



Council Work Session: Housing Strategic Plan Implementation

Rental Housing Strategies

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1. Which of the potential next steps do Councilmembers support for **rental licensing/registration**?
2. Which of the potential next steps do Councilmembers support for **occupancy ordinance revisions**?





- **Strategy 20** - Explore the option of a mandated rental license/registry program and pair with best practice rental regulations.
- **Strategy 21** - Explore revisions to occupancy limits and family definitions in order to streamline processes and calibrate the policy to support stable, healthy, and affordable housing citywide.
- **Strategy 26** – Develop small landlord incentives.



Big Move 7: Healthy, Affordable Housing

- **HAH2:** Explore revisions to the City's occupancy ordinance
- **HAH6:** Explore mandated rental license/rental registry



- **LIV 5:** Create more opportunities for housing choices
- **LIV 6:** Improve access to housing ...regardless of their race, ethnicity, income, age, ability, or background
- **LIV 6.7:** Encourage the private development of affordable housing by offering incentives...for the construction and rehabilitation of long-term affordable housing units

Why are we looking at rental licensing, occupancy, and small landlord incentives?

- *Greatest Challenge #7:* Housing policies have not consistently addressed housing stability and healthy housing, especially for people who rent
- *Community engagement:* a desire to proactively ensure **healthy, safe units** and maintain neighborhood **quality of life**
 - Fear of retaliation or loss of housing if renters report substandard or unsafe units
 - Concerns about discrimination
 - Lack of choices and affordable options attributed to current occupancy restrictions
 - Many opinions about the best approach to “right-sizing” the City’s occupancy ordinance



Previous Council Direction and Research

- Key Policy Decisions
 - 1963 – Adoption of Occupancy Ordinance (U+2)
 - 2005 – Decriminalization of occupancy violations, beginning of enforcement
 - 2016 – Decision to pursue options outside of rental licensing
- Research
 - Corona Insights Economic and Impact Studies completed in 2005, 2009, 2019
- Recent Council Direction
 - December 2020: Ad Hoc Housing Committee; direction for further work on rental licensing/registration, occupancy, and landlord incentives
 - October 2021: Full Council Work Session; support for community engagement to explore potential design of rental licensing/registration, revisions to occupancy, and small landlord incentives

| Group | Engagement Activities Conducted |
|--|---|
| Renters, neighborhood groups, HOAs | Housing Strategic Plan engagement, 2020-2021 Community Questionnaire, Aug. 2022 Pop-up Engagement, Aug. 2022 Rental Housing Taskforce |
| Landlords, realtors, property managers | Presentation to Northern CO Rental Housing Association, Feb. 2022 Presentation to Board of Realtors, Feb. 2022 Rental Industry Questionnaire, Feb./March 2022 Rental Housing Taskforce |
| City Departments | Convening of Rental Housing and Occupancy Core Team Conversations with IT, Building Services, Communications and Public Involvement Office, City Attorney's Office |
| Council | Ad Hoc Housing Committee discussion, Dec. 2020 Rental Strategies Work Session, Oct. 2021 |

Community task force was formed to support deeper exploration of strategies related to rental housing and occupancy and bring recommendations forward for staff and Council consideration.

- 76 applicants for 20 spots
- Selection process sought to include perspectives of landlords, property managers, renters, and others
- Third-party neutral facilitator
- 10 meetings, March-August 2022



Affiliations Shared

Renter

- Currently renting
- Single parent
- Experienced homelessness
- Affordable housing tenant
- Seeking homeownership
- Parent of renters
- Former CSU student

Industry representative

- Realtor
- Large landlord
- Small landlord
- Real estate appraiser
- Contractor
- Property manager
- Former housing authority employee

Other

- Non-profit executive
- Immigrant to US
- HOA Board representative
- Fifth generation Fort Collins resident
- CSU off-campus life

Note: Task Force members shared multiple perspectives and affiliations.

Existing Conditions

- Over 40% of all housing in Fort Collins is renter-occupied

| | Estimated # of homes* | Estimated % of all housing |
|---|-----------------------|-----------------------------|
| Total (citywide) | 87,863 | 100% |
| Owned Units | 49,775 | 57% |
| Rental Units | 38,088 | 43% |
| <i>Single-Household, detached rentals</i> | 14,419 | 16% (38% of all rentals) |
| <i>Multi-household, mixed-use or manufactured housing rentals</i> | 23,669 | 27% (62% of all rentals) |

**Note: This data is the best available information at present but should be interpreted as an estimate because of potential data gaps or lags in reporting property information.*

Existing Conditions

- About 90% of landlords/property owners who own single-unit, townhome, or duplex/triplex properties own only 1 property in addition to their residence. Fewer than 1% own more than 10 properties.

| Number of Investment Properties Owned | All Investors | | Rental Units Represented | |
|---------------------------------------|---------------|-------|--------------------------|-------|
| | Num. | Pct | Num. | Pct |
| 1 property | 11,113 | 90.3% | 11,113 | 74.6% |
| 2 properties | 776 | 6.3% | 1,552 | 10.4% |
| 3 to 5 properties | 335 | 2.7% | 1,211 | 8.1% |
| 6 to 10 properties | 54 | 0.4% | 395 | 2.7% |
| More than 10 properties | 24 | 0.2% | 626 | 4.2% |
| Total | 12,302 | 100% | 14,897 | 100% |

Community Engagement Findings

| <i>Rental Strategies</i> | All Respondents | | Renters | | Homeowners | | Landlords | |
|---|-----------------|-----|---------|-----|------------|-----|-----------|-----|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Agree or disagree with the following statements: | | | | | | | | |
| Should Fort Collins rental strategies stay as they are? | 40% | 60% | 25% | 75% | 46% | 54% | 53% | 47% |
| Require that all landlords obtain a license to rent property in the City | 50% | 40% | 63% | 21% | 45% | 48% | 13% | 78% |
| Require that all landlords register their rental properties with the City | 56% | 34% | 69% | 17% | 52% | 40% | 21% | 69% |
| Proactively inspect rental properties on a regular basis for health and safety violations | 47% | 37% | 62% | 20% | 42% | 44% | 15% | 72% |
| Inspect rental properties only when a complaint is filed | 56% | 26% | 60% | 22% | 53% | 28% | 56% | 23% |

Rental Industry Questionnaire

- ☐ Potential costs were identified as a drawback to a licensing and inspection program, and most rental landlords/managers indicated they would pass costs on to tenants.
- ☐ Respondents indicated concern that the City was not clearly defining the problem and that rental registration/licensing was not an effective way to address the minority of units that might be substandard.
- ☐ Respondents preferred that inspections occur only if a complaint is received and that inspections focus narrowly on health and safety issues.
- ☐ Participants expressed a lack of trust with the City of Fort Collins. Specific concerns included that the City would move forward without further consideration from stakeholders, and that City lacked the ability and capacity to scale-up a pilot program for all rentals

Recommendations and Best Practices

Rental Housing Taskforce Recommendations:

- ❑ Implement a mandatory rental registration program
 - Continue complaint-based rental inspections, focus on habitability
 - No proactive inspection of units
 - Nominal fee

Best Practices from peer cities research (40+ cities, 22 in Colorado):

- ❑ Implement a mandatory rental licensing program that includes:
 - Proactive inspection of units
 - A fee structure designed to cover program costs
 - Training for staff, landlords, and tenants
 - Involve landlords and tenants in program design and implementation

Potential Next Steps

- No change to rental regulations
- **Establish a mandatory rental registration program (*)**
- **Continue complaint-based rental inspections with a focus on habitability (health and safety) (*)**
- Establish a mandatory rental licensing program
- Require periodic proactive inspection of rental units, particularly single-unit, duplex, triplex, townhome, and units 10+ years old – *staff recommendation*
- Require inspections for extra occupancy rentals – *staff recommendation*

Existing Conditions

- Significant demographic shifts since 2005 in households violating U+2:

| | 2005 | 2018 |
|-------------------------------------|------------|-------|
| Total (est) households in violation | 1,238 | 1,234 |
| Percentage college students | 71% | 47% |
| Percentage children under 18 | Negligible | 13% |

- Price escalation (78% rent increase between 2005-2018) and low rental vacancy rates (under 5%) are likely resulting in “doubling up” to afford housing for a wide range of household configurations

Community Engagement Findings

| Occupancy | All Respondents | | Renters | | Homeowners | | Non Industry homeowners | |
|--|-----------------|-----|---------|-----|------------|-----|-------------------------|-----|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Agree or disagree with the following statements: | | | | | | | | |
| Should Fort Collins occupancy limit stay as they are? | 31% | 69% | 22% | 78% | 36% | 64% | 45% | 55% |
| Allow extra occupancy rentals in more places around the city | 62% | 35% | 72% | 23% | 50% | 41% | 43% | 49% |
| Make the process to approve extra occupancy easier | 59% | 33% | 74% | 21% | 51% | 39% | 43% | 46% |
| Adjust occupancy limit to match number of bedrooms in a home | 51% | 50% | 59% | 33% | 47% | 44% | 38% | 51% |
| Regulate occupancy based on household function, not family relatedness | 48% | 41% | 51% | 31% | 21% | 47% | 28% | 52% |
| Regulate occupancy based on number of parking spaces | 22% | 61% | 12% | 69% | 27% | 57% | 24% | 63% |
| Focus on regulating nuisances instead of occupancy | 56% | 32% | 61% | 26% | 54% | 36% | 44% | 44% |
| Increase occupancy limits to more than 3 unrelated residents | 56% | 37% | 73% | 23% | 47% | 45% | 39% | 52% |
| Eliminate occupancy limits completely | 36% | 54% | 52% | 36% | 27% | 63% | 24% | 67% |

Recommendations and Best Practices

Rental Housing Taskforce Recommendations:

☐ Revise the current occupancy ordinance

- Regulate based on number of bedrooms rather than the number of unrelated adults;
OR
- Allow extra occupancy rentals citywide
- Evaluate extra occupancy rental applications through an administrative permit process, not a land use approval

Best Practices from peer cities research (40+ cities, 22 in Colorado):

☐ Revise the current occupancy ordinance - multiple approaches

- Regulate based on household functionality rather than familial relatedness.
- Increase the number of unrelated adults permitted.
- Regulate based on number of bedrooms or square footage

Potential Next Steps

- No change to occupancy ordinance
- **Change occupancy code to align with number of bedrooms rather than the number of unrelated adults (*) OR**
- **Allow extra occupancy rentals citywide (*) and evaluate extra occupancy rental applications through an administrative permit process, not a land use approval (*)**
- Increase the number of unrelated adults permitted
- Regulate based on household functionality rather than familial relatedness

| Rental Registration/Licensing | Occupancy |
|--|--|
| <ul style="list-style-type: none"> • No change to rental regulations • Establish a mandatory rental registration program (*) • Continue complaint-based rental inspections with a focus on habitability (health and safety) (*) • Establish a mandatory rental licensing program • Require periodic proactive inspection of rental units, particularly single-unit, duplex, triplex, townhome, and units 10+ years old – <i>staff recommendation</i> • Require inspections for extra occupancy rentals – <i>staff recommendation</i> | <ul style="list-style-type: none"> • No change to occupancy ordinance • Change occupancy code to align with number of bedrooms rather than the number of unrelated adults (*) OR • Allow extra occupancy rentals citywide (*) and evaluate extra occupancy rental applications through an administrative permit process, not a land use approval (*) • Increase the number of unrelated adults permitted • Regulate based on household functionality rather than familial relatedness |

1. Which of the potential next steps do Councilmembers support for **rental licensing/registration**?
2. Which of the potential next steps do Councilmembers support for **occupancy ordinance revisions**?



