"Being the tenant of an inner-city good-landlord compliant dwelling demonstrates to me that my landlord is willing to go out of his way to take responsibility for the property that I live on.



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The Good-Landlord program assures me that I can feel safe leaving my family home alone, that the building meets all safety codes and that my landlord is concerned about my quality of life". (Eric Weston –Ogden Resident)

Success of the program became apparent within the first quarter of 2005, the program has continued to gain acceptance and active supporters through its first year of operation.

Difficulty

The greatest difficulties in this project were building consensus among the various community stakeholders. The program was initially conceived by Ogden' Mayor early in 2004. However gaining the support of the City Council, the local apartment owners association, and various local landlords required months of public debate and education on the issue. Also shortly after the program was adopted, the program had to face some opposition in the Utah State Legislature, when some real estate interests tried to retroactively strip the City's powers to affect the program.

The technical difficulties were almost as daunting. The City had literally dozens of disparate databases and agency specific applications which had to be interfaced, as well as a very short period of create a completely new set of online applications for both business license renewal and application for participation in the Good Landlord Incentive program itself. One of the most significant challenges was in data-normalization of the various geospatial data components between these disparate systems. Seemingly simple data matches based upon the address of an apartment unit and the address of a police report required extensive data-norming and standardization efforts; the problem was exacerbated and large portions of the available required datasets were outside the control of the City and did not seem to comply with any rational data entry standards. Ogden had to develop its own internal data-normalization tools as commercially available tools both inadequate and unaffordable. From the time the final ordinances were adopted to the date the Good Landlord Incentive program needed to go live was less than 50 working days; in the end Ogden made it with hours to spare.

When Ogden's Mayor, Matthew Godfrey, first proposed this the Good Landlord Incentive program, the opposition from within City Government and City's landlords was nearly universal and a bit daunting. Internally within government there tends to be a resistance to change and landlords, like any business group facing new or changed regulation, are skeptical and fearful of the impact of changes in regulation. These objections were overcome through public meetings hosted by the Mayor and other supportive city managers. Essentially, educating all stakeholders on the program's concept, operation, and safeguards eventually overcame the reasonable objections and concerns of the major stakeholders, allowing the City to adopt ordinances enabling the program to proceed.