

Rental Market Study

Market Trends, Occupancy Ordinance, and
Short-Term Rentals



Contents

Executive Summary	<u>3</u>
Introduction	<u>28</u>
Section 1: Rental Market Trends	<u>33</u>
Section 2: Ordinance Violators	<u>88</u>
Section 3: Short-Term Rentals	<u>126</u>
Section 4: Neighborhood Quality	<u>150</u>
Appendix	<u>170</u>



INSIGHTS LOADING...



Executive Summary

Executive Summary: Key Findings

Rental Market Overview, 2005 to 2010

Market forces 10 to 15 years ago conspired against the rental market.

In 2007, the City began actively enforcing the Occupancy Ordinance, which was expected to create new rental demand as larger households disbanded to form a higher number of smaller households. This occurred at a time when the city's rental market was healthy, with a slight surplus of vacant rental units, so the expectation of resulting decreases in vacancy rates was not of major concern.

However, in December of 2007, the Great Recession began, resulting in a major slowdown of new home construction. The population of Fort Collins continued to grow, creating more demand for housing than the construction market could meet.

In addition, several market forces specifically increased demand in the rental market. In addition to the ordinance enforcement and general population growth, the economy likely created new renters due to foreclosures, and the new Condo Defects Law likely stunted the development of condominiums that are a traditional path from renting to home ownership. The result was a steep decline in rental vacancy rates that created a very challenging market for renters in the 2010 to 2012 time frame, as shown on the following page.

We conclude that the ordinance was one of several forces that led to the decrease in vacancy rates during this period, which would have contributed to increasing rental prices.

Executive Summary: Snapshot – 2005 to 2012

2005 to 2007 Era

Rental Vacancy Rate
5.4%

Excess Rental Units
Above Ideal Vacancies
+100 units

1,200 violator
households

Intervening Events

The Great Recession

- Slowdown in construction
- Increased rental demand due to foreclosures, lack of supply, financial issues
- “Lost renters” due to lower household formation or other issues

Population Growth

Increased natural rental demand

Ordinance Enforcement

Increased rental demand as households reformed

2010 to 2012 Era

Rental Vacancy Rate
1.2%

Rental Unit Shortage
Below Ideal Vacancies
-1,000 units

550 violator
households

3.9 percent per year rental cost increases

Executive Summary: Key Findings

Rental Market Overview, 2010 to 2018

A slow recovery over the past several years

As the recession ended, Fort Collins' rental market was more or less gridlocked, with a very low vacancy rate. In the light of this supply shortage, construction surged. However, the population was still growing and prices were on the rise quickly, creating new challenges. While construction began making headway in moving the market back toward a healthy level, it barely outpaced increased demand. In addition, pent-up demand from the recession was released, bringing new households into the market.

Likely a result of housing affordability and other issues, home ownership rates continued to drop, albeit at a slower rate than they had in the recession. Additionally, a new market phenomenon arrived on the scene to siphon off the rental housing supply. Short-term rentals are a relatively small force, but nonetheless diverted some of the housing supply from long-term rentals to short-term rentals.

In response to this, some households began doubling up for different reasons than we saw in the recession. The result is more households that violate the occupancy ordinance, but they are not so much the college students who used to represent that population. A majority are now non-students, often with children.

The result has been a slow movement toward a healthy rental market, but not yet enough. The market has improved, but remains unbalanced in favor of landlords and against tenants, as shown on the following page.

Executive Summary: Snapshot – 2010 to 2017

Intervening Events

Construction Boom

Tripling of home construction rates

Population Growth

Continued population growth

Affordability

Slower road to home ownership,
more ordinance violators

Short-Term Rentals

New demands on housing stock (though
small compared to other forces)

Ordinance

Compliance continued to increase rental demand and
contribute to low vacancy rates (and thus cost increases)

4.2 percent per year rental cost increases

2010 to 2012 Era

Rental Vacancy Rate
1.2%

Excess Rental Units
-1,000 units

550 violator
households

2015 to 2017 Era

Rental Vacancy Rate
2.4%

Excess Rental Units
-800 units

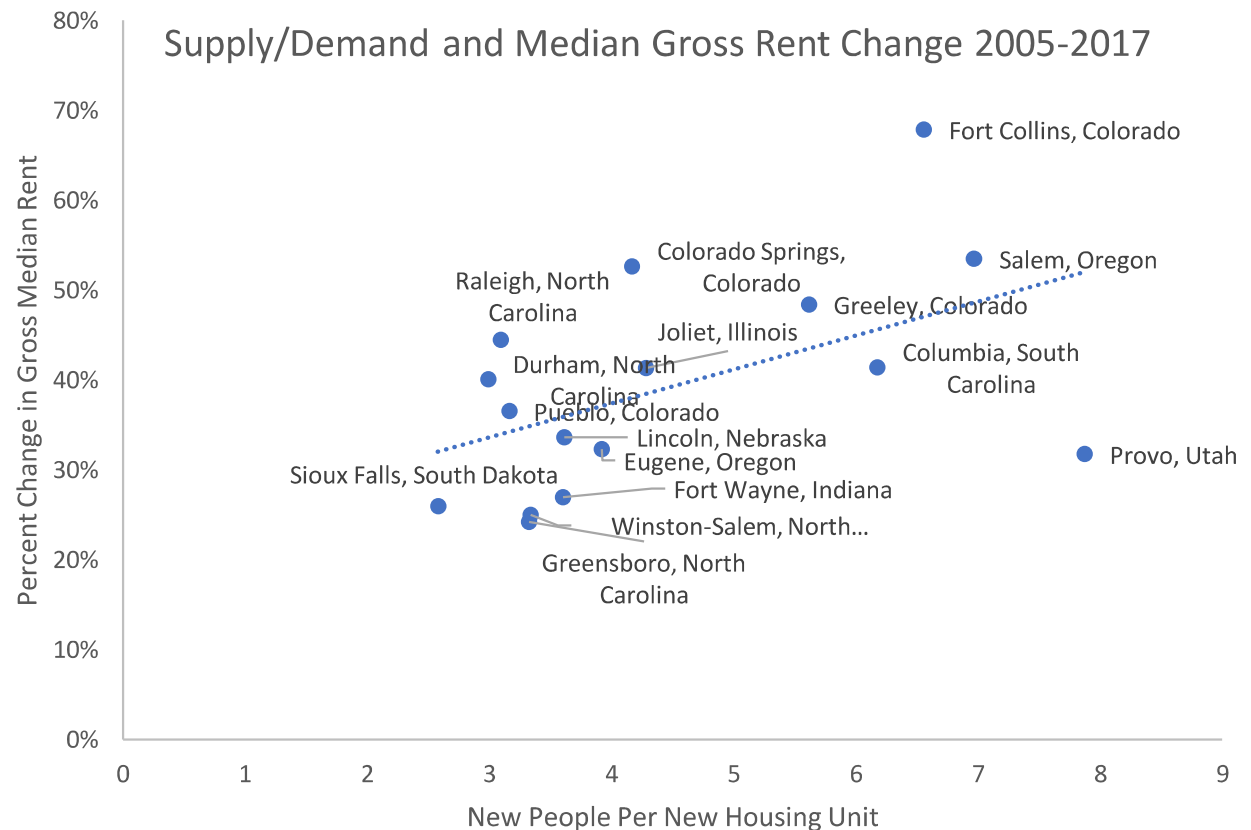
1,200 violator
households

Executive Summary: Key Findings

Rental Market Trends

The population has grown faster than the housing supply

A comparison of population growth to housing supply growth shows that Fort Collins is an outlier compared to a number of similar communities around the United States. Fort Collins' population has grown faster than the change in housing supply, with nearly 7 new people joining the population for each new housing unit being built. This is primarily due to the shortfall of new supply in the 2005 to 2010 time period, which is still affecting the market today.

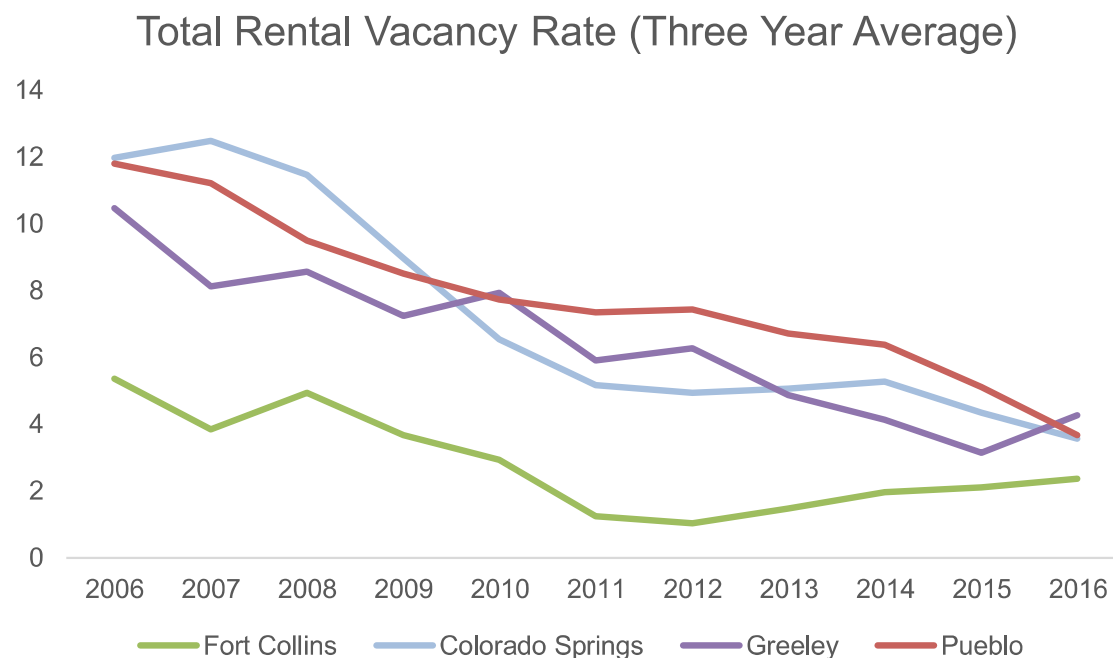


Executive Summary: Key Findings

Rental Market Trends

*Fort Collins has lower vacancy rates than other comparable markets in Colorado**

While other standalone Colorado metro areas faced many of the same market forces as Fort Collins, they were generally starting at a higher vacancy rate, so the declines in vacancy rates moved them from an unhealthy (high) vacancy rate to a generally healthy vacancy rate. In contrast, these forces pushed Fort Collins from a generally healthy vacancy rate to an unhealthy (low) vacancy rate. The Fort Collins market has been slowly moving back to a healthy level since 2011, but is still a challenging market for renters.



*Yearly data were not available for the fourth standalone metro area of Grand Junction

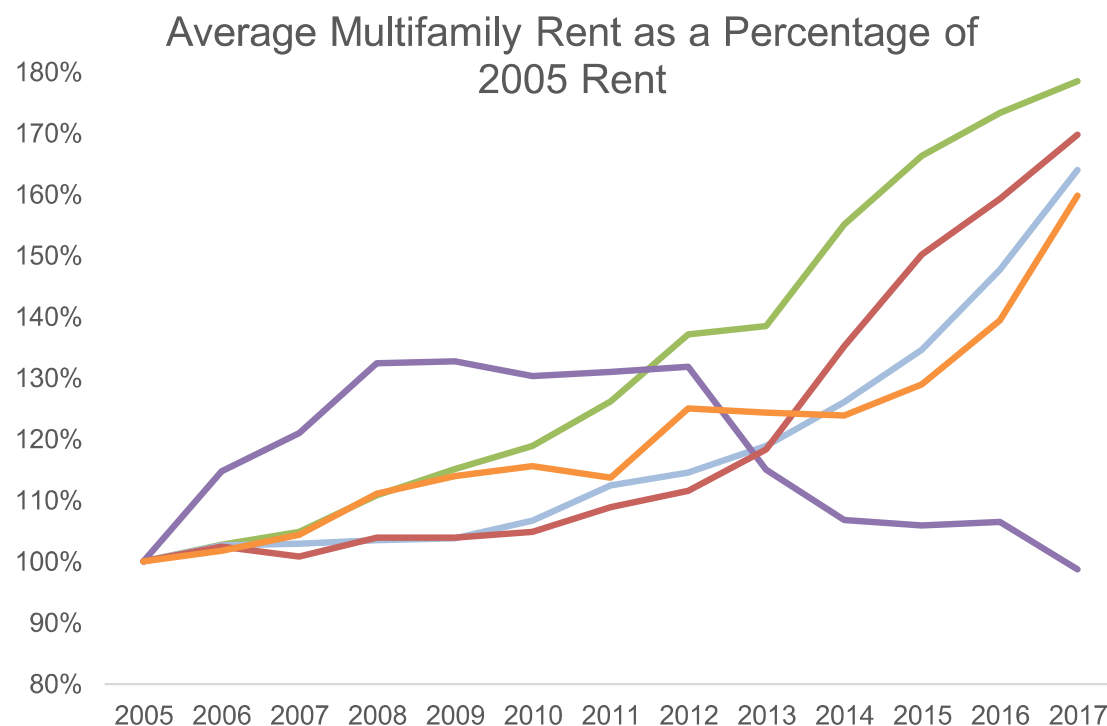
Executive Summary: Key Findings

Rental Market Trends

*Fort Collins' rental costs have increased faster than other comparable markets in Colorado**

In the face of low vacancy rates, market competition will push prices higher. While this has driven prices upward in other Colorado markets as well (with the exception of Grand Junction), the impact has been largest for Fort Collins.

(The graph at right is a rental cost index that controls for base differences in rent. It measures each metro area at a 2005 value of 100.) Rents in Fort Collins are 78 percent higher in 2017 than they were in 2005.



Executive Summary: Key Findings

Rental Market Dynamics

Rental households are getting larger, and owner occupancy is declining

Era	Rental Households	Rental Population	Average Renter Household Size	Proportion of Households Who Are Renters
2005-2007	23,130	48,790	2.11	43.1%
2010-2012	26,044	59,530	2.29	45.6%
2015-2017	28,871	68,815	2.38	46.4%

Over the past ten years, the size of rental households has increased notably from an average of 2.11 people per household to 2.38 people. This is a notable increase in size, and means that nearly 8,000 additional people are living in rental units solely due to this increase. The result is that rental properties are more densely occupied now than they have been in the past.

Also of interest is the continuing increase of rental households among the population. Comparing the current rate to ten years ago, we can conclude that approximately 950 households are renting now, and in past years would have owned their homes. This places more demand on the rental market.

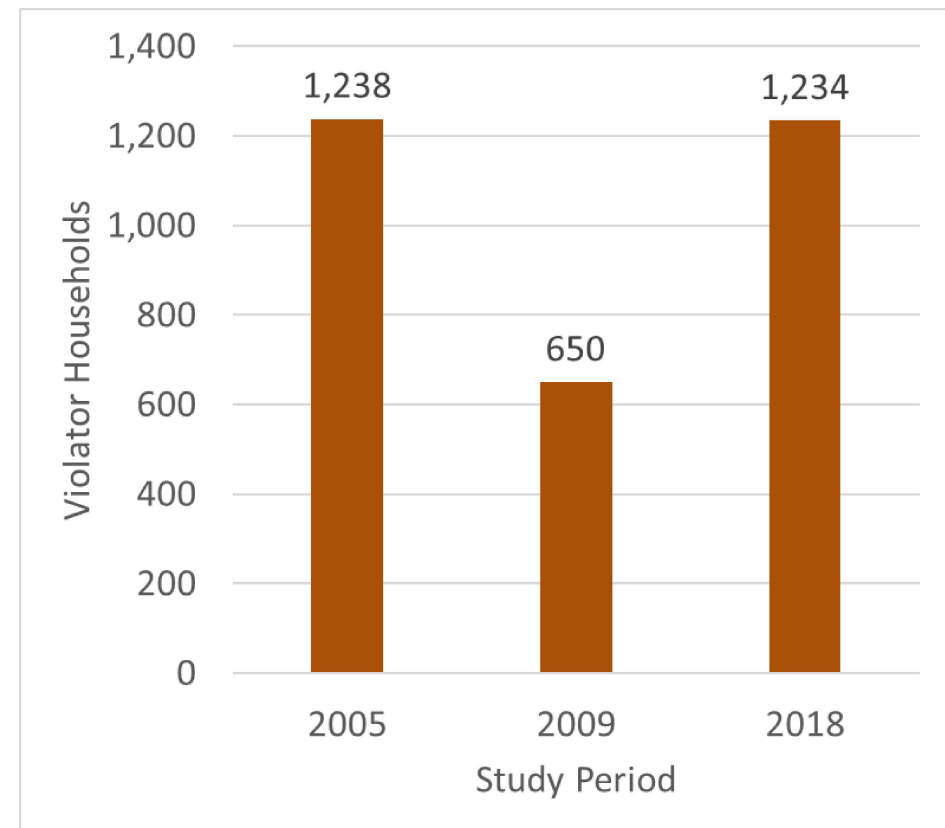
Executive Summary: Key Findings

Occupancy Ordinance Compliance

The number of households not in compliance with the Occupancy Ordinance has increased

Three studies have been conducted over the past 15 years to estimate the number of households that are violating the occupancy ordinance. Prior to active enforcement of the ordinance, the number was estimated at slightly more than 1,200. The figure declined by nearly 50 percent after enforcement began, but has since risen back to roughly the original number.*

However, as described on the following pages, the types of households that are in violation have evolved since 2005.



* - Note that due to population growth, the proportion of violator households relative to the population is somewhat lower.

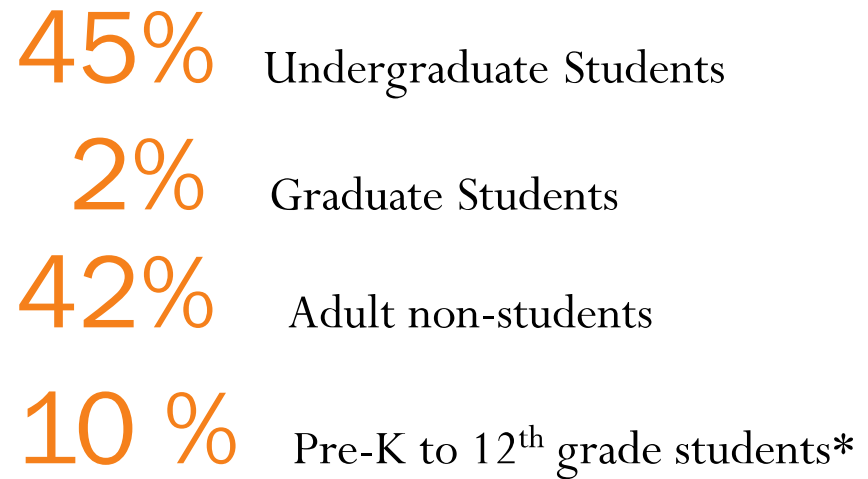
Executive Summary: Key Findings

Profile of Occupancy Ordinance Violators

College students are no longer the most common type of violator

In the initial 2005 study, it was estimated that 71 percent of ordinance violators were college students. In the 2018 study, the proportion has shifted dramatically. Only 47 percent of violators are now estimated to be college students, with 53 percent estimated to be non-students.

This is a notable change because it implies that affordability may be an issue among non-student populations that is leading to larger households.



*These are minor school-age children of other segments.

Executive Summary: Key Findings

Profile of Occupancy Ordinance Violators

Violator households are mobile, generally unrelated, and live in houses

Violator households tend to either form quickly or be mobile, as nearly half moved into their home within the past year. This mobility may increase the likelihood of conflict if they are new to a neighborhood.

Of particular note is the age profile. While 40 percent are 18-21 year old adults, 47 percent are older, and 13 percent are children. This influx of adults with children represents a change in the profile over time.

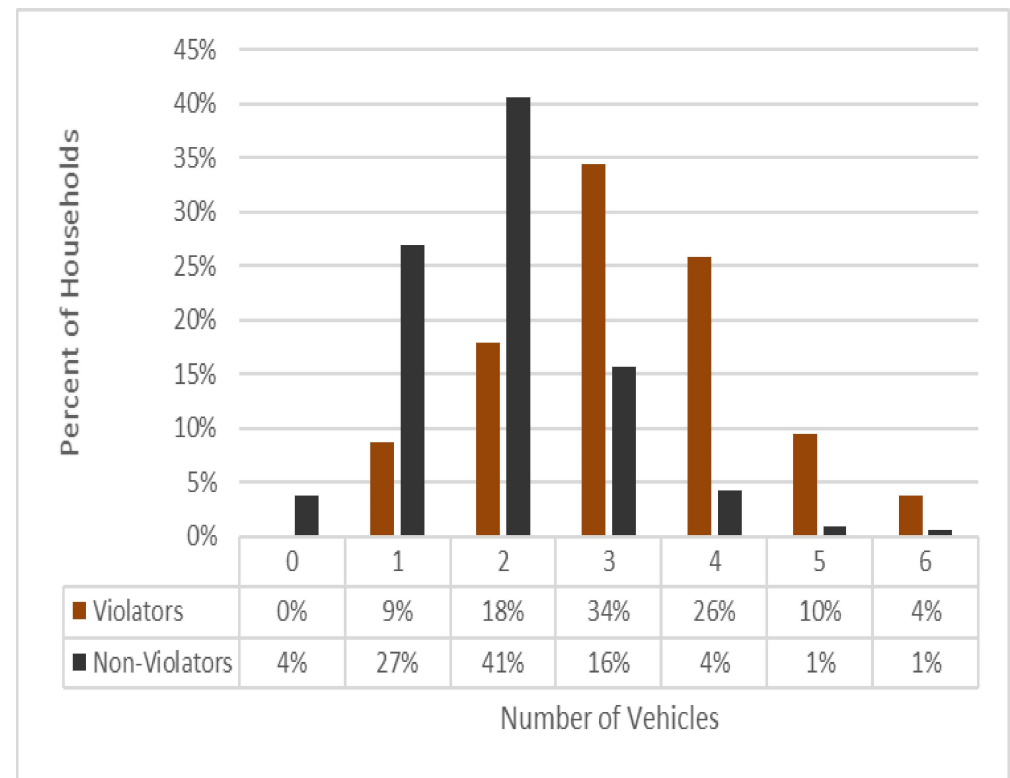
47%	have moved into their home in the past 12 months
40%	are age 18 to 21
73%	live in single-family homes or duplexes
25%	of households have children
13%	are children
61%	have no related people (all roommates)

Executive Summary: Key Findings

Profile of Occupancy Ordinance Violators

Violator households tend to have numerous vehicles

When residents were surveyed about the prevalence of eight different neighborhood issues, the most commonly seen issue was inappropriate parking of vehicles. Violator households are vulnerable to this issue because they tend to have numerous vehicles.



* - Note that due to population growth, the proportion of violator households relative to the population is somewhat lower.

Executive Summary: Key Findings

Perceptions of Occupancy Ordinance

Support outweighs opposition, though many are neutral

The ordinance is well known, with 89 percent of residents being aware of it. Many are neutral towards it, but more residents support the ordinance (42 percent) than oppose it (24 percent). The biggest split is that homes with a college student are more likely to oppose the ordinance than support it, while homes without a student have the opposite stance.

		Region			Dwelling Type		Tenure		College Student in Home		Aware of Occupancy Ordinance	
		West of campus	East of campus	Remainder of city	Single family	Multi-family	Owner	Renter	Yes	No	Yes	No
Base												
Unweighted	1328	355	498	475	1044	284	1049	271	202	1064	1167	123
Opinion of Occupancy Ordinance												
Support	42%	38%	44%	43%	45%	37%	53%	30%	19%	47%	43%	28%
Neutral	31%	34%	26%	31%	29%	34%	25%	38%	31%	31%	29%	40%
Oppose	24%	26%	25%	23%	22%	27%	19%	29%	44%	19%	24%	27%
No opinion	3%	3%	4%	3%	4%	3%	3%	4%	7%	2%	3%	5%

* - Note that due to population growth, the proportion of violator households relative to the population is somewhat lower.

Executive Summary: Key Findings

Perceptions of Occupancy Ordinance

Most residents don't see the ordinance impacting their neighborhood and are split on enforcement

Nearly 4 in 5 residents don't believe that the ordinance has an impact on their neighborhood.

Among those who do see an impact, it's more positive than negative. The one exception is that residents in homes that contain college students are more likely to see a negative impact than a positive impact (17 percent negative versus 11 percent positive).

Residents generally prefer the current level of enforcement over more/less strict enforcement. Again, the exception is residents in homes with college students, who strongly prefer less strict enforcement (8 percent more strict, 34 percent less strict).

78%

don't believe that ordinance has an impact on their neighborhood.

- 15% see a positive impact
- 8% see a negative impact

38%

like the current level of enforcement

- 17% want more strict enforcement
- 18% want less strict enforcement
- 28% have no opinion

Executive Summary: Key Findings

The Short-Term Rental Market

Short-Term Rentals (STRs) are a growing market

STRs have consistently grown in number over the past three years. The figures below represent the number of listed units each month for the time period for which data were available at the time of this report.

Revenues for proprietors have risen from an estimated \$500,000 citywide in 2014 (annualized estimate) to roughly \$9.6 million citywide in 2018 (annualized estimate).

Year	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
2014										86	88	100
2015	109	99	103	117	140	148	176	176	185	192	213	241
2016	256	266	277	282	329	343	364	376	414	434	445	465
2017	477	473	501	491	533	524	549	541	525	527	541	562
2018	556	528	524	514								

Executive Summary: Key Findings

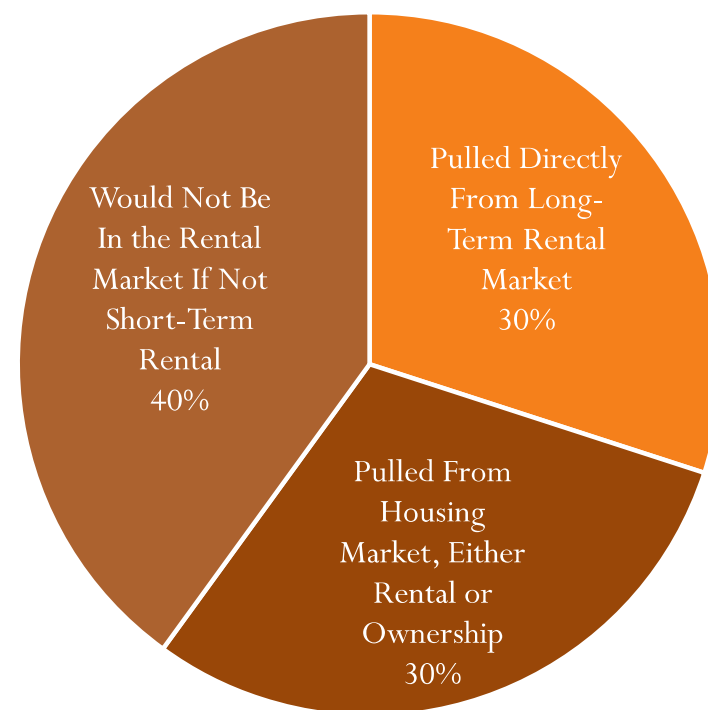
The Short-Term Rental Market

Short-Term Rentals (STRs) partially cannibalize units from the rental supply

In a tight rental housing market, a concern might arise that STRs are removing long-term rentals from the market. While this is true to some extent, not all STRs do so. Approximately 40 percent of STRs are units that would not otherwise be on the market if they weren't STRs. (For example, they might be a spare bedroom that would just be used as a spare bedroom.)

Another 30 percent of STRs are estimated to be directly converted from long-term rentals, and the remaining 30 percent are removed from the housing market, but it cannot be determined if they would have been rental units or owned units.

As such, STRs to date do negatively impact rental vacancy rates, but they are currently a smaller force than other market forces.

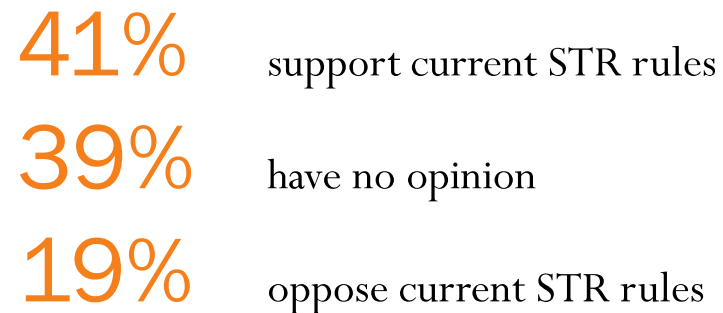


Executive Summary: Key Findings

Perceptions of STR Licensing Rules

Support generally outweighs opposition, though many aren't aware of the rules

Only 31 percent of residents were aware of STR licensing rules. However, when asked about support or opposition, residents were more likely to support the current rules than oppose them.



Executive Summary: Key Findings

Neighborhood Quality - Citywide

Residents generally rate their neighborhood as having positive qualities

Four measures of neighborhood quality were tested, and all received positive ratings. Peace and quiet, lawn maintenance, and home maintenance received particularly high ratings, while sense of community was lower (but still positive). The neighborhood west of campus is rated lower by its residents than other parts of the city, and renters tend to rate their neighborhood lower than owners.

		Region			Tenure		College Student in Home	
		West of campus	East of campus	Remainder of city	Owner	Renter	Yes	No
Peace and quiet	1.12	0.80	1.14	1.24	1.27	0.94	1.17	1.11
Maintenance of lawns	1.05	0.77	0.87	1.18	1.10	0.99	1.13	1.04
Maintenance of houses	1.07	0.78	0.90	1.20	1.20	0.90	0.89	1.10
Sense of community	0.48	0.25	0.56	0.55	0.76	0.13	0.21	0.54

Very good = 2, Fair = 0, Very bad = -2, Not applicable = excluded

Executive Summary: Key Findings

Neighborhood Quality and Ordinance Violators

Proximity to suspected ordinance violators is correlated with lower neighborhood quality ratings

Even within neighborhoods, proximity to suspected ordinance violators tends to correlate with lower ratings on neighborhood quality.

	Total	West of campus- Neighbor(s) violating occupancy ordinance		East of campus- Neighbor(s) violating occupancy ordinance		Remainder of city- Neighbor(s) violating occupancy ordinance	
		Yes	No	Yes	No	Yes	No
Peace and quiet	1.13	0.52	0.92	0.78	1.24	0.85	1.3
Maintenance of lawns	1.08	0.51	0.97	0.57	0.93	0.72	1.28
Maintenance of houses	1.08	0.5	0.96	0.83	0.95	0.49	1.31
Sense of community	0.49	-0.11	0.44	0.45	0.58	0.03	0.65

Very good = 2, Fair = 0, Very bad = -2, Not applicable = excluded

Executive Summary: Key Findings

Neighborhood Quality and Short-Term Rentals

Proximity to suspected STRs in areas where they are not allowed is correlated with lower neighborhood quality ratings

Overall, there is a negative correlation between perceived neighborhood quality and proximity to STRs. However, this is an issue only in areas where STRs are not allowed.

	Total	Neighbor(s) operate STRs		No STRs allowed- Neighbor(s) operate STRs		Primary STRs only- Neighbor(s) operate STRs	
		Yes	No	Yes	No	Yes	No
Peace and quiet	1.13	1.07	1.14	1.1	1.27	1.17	1.08
Maintenance of lawns	1.07	0.91	1.09	0.71	1.14	1.15	1.09
Maintenance of houses	1.07	0.93	1.09	0.90	1.18	0.96	0.98
Sense of community	0.5	0.36	0.52	0.37	0.68	0.40	0.38

Very good = 2, Fair = 0, Very bad = -2, Not applicable = excluded

Executive Summary: Key Findings

Neighborhood Issues - Citywide

Residents generally observe few problems amongst their neighbors

Among the tested issues, the most common are parking vehicles inappropriately and loud noises other than parties. The latter is reported much more commonly by renters than by owners.

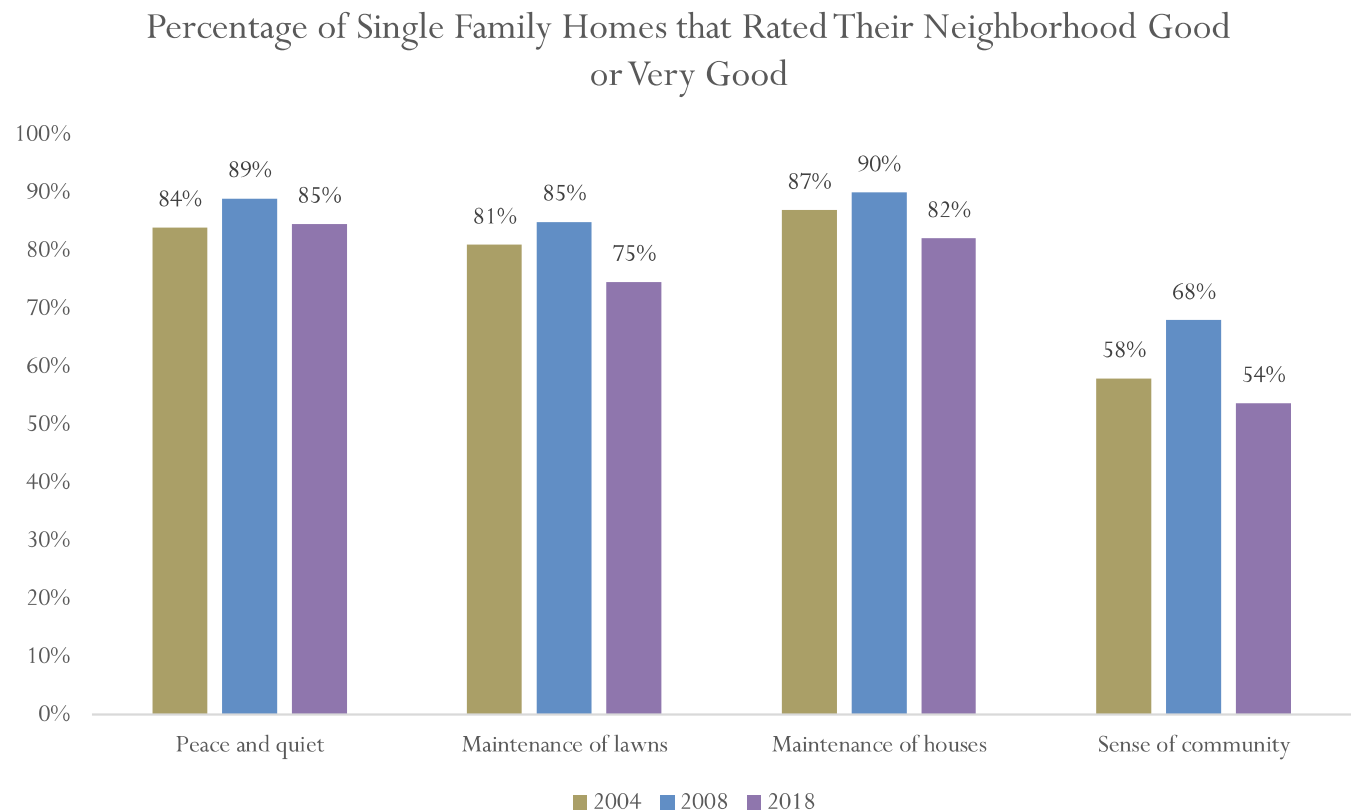
	Total	Region			Tenure		Opinion of Occupancy Ordinance		
		West of campus	East of campus	Remainder of city	Owner	Renter	Support	Neutral	Oppose
Uncontrolled pets running loose	0.51	0.69	0.47	0.45	0.43	0.6	0.58	0.53	0.39
Criminal activity	0.33	0.62	0.34	0.23	0.16	0.54	0.35	0.31	0.27
Disruptive parties	0.36	0.74	0.3	0.24	0.24	0.5	0.35	0.45	0.3
Loud noise other than parties, such as stereos or yelling	0.59	1.12	0.55	0.4	0.37	0.86	0.56	0.66	0.59
Parking vehicles inappropriately	0.66	1.03	0.64	0.53	0.59	0.74	0.71	0.66	0.59
Snow on sidewalks (snow not shoveled)	0.54	0.83	0.66	0.43	0.58	0.49	0.59	0.6	0.36
Trash or junk in the yard	0.49	0.91	0.51	0.34	0.39	0.62	0.59	0.46	0.39
Poorly maintained house	0.36	0.6	0.54	0.25	0.34	0.39	0.41	0.36	0.28

Executive Summary: Key Findings

Trends in Neighborhood Quality- Citywide

Residents generally rate their neighborhood as having positive qualities

Neighborhood quality ratings rose from 2004 through 2008 for single-family homes, and have declined since. While this appears to correlate with the increases and decreases in violator households, the pattern was also reported by residents who did not live in proximity to ordinance violators.



Executive Summary: Key Findings

Neighborhood Issues and Ordinance Violators

Proximity to suspected ordinance violators is correlated with more incidents of neighborhood issues

Loud noise and inappropriately parked vehicles stand out as issues that seem associated with proximity, particularly in the area west of campus.

	Total	West of campus- Neighbor(s) violating occupancy ordinance		East of campus- Neighbor(s) violating occupancy ordinance		Remainder of city- Neighbor(s) violating occupancy ordinance	
		Yes	No	Yes	No	Yes	No
Uncontrolled pets running loose	0.51	1.02	0.54	0.66	0.42	0.77	0.4
Criminal activity	0.31	1.07	0.45	0.93	0.23	0.54	0.14
Disruptive parties	0.36	1.42	0.44	0.7	0.19	0.6	0.18
Loud noise other than parties, such as stereos or yelling	0.59	1.75	0.84	1.49	0.39	0.76	0.35
Parking vehicles inappropriately	0.63	1.78	0.67	1.47	0.49	0.86	0.44
Snow on sidewalks (snow not shoveled)	0.53	1.55	0.47	1.35	0.5	0.87	0.35
Trash or junk in the yard	0.48	1.53	0.58	1.53	0.32	0.91	0.25
Poorly maintained house	0.35	1.07	0.33	1.19	0.42	0.89	0.15

Figures represent average reported number of incidents per respondent.

Executive Summary: Key Findings

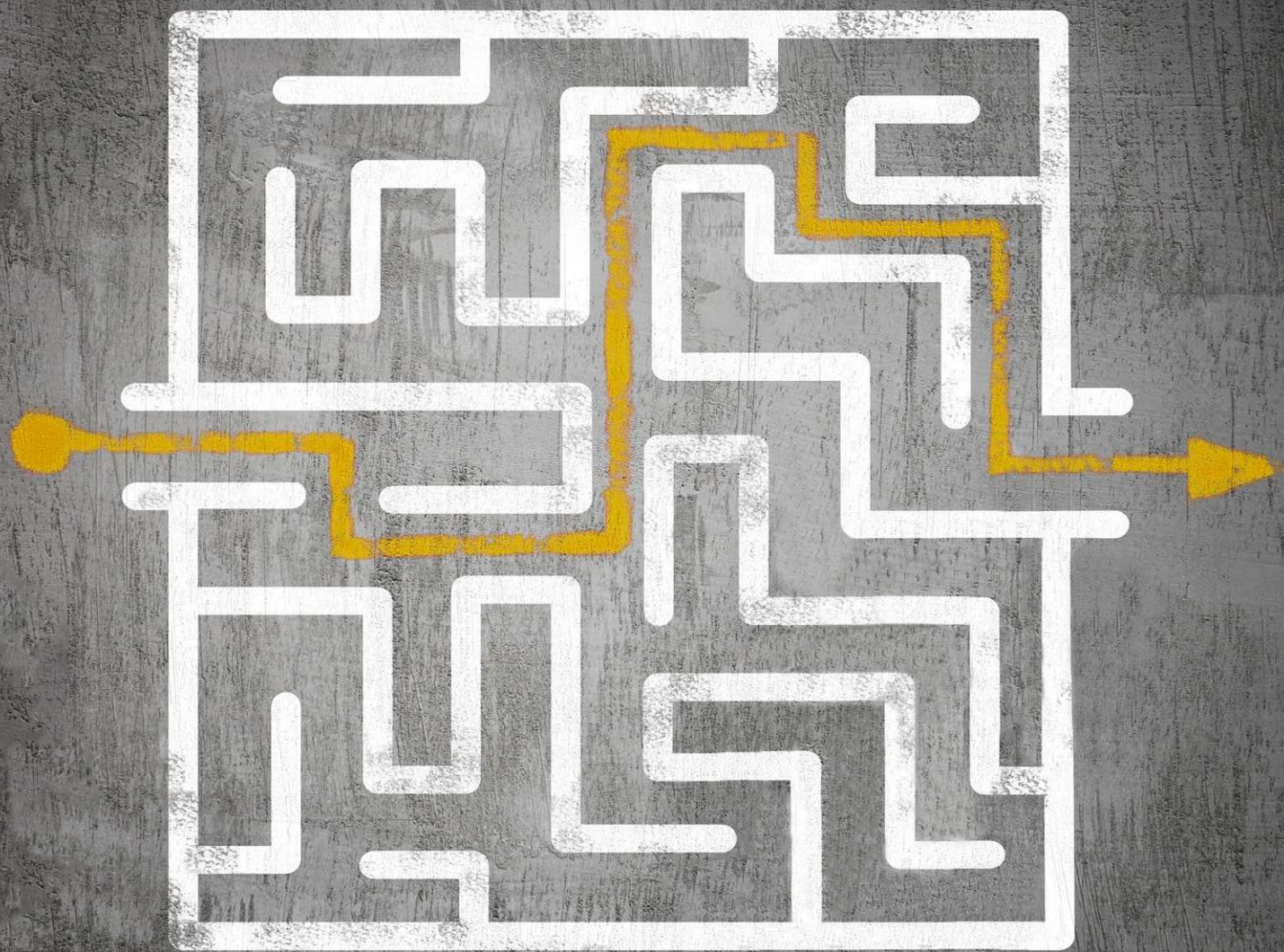
Neighborhood Quality and Short-Term Rentals

Proximity to suspected STRs is correlated with more incidents of neighborhood issues

The impact is smaller than that seen for ordinance violators, but nonetheless negative impacts are reported, particularly in areas where STRs are not allowed.

	Total	Neighbor(s) operate STRs		No STRs allowed- Neighbor(s) operate STRs		Primary STRs only- Neighbor(s) operate STRs	
		Yes	No	Yes	No	Yes	No
Uncontrolled pets running loose	0.51	0.82	0.47	0.85	0.47	0.78	0.46
Criminal activity	0.3	0.56	0.26	0.52	0.15	0.68	0.35
Disruptive parties	0.35	0.56	0.33	0.63	0.24	0.55	0.37
Loud noise other than parties, such as stereos or yelling	0.57	0.84	0.54	0.88	0.39	0.91	0.63
Parking vehicles inappropriately	0.63	0.87	0.60	1.03	0.52	0.8	0.66
Snow on sidewalks (snow not shoveled)	0.53	0.77	0.50	1.08	0.51	0.5	0.54
Trash or junk in the yard	0.47	0.67	0.44	0.76	0.38	0.65	0.45
Poorly maintained house	0.35	0.64	0.32	0.71	0.33	0.63	0.32

Figures represent average reported number of incidents per respondent.



Introduction

Introduction: Background

In 2018, the City of Fort Collins retained Corona Insights to conduct an examination of rental market conditions in Fort Collins, particularly with respect to the City's occupancy ordinance. The initial research questions were:

- > Has the occupancy ordinance had an impact on neighborhood quality?
 - Our conclusions are shown on Page 4 and 7 of the Executive Summary.
- > Does the occupancy ordinance impact the affordability of housing?
 - Our conclusions are shown on Page 22 and 26 of the Executive Summary.

This report is a followup to two previous studies conducted for the city in 2005 and 2009. The previous studies contained some common elements to this study, but generally had somewhat different emphases.

- > The 2005 study focused primarily (but not exclusively) on estimating the impacts of the ordinance on the rental market if it were fully enforced, but also included measures of neighborhood quality among single-family home residents.
- > The 2009 study focused primarily on the impacts of the ordinance enforcement on various constituency groups. It also included a tracking survey of neighborhood quality.
- > This 2018 report steps back and takes a larger view of the rental market, updates the tracking survey, and provides the first examination of the impact of Short-Term Rentals on the market and on neighborhood quality. The 2018 report also expanded the survey to include all households rather than just single-family home residents.

Introduction: Occupancy Ordinance

The occupancy ordinance states that

"Occupancy in a residential dwelling unit (single-family, duplex, and multifamily) is restricted to:

one family as defined below (Section 5.1.2) and not more than one additional person;

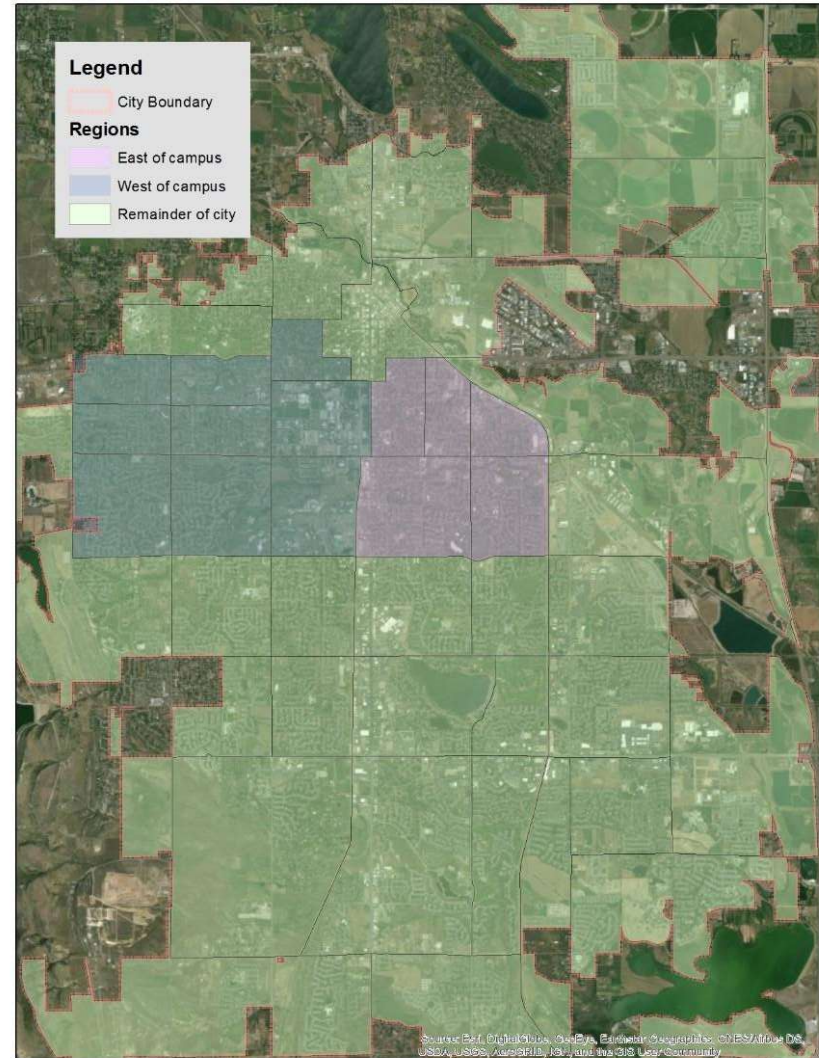
OR

one adult and their dependents (if any), a second adult and their dependents (if any), and not more than one additional person."

The ordinance has existed for many years, but was enforced actively beginning in 2007.

Introduction: Geographical Analysis Areas

Because the occupancy ordinance has been of particular focus in areas near the Colorado State University campus, several analyses in this report break down citywide results into three areas, as shown here.



Introduction: Report Layout

The report addresses housing in terms of overall market trends as well as specific topics. The layout follows the order below. Each sub-section includes unique key findings.

Section 1. Rental Market Trends

Comparisons to Other Colorado Metro Areas
Comparison to a Selection of Nationwide Cities
Recent Trends in Fort Collins

Section 2. Ordinance Violators

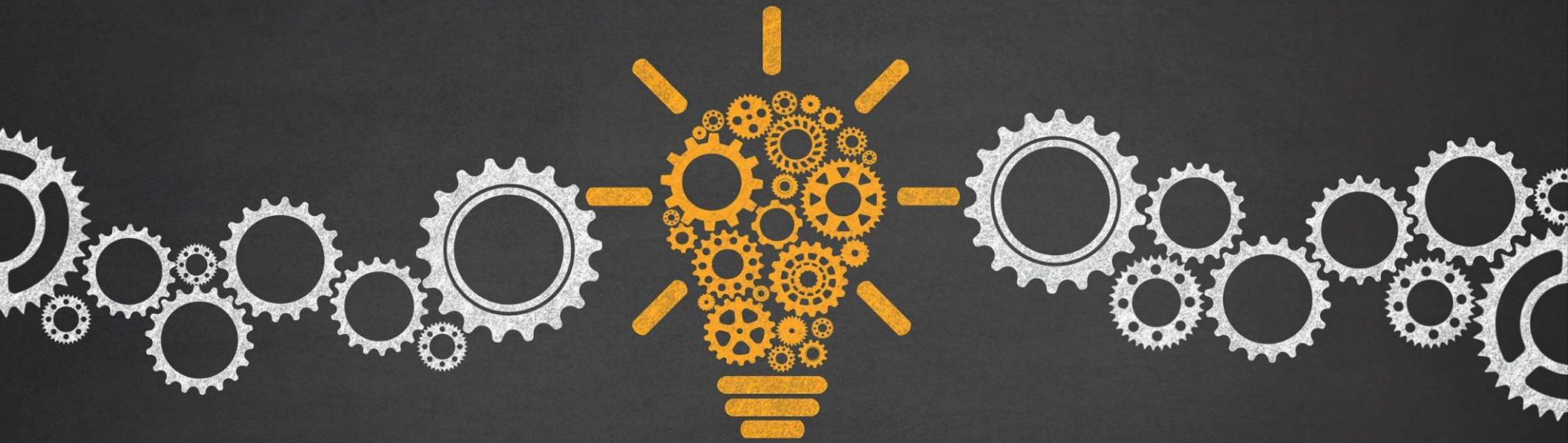
Estimated Number
Profile of Violators
Investigation Outcomes
Public Sentiment Toward Ordinance

Section 3. Short-Term Rentals

Profile of Units and Revenues
Rental Hosts and Properties
Public Sentiment Toward STR Rules

Section 4. Neighborhood Quality

Citywide Quality Measures
Proximity to Ordinance Violators
Proximity to Short-Term Rentals



Section 1: Rental Market Trends

Section 1.1

Rental Market Trends

Fort Collins Compared to Other Colorado Metro Areas

1.1.1 Change in Demand

1.1.2 Change in Supply

1.1.3 Change in Vacancies

1.1.4 Change in Average Rent

Key Findings: Colorado Comparisons

- ➔ While population growth in Fort Collins is higher than most comparable areas, the highest rates in the city were concentrated pre-ordinance.
- ➔ The average size of rental households increased over the long term.
- ➔ The proportion of homes that were renter-occupied increased over the long term.
- ➔ Housing supply trends in Fort Collins are largely consistent with other Colorado markets across time periods. The city had a significant decrease in new residential building permits between 2004-2009 that has since rebounded.
- ➔ While the entire state has seen a decrease in rental vacancy rates over the last two decades, Fort Collins has had a significantly lower (in relative and absolute terms) vacancy rate in the post-ordinance era.
- ➔ While trends in the cost of rent in Fort Collins were similar to comparable cities pre-ordinance, the rate of increase has been much higher (in relative and absolute terms) in the post-ordinance era. Nonetheless, most comparable Colorado cities have seen a steep increase in rent between 2013-2017.

[A description of the methodology is found in the appendix.](#)

Section 1.1.1

Change in Demand

Population growth in Fort Collins is fairly consistent with similar metro areas

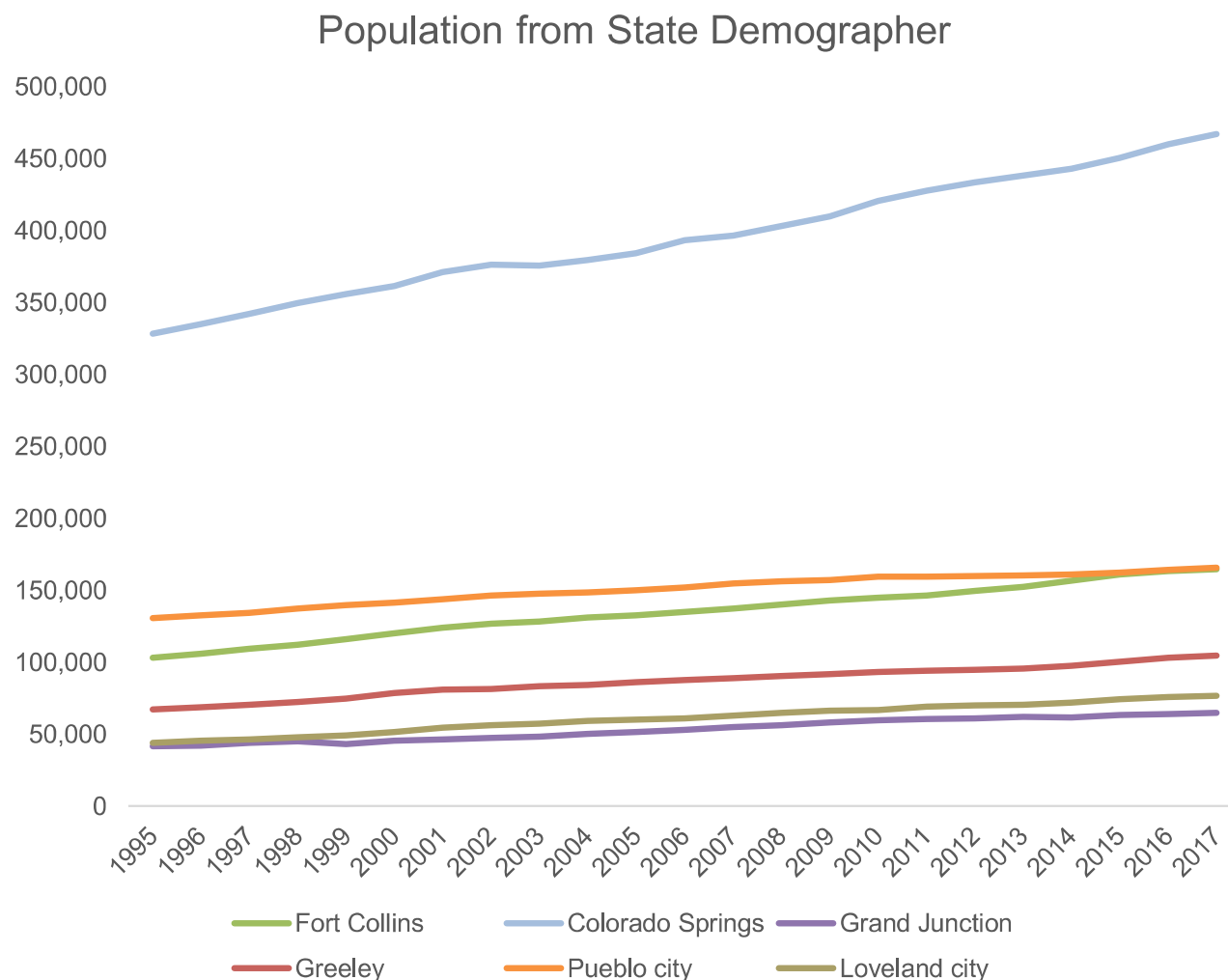
Average Population from State Demographer

Average Population										
	1998-2001		2002-05		2006-09		2010-13		2014-2017	
	I		II		III		IV		V	
Fort Collins/Loveland	169,179		188,187		202,794		217,593		236,169	
Fort Collins	118,195		129,874		138,852		148,360		161,421	
Loveland	50,985		58,313		63,942		69,233		74,749	
Colorado Springs	359,794		379,203		400,872		430,156		455,163	
Grand Junction	45,188		49,417		55,839		61,029		63,677	
Greeley	76,804		84,062		89,758		94,571		101,572	
Pueblo	140,737		148,286		155,100		160,084		163,532	
Population Change										
	I-II		II-III		III-IV		IV-V		I-V	
Fort Collins/Loveland	11%	19,008	8%	14,607	7%	14,800	9%	18,576	40%	66,990
Fort Collins	10%	11,679	7%	8,978	7%	9,508	9%	13,061	37%	43,226
Loveland	14%	7,329	10%	5,629	8%	5,291	8%	5,516	47%	23,764
Colorado Springs	5%	19,409	6%	21,669	7%	29,285	6%	25,007	27%	95,369
Grand Junction	9%	4,229	13%	6,422	9%	5,190	4%	2,648	41%	18,489
Greeley	9%	7,258	7%	5,696	5%	4,813	7%	7,001	32%	24,767
Pueblo	5%	7,548	5%	6,814	3%	4,984	2%	3,448	16%	22,795

Fort Collins' population has converged with Pueblo

The last 20 years has seen Fort Collins' population increase by around 51%. While at the higher end of these similar metro areas, this growth is fairly similar to Grand Junction and Greeley, which have both seen an increase of 48% during the same time period.

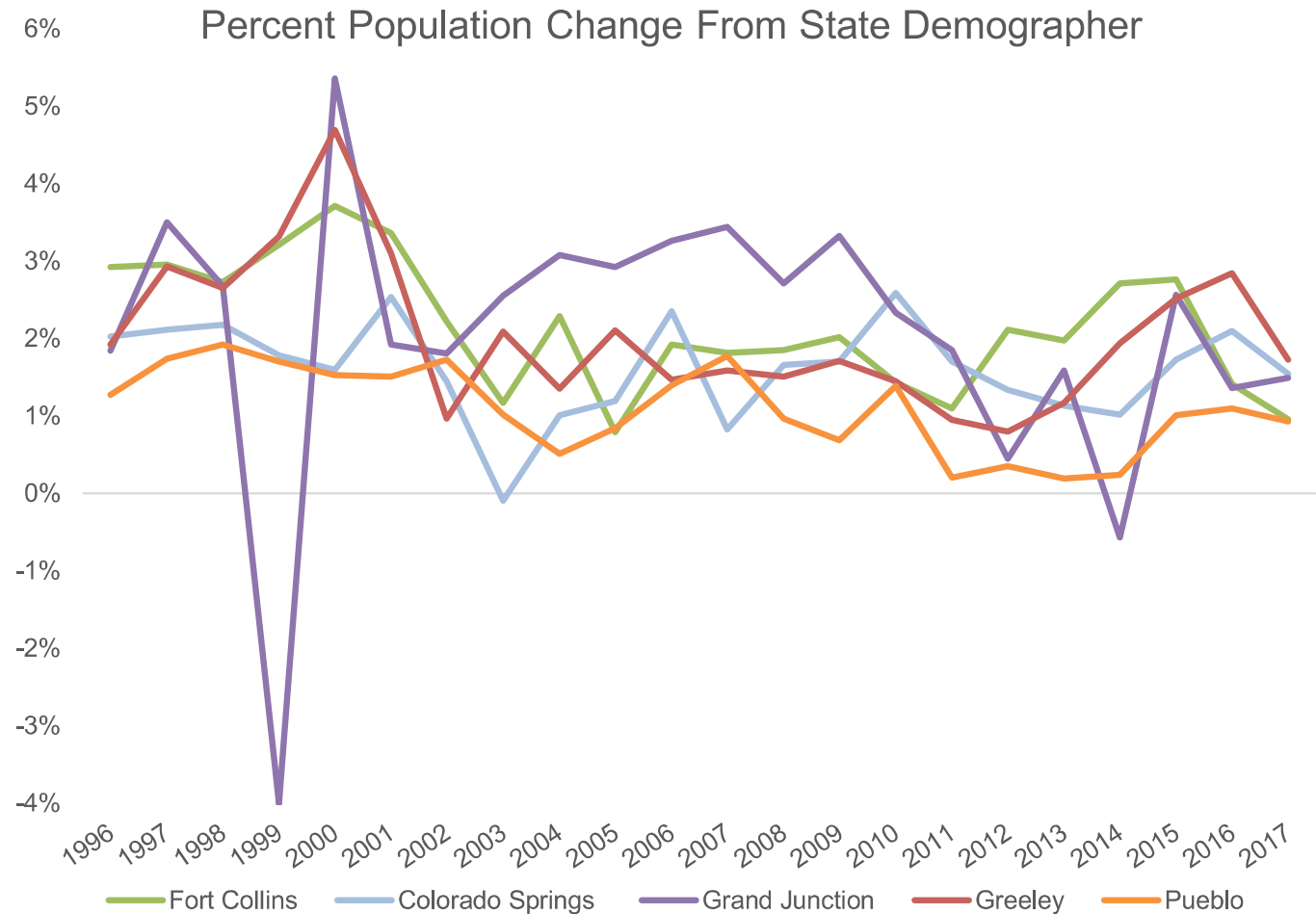
Fort Collins' convergence with Pueblo is largely the product of a smaller increase of only 23% in the latter.



Population growth rate in Fort Collins is consistent with similar metro areas

Yearly population growth in Fort Collins is similar to comparable state metro areas.

The city's annual population growth rate was the highest between 1998 and 2001, averaging 3.25%. While the last four years have seen higher rates, Fort Collins' annual population growth rate has not been above 3% since 2001.



The renter population is growing, and so is the average number of people living in rented homes

Era	Rental Households	Rental Population	Average Renter Household Size	Proportion of Households Who Are Renters
2005-2007	23,130	48,790	2.11	43.1%
2010-2012	26,044	59,530	2.29	45.6%
2015-2017	28,871	68,815	2.38	46.4%

Because Fort Collins is a growing community, we would expect the number of rental households to increase, along with number of people living in rental households. However, the more interesting analysis is how rental households are changing within the housing landscape.

Over the past ten years, the size of rental households has increased notably from an average of 2.11 people per household to 2.38 people per household. This is a notable increase in size, and essentially means that nearly 8,000 additional people are living in rental unit solely due to this increase in household size. There could be many reasons for this, but affordability is a likely suspect, potentially forcing more roommate situations or delaying home buying for families.

Also of interest is the continuing increase of rental households among the population. Comparing the current rate to ten years ago, we can conclude that approximately 950 households are renting now, and in past years would have owned their homes.

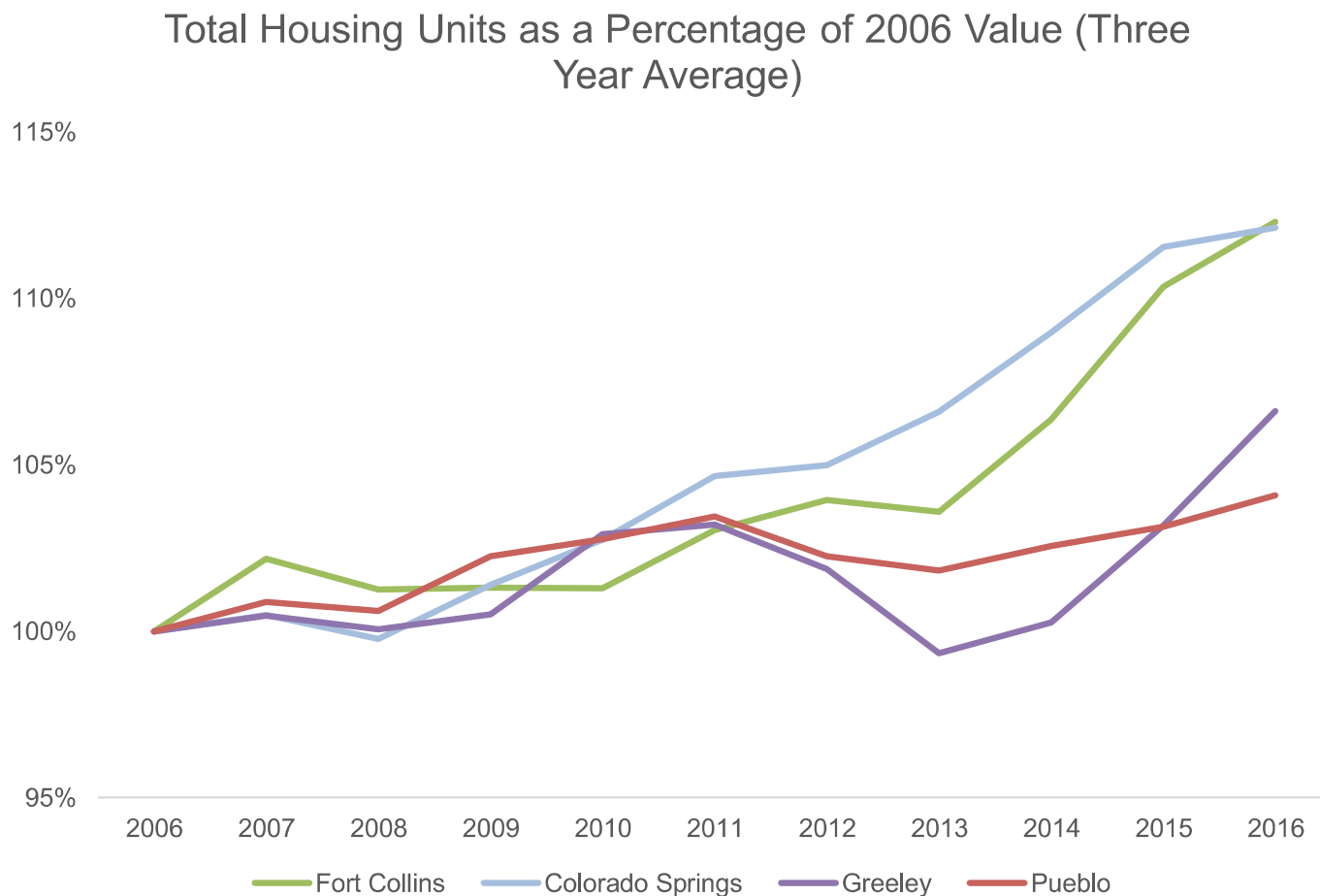
Section 1.1.2

Change in Supply

Growth in housing unit supply has increased significantly since 2013

This graph normalizes housing supply growth as a percentage of each city's 2006 value, allowing for a more effective comparison.

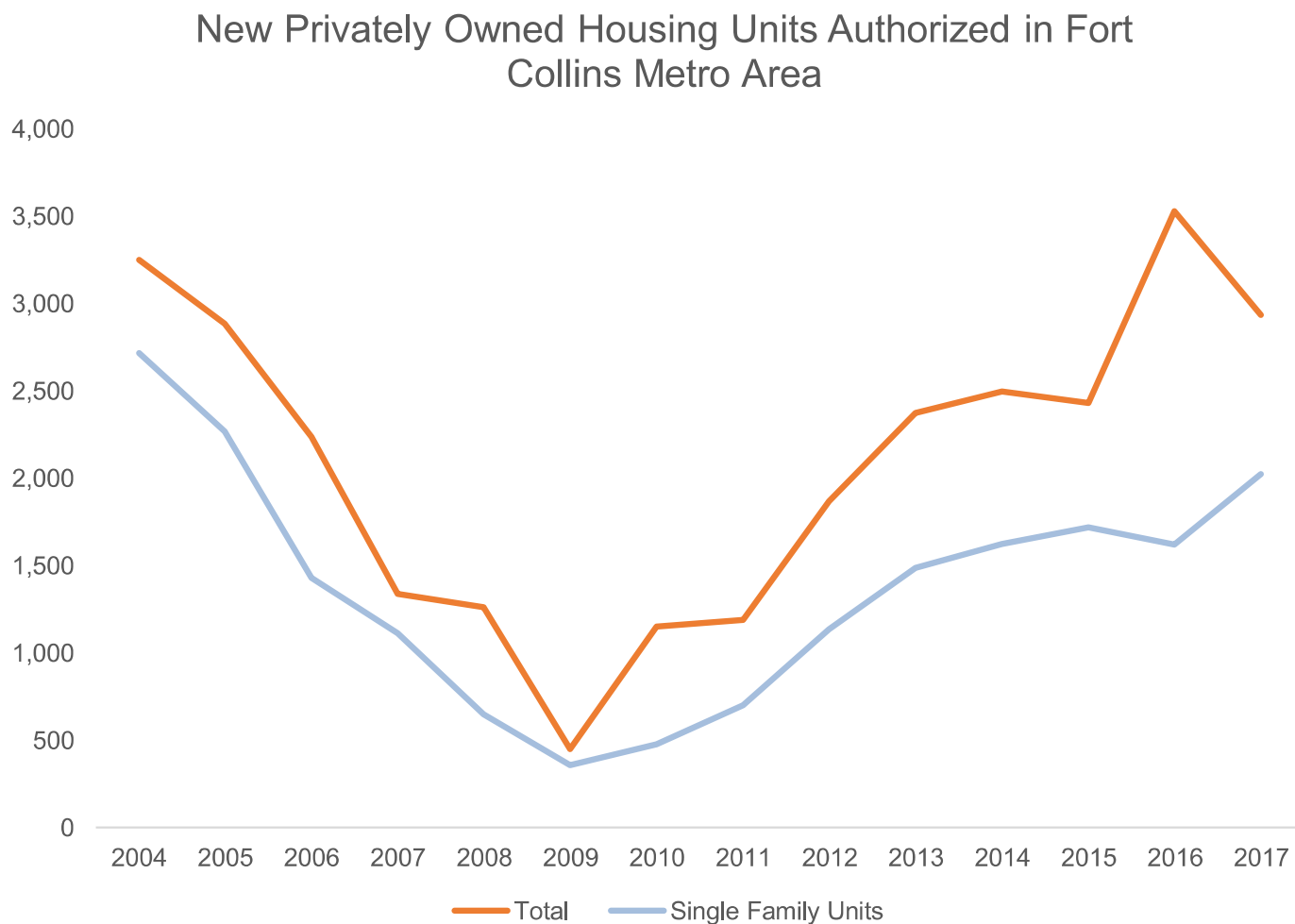
While housing supply in Fort Collins was fairly stagnant between 2005 and 2010 the last five years has seen a higher rate of expansion in housing units.



Housing development in Fort Collins bottomed out in 2009

The US Census' Building Permits Survey shows that the creation of new housing units in Fort Collins was in decline before the 2008 housing crisis and reached its nadir in 2009.

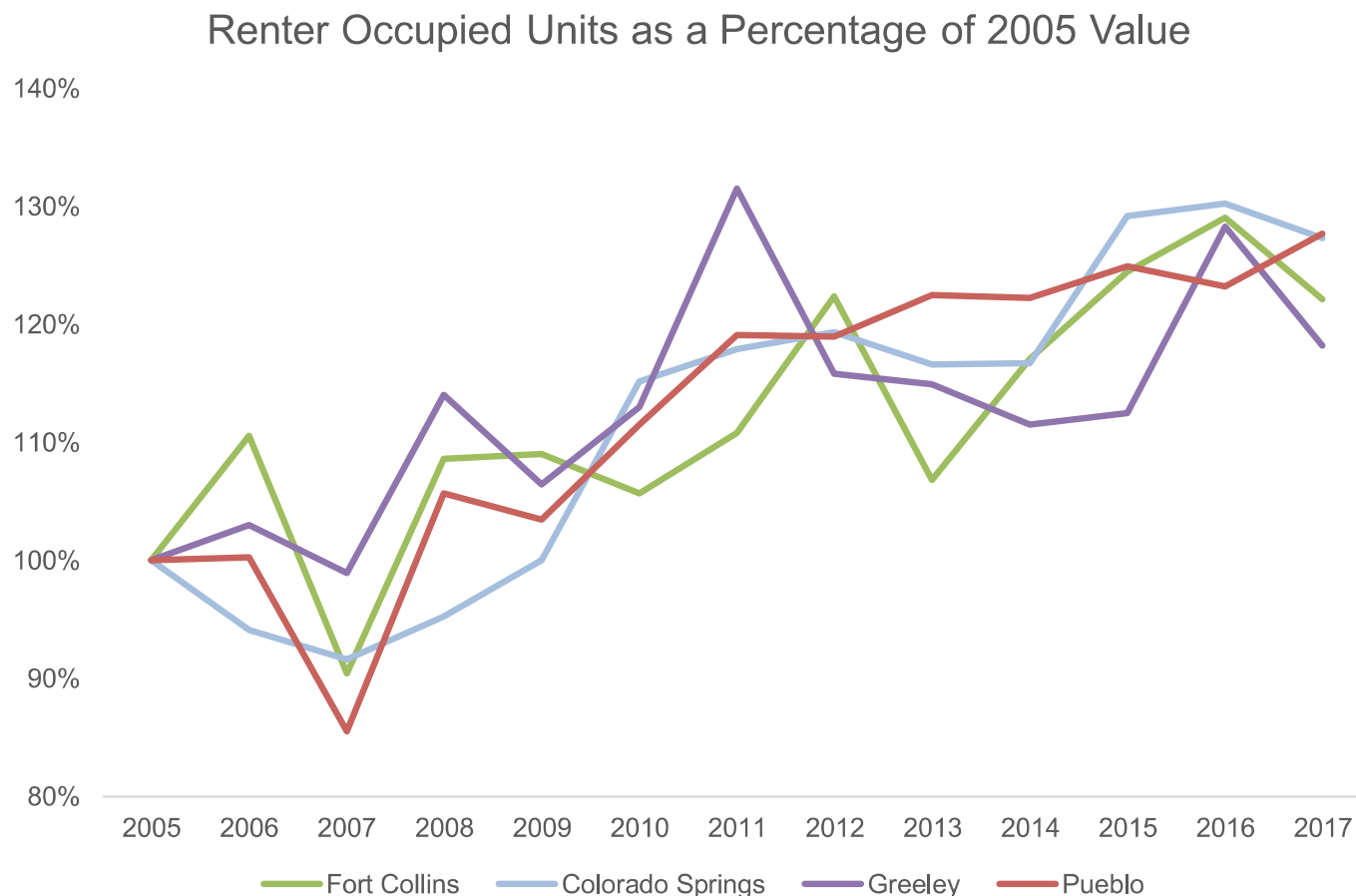
The increase seen in overall housing units after 2013 is mirrored in the growth of newly authorized units.



Growth in renter occupied units is consistent with similar metro areas

All four Colorado metro areas have seen a steady increase in renter occupied units.

The increase in renter occupied units is coming from both increases in housing units and a decrease in home ownership rate.



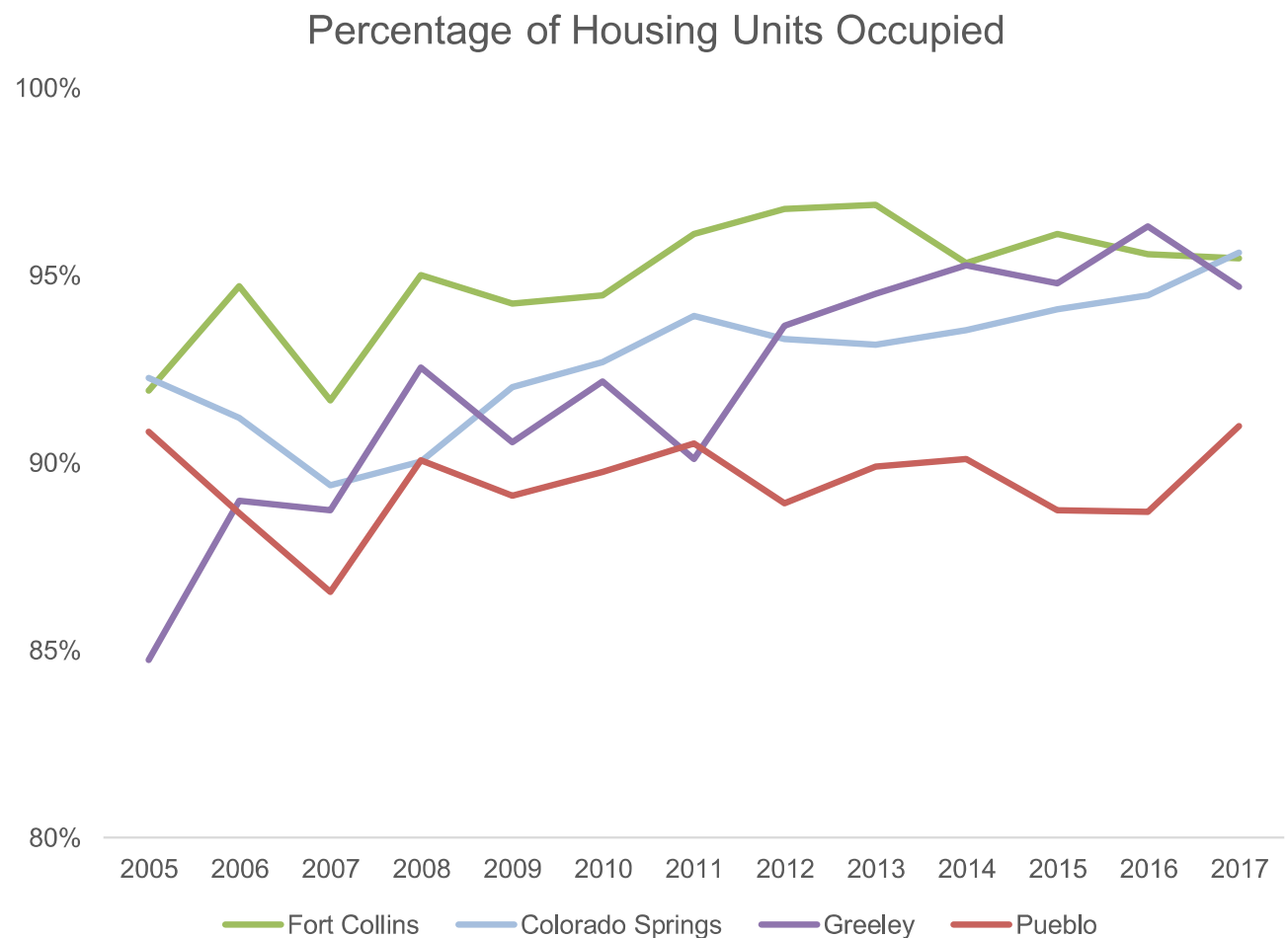
Section 1.1.3

Change in Vacancies

Colorado Springs and Greeley are converging to Fort Collins' high occupancy rate

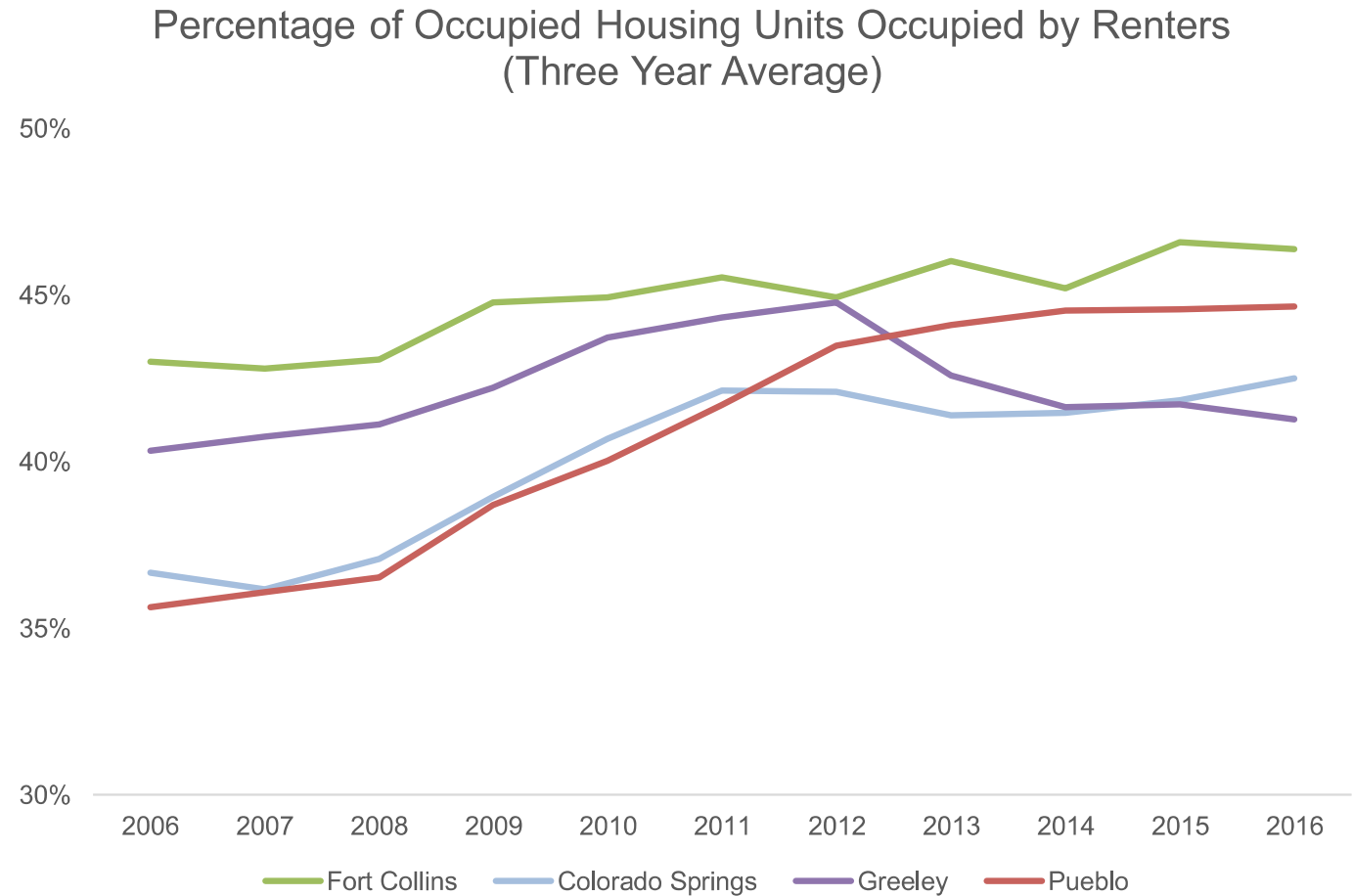
These Census data, which combine the rental and owner housing markets, show that occupancy rates in Fort Collins have historically been higher than similar metro areas.

More than 95% of all Fort Collins' housing units have been occupied since 2010



Renters are making up a higher percentage of occupied units in Fort Collins

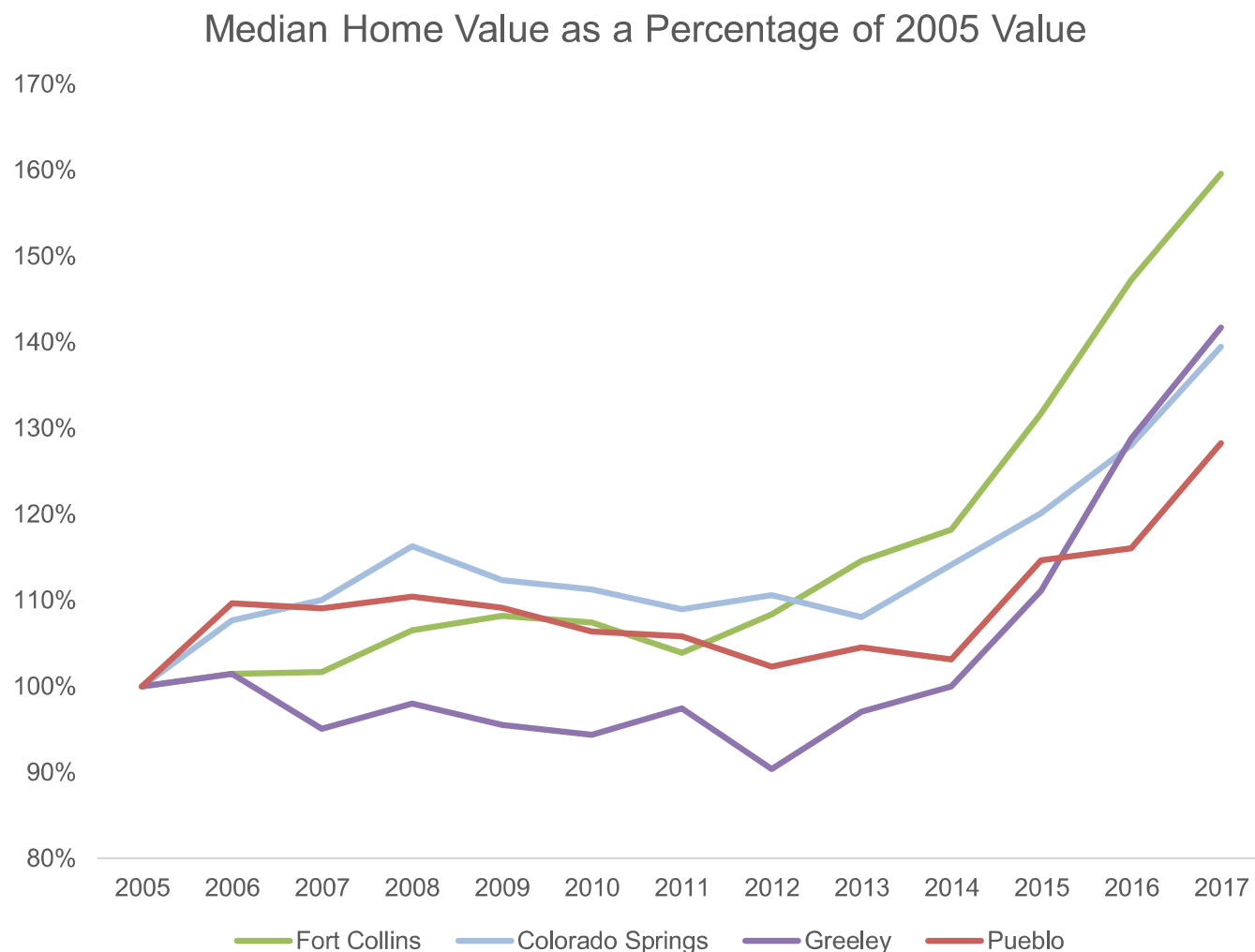
Compared to similar metro areas in the state, Fort Collins has had a high percentage of renters in occupied units. The state-wide increase in renting could be attributed to the 2008 financial crisis and increasing costs of home ownership post-recession



Colorado has seen a steep increase in home values over the last six years

While median home values in Fort Collins were largely stagnant between 2005 and 2011, the next six years saw about a 50% increase.

While all four metro areas had significant increases in home values between 2005 and 2017, Fort Collins demonstrated the largest percentage with the median home value increasing from \$229,700 to \$366,500



Sale-to-list price in Fort Collins has been increasing over the last few years

Detailed home sale data is only available after 2011 for Fort Collins.

The last few years have seen home buyers paying a higher percentage of list price.

While the sale-to-list price for neighborhoods east of campus appear lower than others, it is important to note that this data is based exclusively on the “University Park” area.

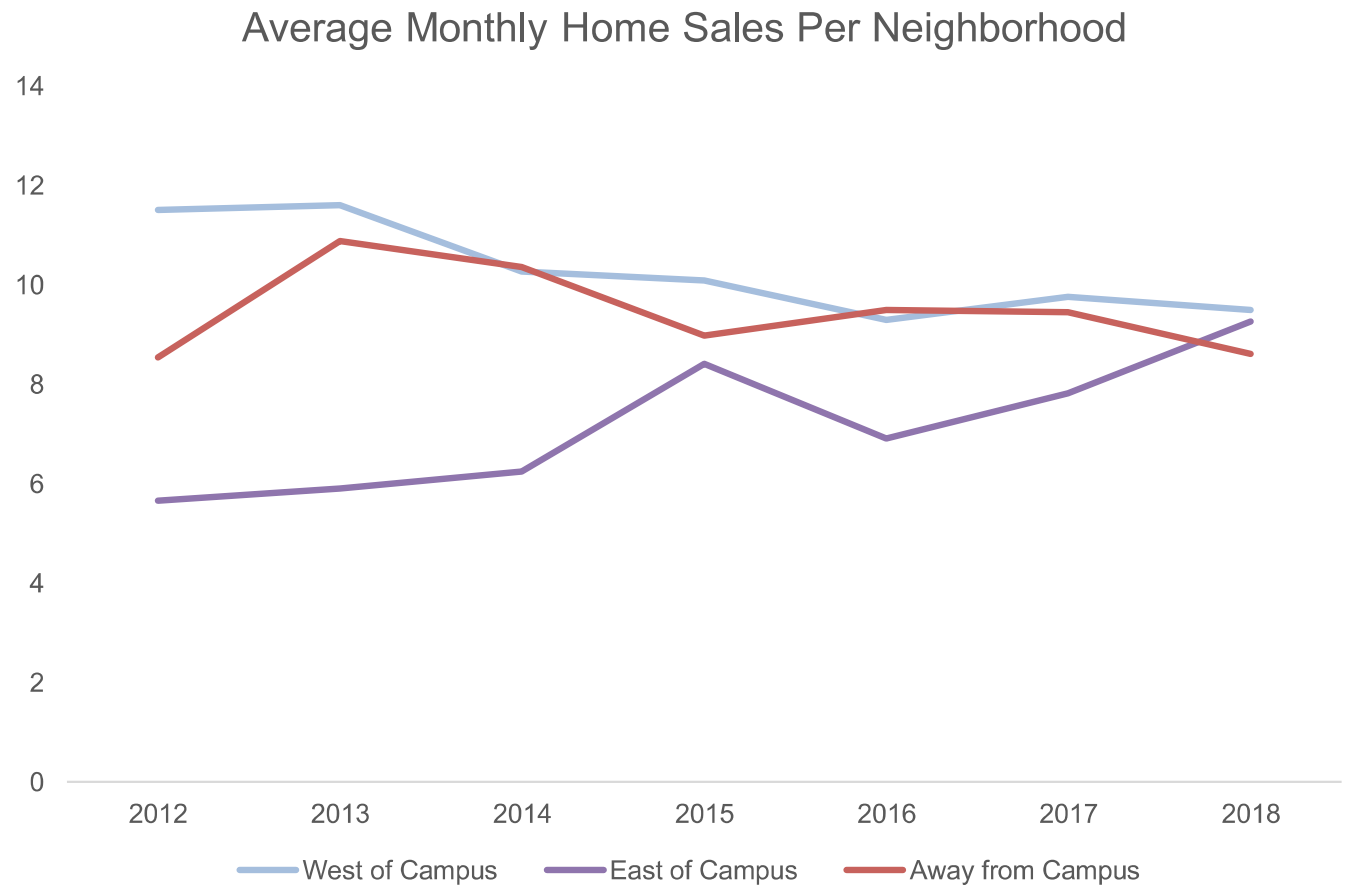


Neighborhood data is calculated from the following areas. West of Campus (Avery Park, Brown Farm, Old Town West, P.O.E.T., Prospect, Rogers Park, and Shields). Away from Campus (Downtown, English Ranch, Foxstone, Huntington Hills, Miramont, Side Hill, The Landings, and Troutman Park). East of Campus (University Park).

Sale-to-list price in Fort Collins has been increasing over the last few years

Average monthly home sales west of campus are very similar to those in neighborhoods away from campus over the last few years.

Sales in the University Park area have converged with average rates in other areas of Fort Collins over time.

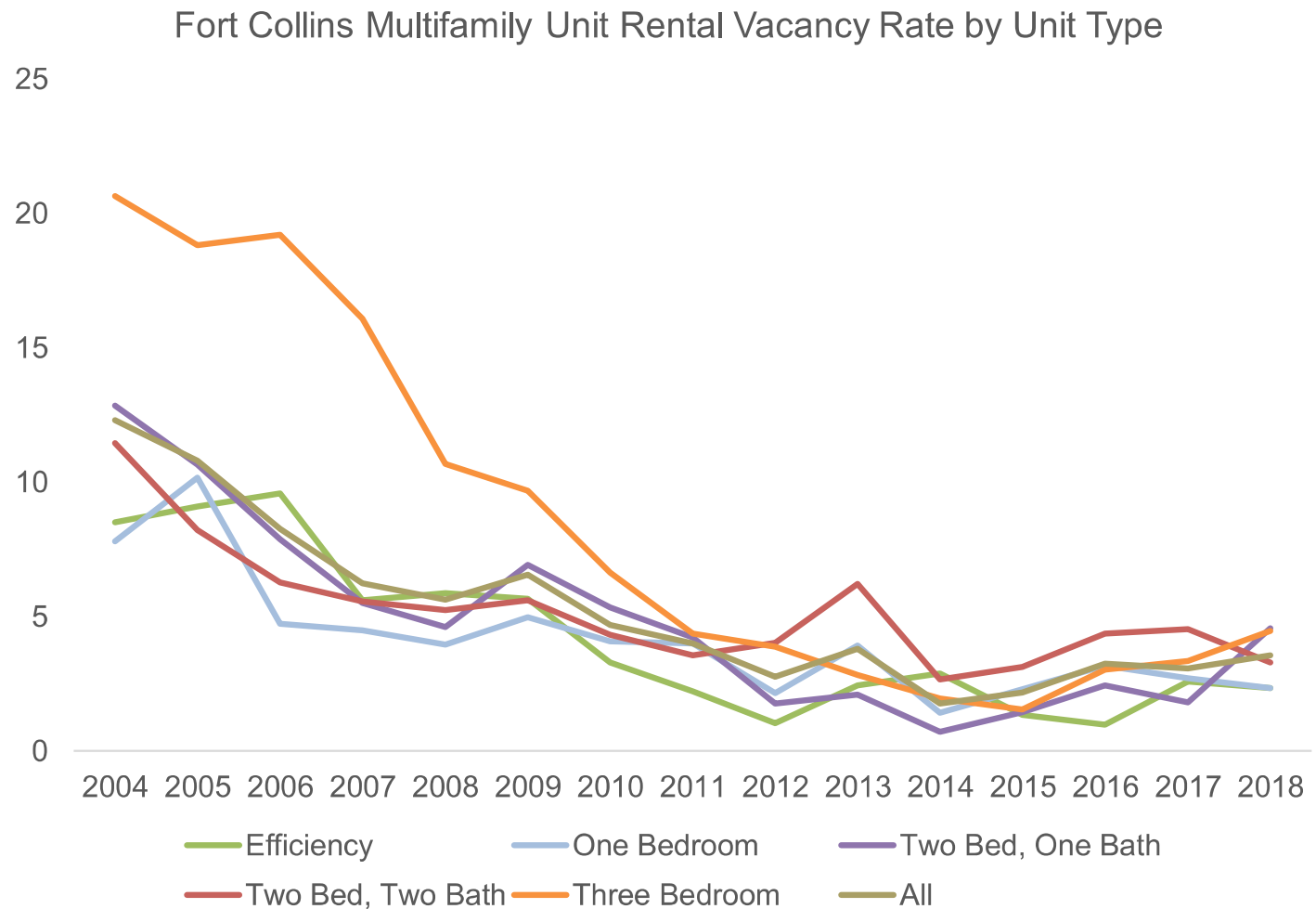


Neighborhood data is calculated from the following areas. West of Campus (Avery Park, Brown Farm, Old Town West, P.O.E.T., Prospect, Rogers Park, and Shields). Away from Campus (Downtown, English Ranch, Foxstone, Huntington Hills, Miramont, Side Hill, The Landings, and Troutman Park). East of Campus (University Park).

Multifamily vacancy rates in Fort Collins are low across unit types

Rental vacancy rates in Fort Collins steadily decreased across all unit types between 2004 and 2012 and have remained consistently below 5% since.

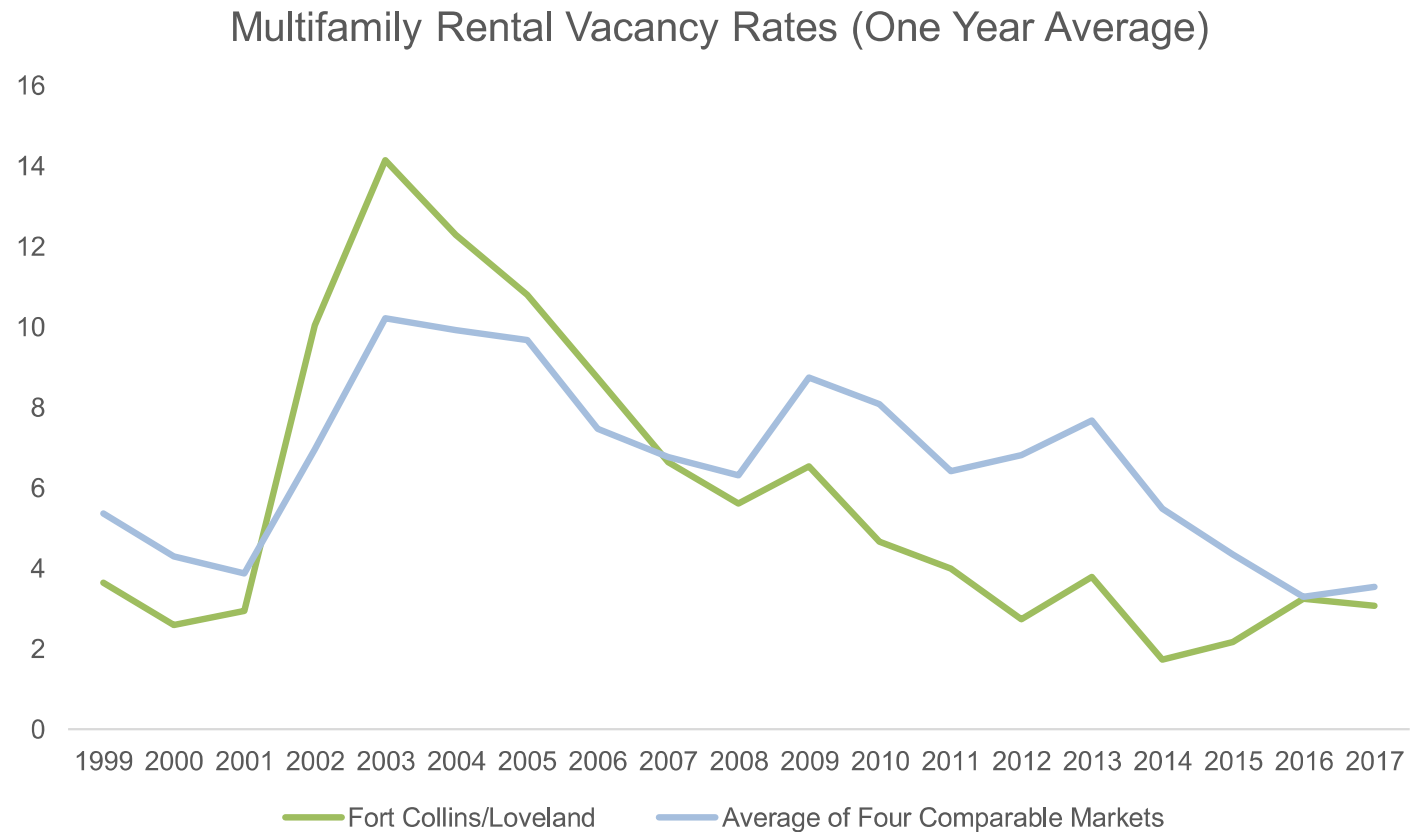
While three bedroom units experienced significantly higher vacancy rates in the mid 2000s, they have converged to the average rate in the city.



Vacancy rates in Fort Collins follow a similar trend to comparable metro areas, but are lower in the post-ordinance era

The four comparable metro areas have demonstrated a similar, but less extreme, decline in rental vacancy rates.

Fort Collins has spent most of the post-ordinance era having a significantly lower rental vacancy rate than similar Colorado markets, although appear to be converging lately.



Recent vacancy rates in Fort Collins have been lower than similar cities

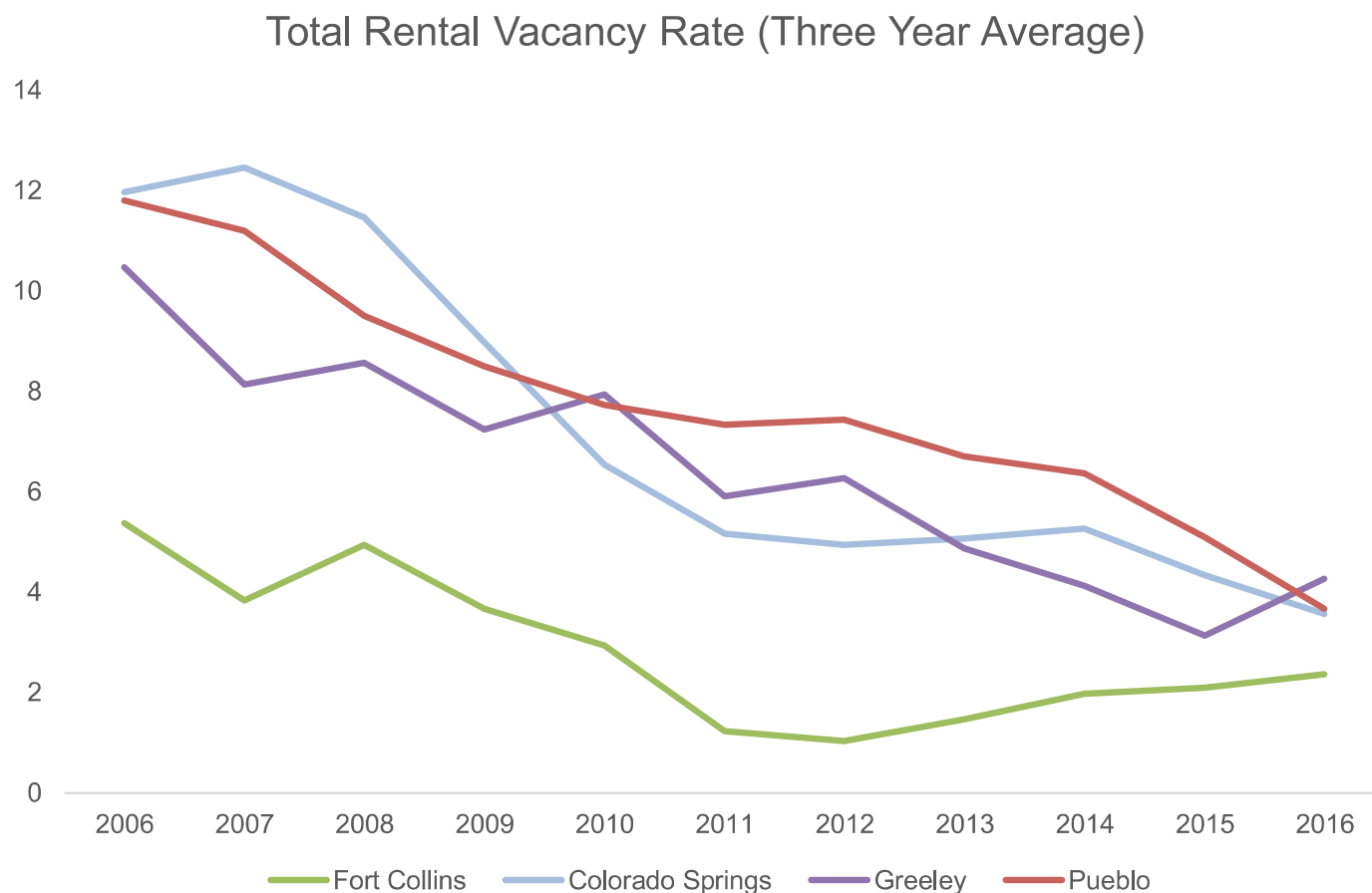
Average Vacancy Rates - Multi-Family Units

	Average Vacancy Rate				
	1998-2001	2002-05	2006-09	2010-13	2014-2017
	I	II	III	IV	V
Fort Collins/Loveland	3%	12%	7%	4%	3%
Colorado Springs	5%	11%	10%	6%	5%
Grand Junction	5%	7%	4%	9%	4%
Greeley	3%	10%	7%	4%	3%
Pueblo	5%	8%	8%	10%	5%
	Average Vacancy Rate Change				
	I-II	II-III	III-IV	IV-V	I-V
Fort Collins/Loveland	8.6	-5.1	-3.0	-1.2	-0.7
Colorado Springs	6.3	-0.6	-3.9	-0.8	0.9
Grand Junction	2.1	-3.5	5.0	-4.9	-1.3
Greeley	7.0	-3.0	-3.1	-1.4	-0.5
Pueblo	3.6	-0.4	1.8	-5.2	-0.3

Total renter vacancy rates in Fort Collins are very low

Examining the total rental vacancy rate (single and multifamily homes) from the Census confirms the trends observed in the Colorado Department of Housing data.

Fort Collins has had a lower rental vacancy rate than similar markets in the post-ordinance era. The decrease between 2008 and 2011 has led to an extremely tight rental market with few vacant rental units.



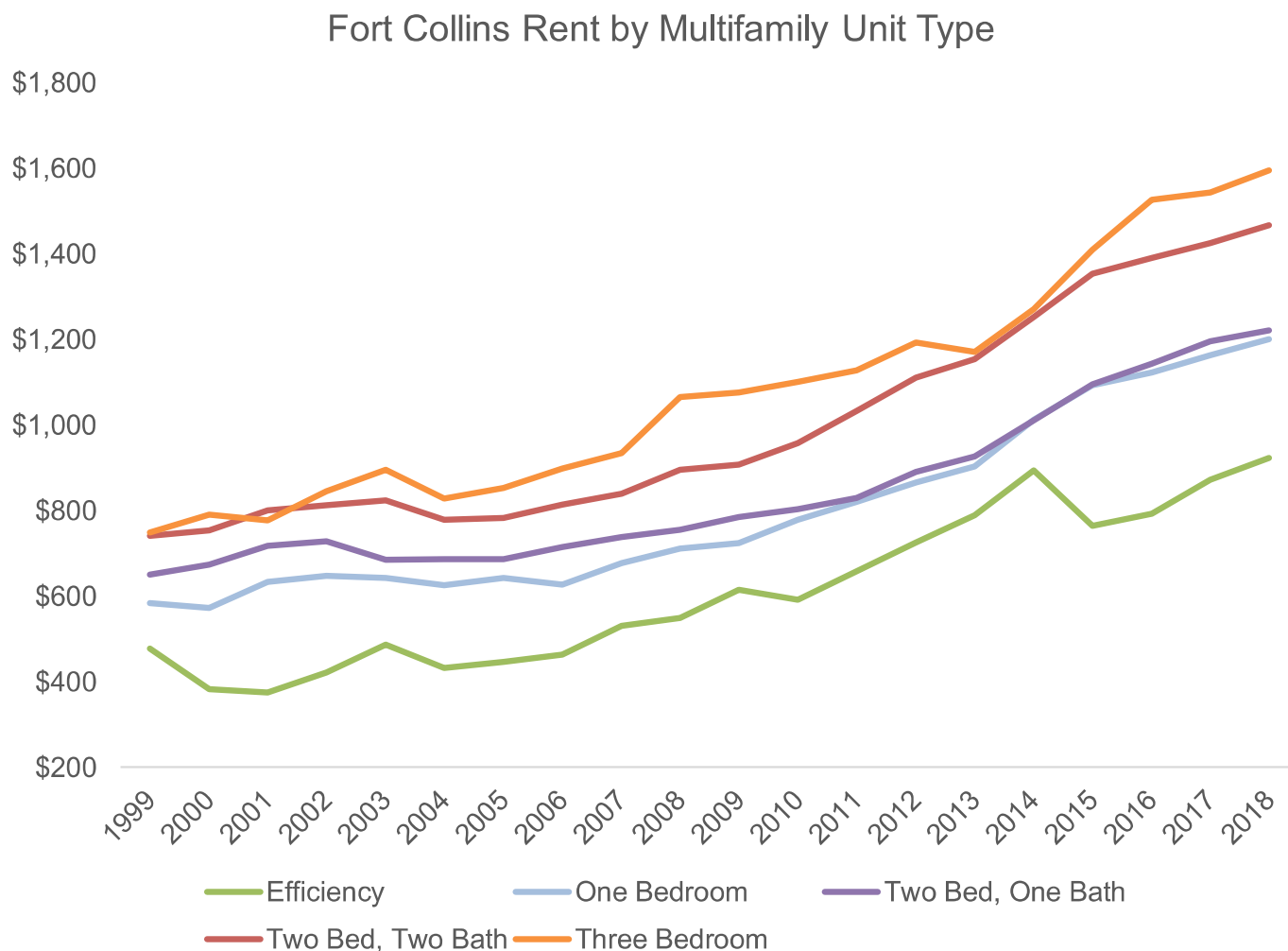
Section 1.1.4

Change in Average Rent

Across unit types, average rent in Fort Collins has nearly doubled over the last 20 years

Rent in Fort Collins is increasing across all unit types. Efficiencies and three bedroom units have seen the largest percentage increase over the last two decades.

2009-2018 saw a 56% increase in the average rent of all unit types. This is significantly higher than the 18% increase observed between 1999-2008.



Average rent increased in Fort Collins at a higher rate than similar metro areas, especially between 2006-2013

Breaking down the change in average rent across four year segments illustrates how Fort Collins' rent compares to similar metro areas in the state. The percentage change from era I to II shows that Fort Collins followed a similar pattern of steady increase seen across the state. More recently, the change between IV and V shows most metro areas experiencing a steep increase in rental prices. The main period where the Fort Collins' market appears to be unique is the change between III and IV. Here the rate of change is double that of comparable cities.

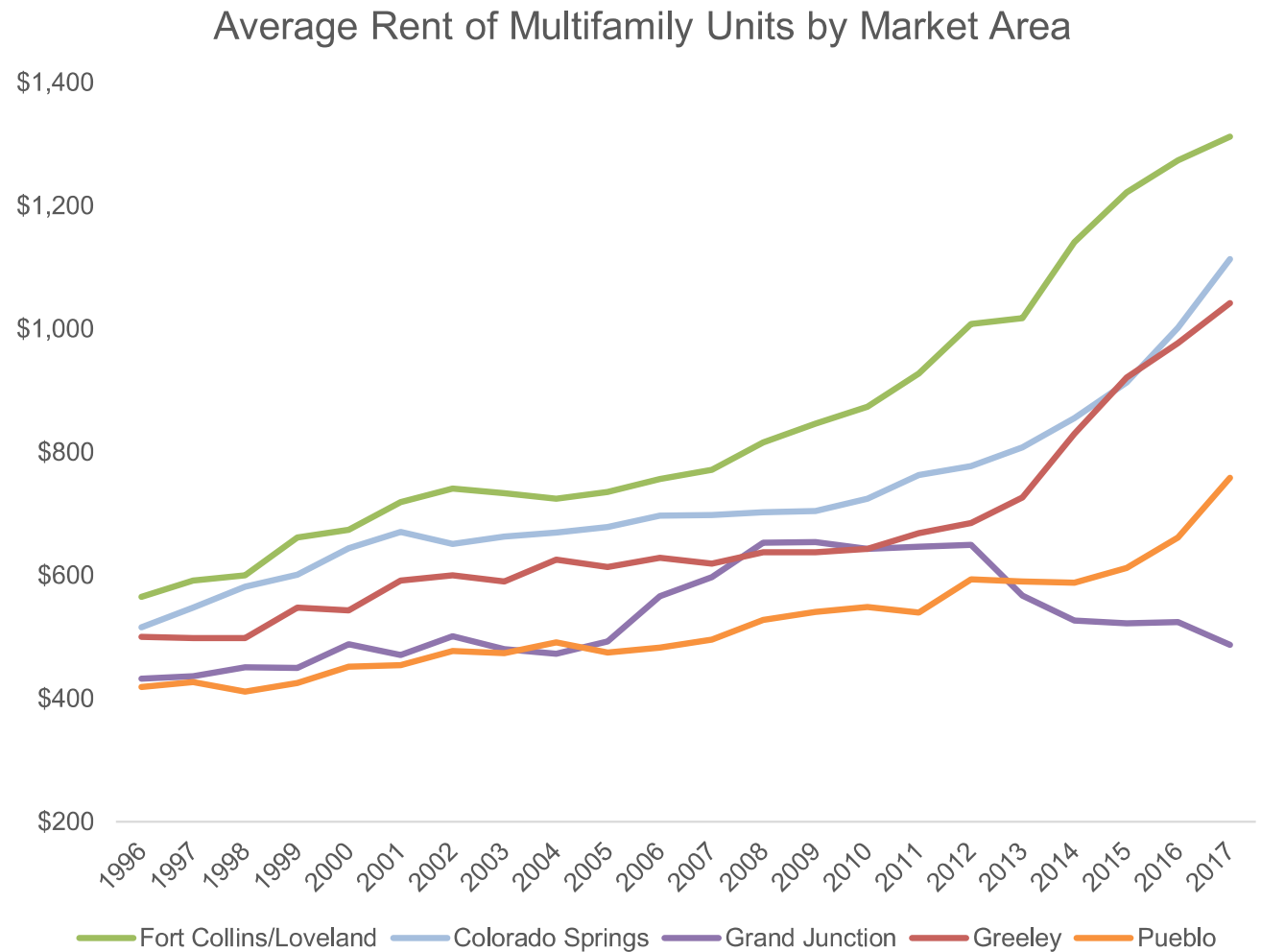
Rental Prices - Multi-Family Units

Average Rent										
	1998-2001		2002-05		2006-09		2010-13		2014-2017	
	I		II		III		IV		V	
Fort Collins/Loveland		\$656.90		\$733.22		\$799.85		\$956.93		\$1,237.35
Colorado Springs		\$613.51		\$665.32		\$700.37		\$768.00		\$970.91
Grand Junction		\$465.27		\$486.76		\$620.62		\$626.14		\$514.95
Greeley		\$537.49		\$606.97		\$630.59		\$680.35		\$942.25
Pueblo		\$434.08		\$479.29		\$513.34		\$567.87		\$655.00
Rental Price Change										
	I-II		II-III		III-IV		IV-V		Total Change I-V	
Fort Collins/Loveland	12%	\$76.33	9%	\$66.63	20%	\$157.08	29%	\$280.41	88%	\$580.45
Colorado Springs	8%	\$51.80	5%	\$35.05	10%	\$67.63	26%	\$202.92	58%	\$357.40
Grand Junction	5%	\$21.49	28%	\$133.86	1%	\$5.52	-18%	-\$111.19	11%	\$49.68
Greeley	13%	\$69.48	4%	\$23.62	8%	\$49.76	38%	\$261.90	75%	\$404.76
Pueblo	10%	\$45.20	7%	\$34.05	11%	\$54.54	15%	\$87.13	51%	\$220.92

Average rent in Fort Collins increased at a higher rate than similar metro areas

While rent in Fort Collins has always been higher than comparable metro areas, the last decade has seen rent in the city increase at a faster rate.

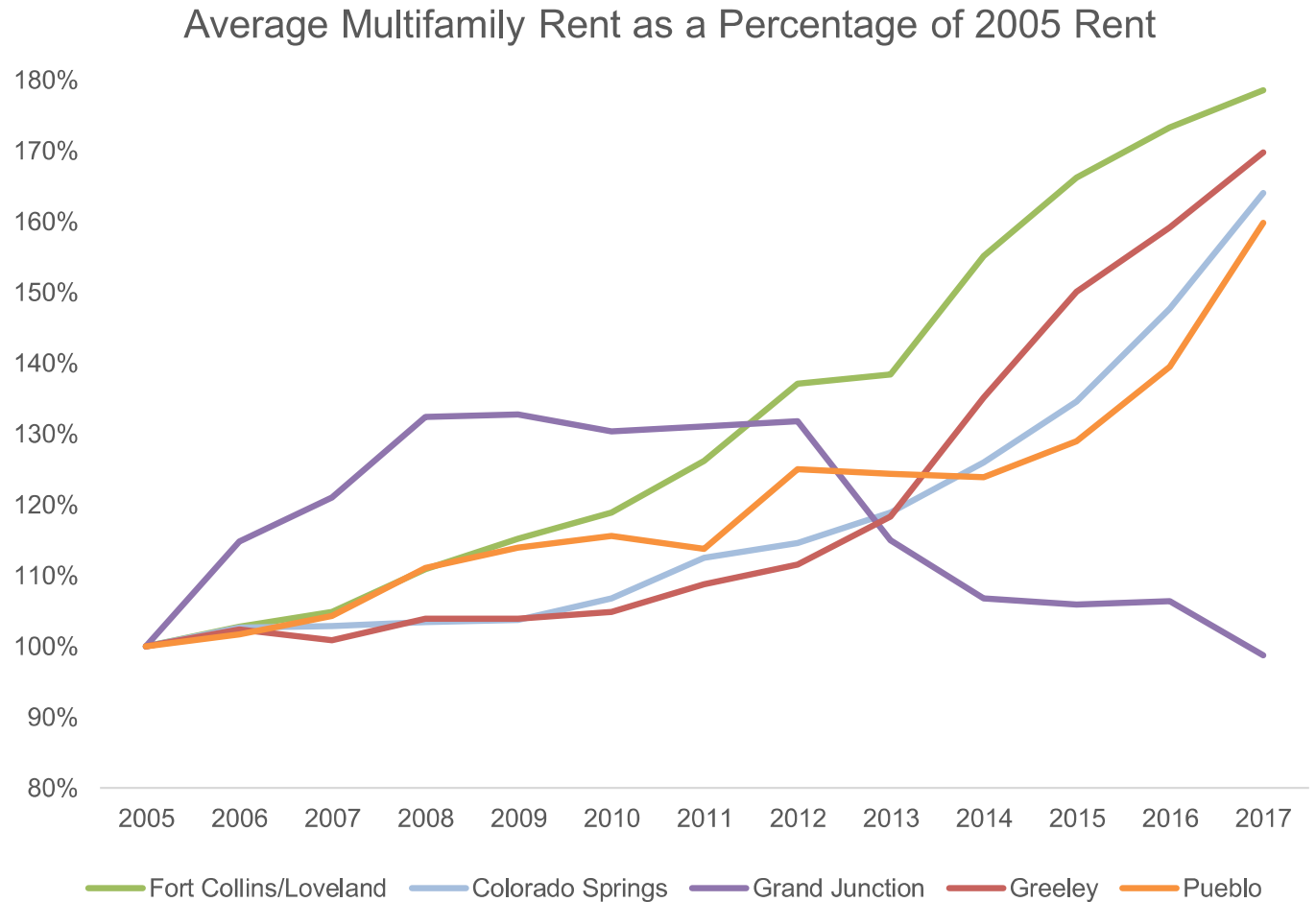
All metro areas, except for Grand Junction, have seen steep increases in multi-family unit rent in recent years.



Post 2005 rent has increased in Fort Collins at a higher rate than similar metro areas

Examining average rent as a percentage of each city's 2005 value confirms the previously identified pattern.

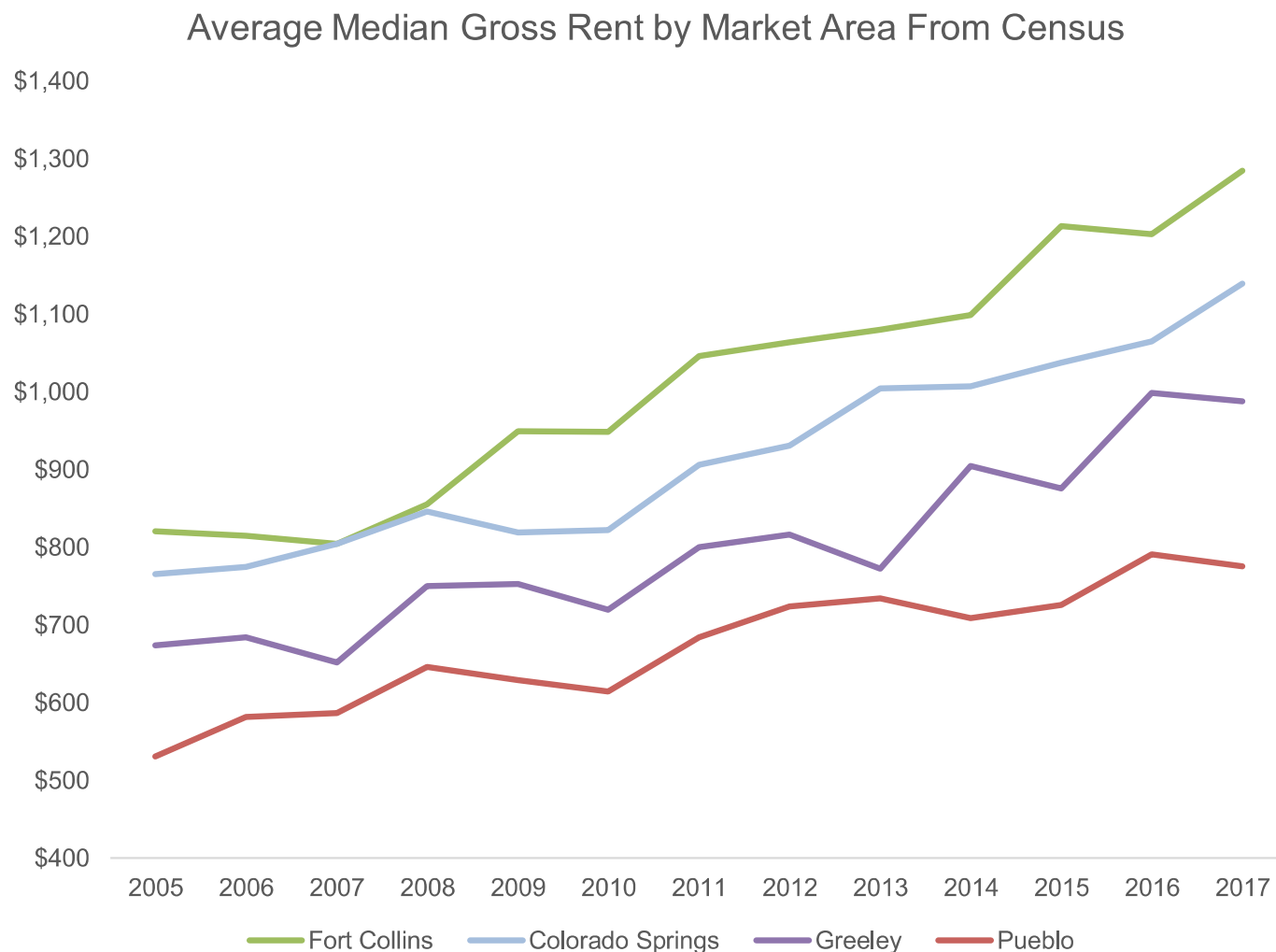
While recent years have brought increased rents across the state, Fort Collins has experienced the most significant rise in rental costs.



Calculating total median rent from the Census confirms the trend

Examining total median rent (single and multifamily homes) from the Census confirms the trends observed in the Colorado Department of Housing data.

Fort Collins has historically had higher rental costs than comparable metro areas, but has also seen the largest increase during this period - 68% compared to an average of 48% for the three comparable cities.



Despite similar population trends, rent in Fort Collins increased at a higher rate than similar areas post-ordinance

- The geographic and temporal coverage of the Colorado Department of Housing's data allow for an assessment of pre and post-ordinance trends. The table below shows average yearly changes in population and multifamily rent in two eight year periods before and after the ordinance. In its 2009 report, Corona Insights identified 2006 as the first year that ordinance affected the rental market due to the start of education and registration efforts.
- The table demonstrates that rental costs in Fort Collins grew at a very similar rate to comparable metro areas pre-ordinance. However, rent increased at a much faster rate post-ordinance. A decrease in the average yearly change in population shows that this change is not likely due to a increase in housing demand unique to Fort Collins.

Population and Multifamily Unit Rent Change Pre and Post-Ordinance

	Average Yearly Change in Rent			Average Yearly Change in Population		
	1997-2005	2006-14	Difference	1997-2005	2006-14	Difference
Fort Collins/Loveland	2.76%	5.28%	2.51%	2.70%	1.92%	-0.77%
Colorado Springs	2.73%	2.60%	-0.14%	1.45%	1.49%	0.04%
Grand Junction	1.52%	-0.89%	-2.42%	2.01%	1.88%	-0.12%
Greeley	2.63%	3.54%	0.91%	2.53%	1.39%	-1.14%
Pueblo	1.34%	2.49%	1.15%	1.34%	0.72%	-0.62%
<i>Average change calculated: (last year/first year)^(1/# years in period)</i>						

Section 1.2

Rental Market Trends

Fort Collins Compared to Selected Nationwide Cities

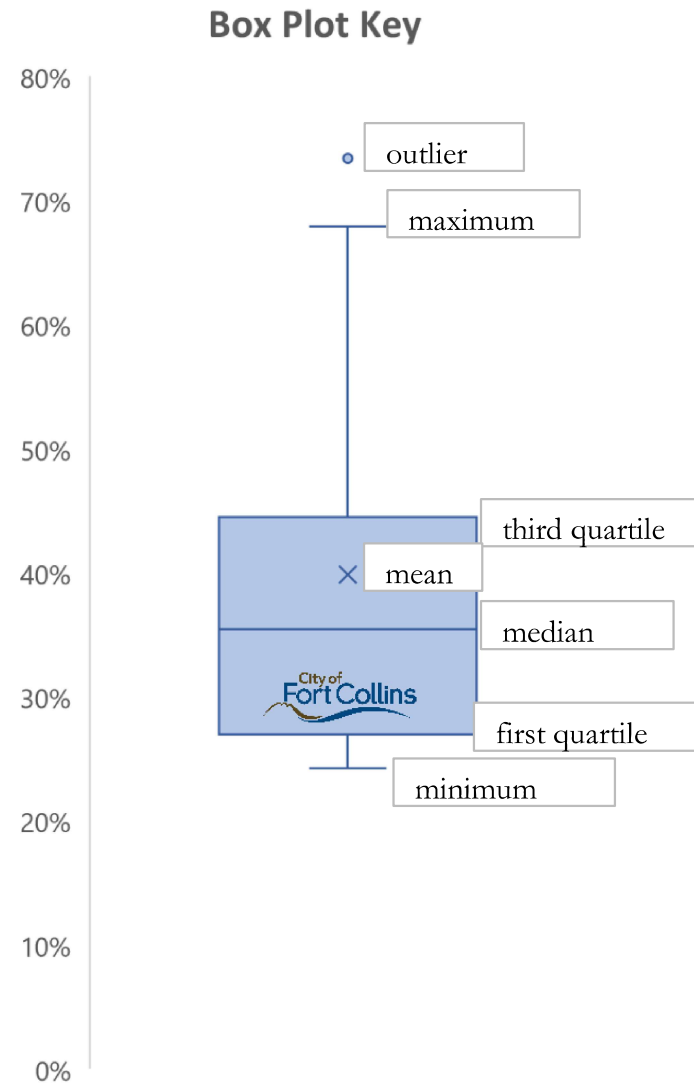
Key Findings: Nationwide Comparisons

- ➔ While population growth in Fort Collins was higher than comparable national cities in the 1990s, it has regressed toward the mean in the post-ordinance era.
- ➔ Fort Collins' housing supply increased at a relatively high rate in the 1990s, but is near average in the post-ordinance era. Housing stock growth is lower across all comparable cities.
- ➔ The rate that renters have occupied housing units in Fort Collins is higher in absolute and relative terms post-ordinance.
- ➔ Fort Collins' rental vacancy rates are lower (in relative and absolute terms) than similar cities in the post ordinance era.
- ➔ Fort Collins' expansion in demand (population growth) has exceeded supply (housing units).
- ➔ Rental costs in Fort Collins have increased at a faster rate than similar national cities in the post-ordinance era. Fort Collins also had a high increase in rent in the 1990s.

A description of the methodology is found in the appendix.

How to read a box plot

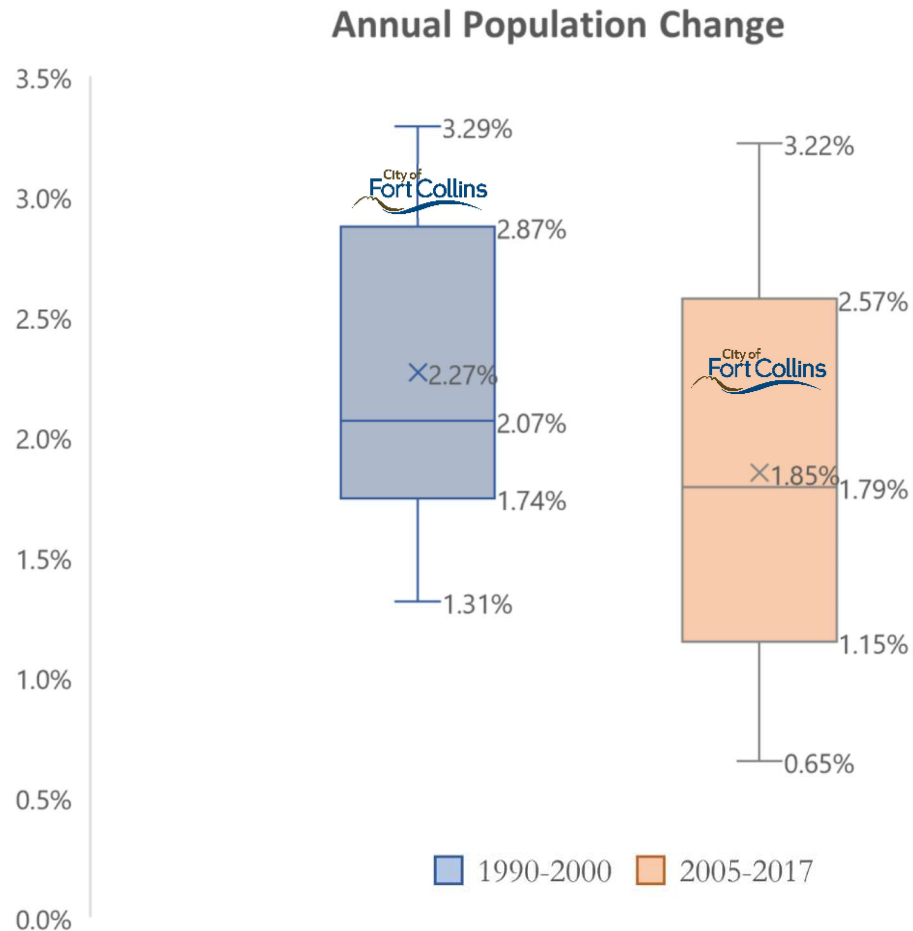
- ➔ Box plots offer a quick and effective way to identify differences between groups of populations.
- ➔ They show the median value of each population (marked with a line) and a surrounding box that stretches from the 25th to 75th percentile. The “middle half” of observations are contained in the box.
- ➔ The “whiskers” show the range of the top and bottom 25% of observations respectively. If an observation has a value that is more than 1.5 times the interquartile range (the distance between the 75th and 25th percentile value), it is deemed an outlier.
- ➔ The City of Fort Collins logo shows where the city falls on the distribution.



Fort Collins' population growth has regressed toward the mean

Average population growth has generally declined across the case study cities.

Fort Collins' population growth rate has decreased in absolute relative terms. While the city's rate was previously at the higher end of the distribution in the 1990s, it is well within the middle half in the modern era.

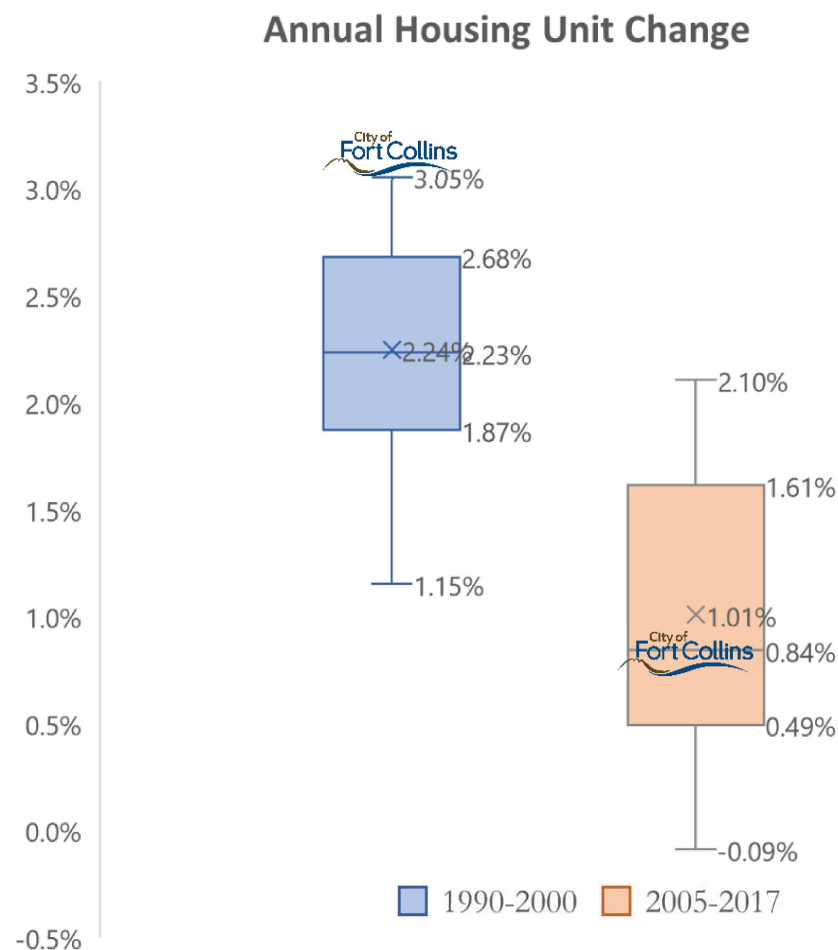


Fort Collins Values:
3.06%, 2.33%

The rate of Fort Collins' housing stock growth has significantly decreased

While Fort Collins had the highest rate of housing unit change in the 1990s, this value has decreased in absolute and relative terms.

Given the 2008 housing crisis and subsequent recession, there is a significantly lower rate of housing unit change between 2005-2017 for the entire sample. Nonetheless, Fort Collins went from pacing this group in the first time period to the median in the second.

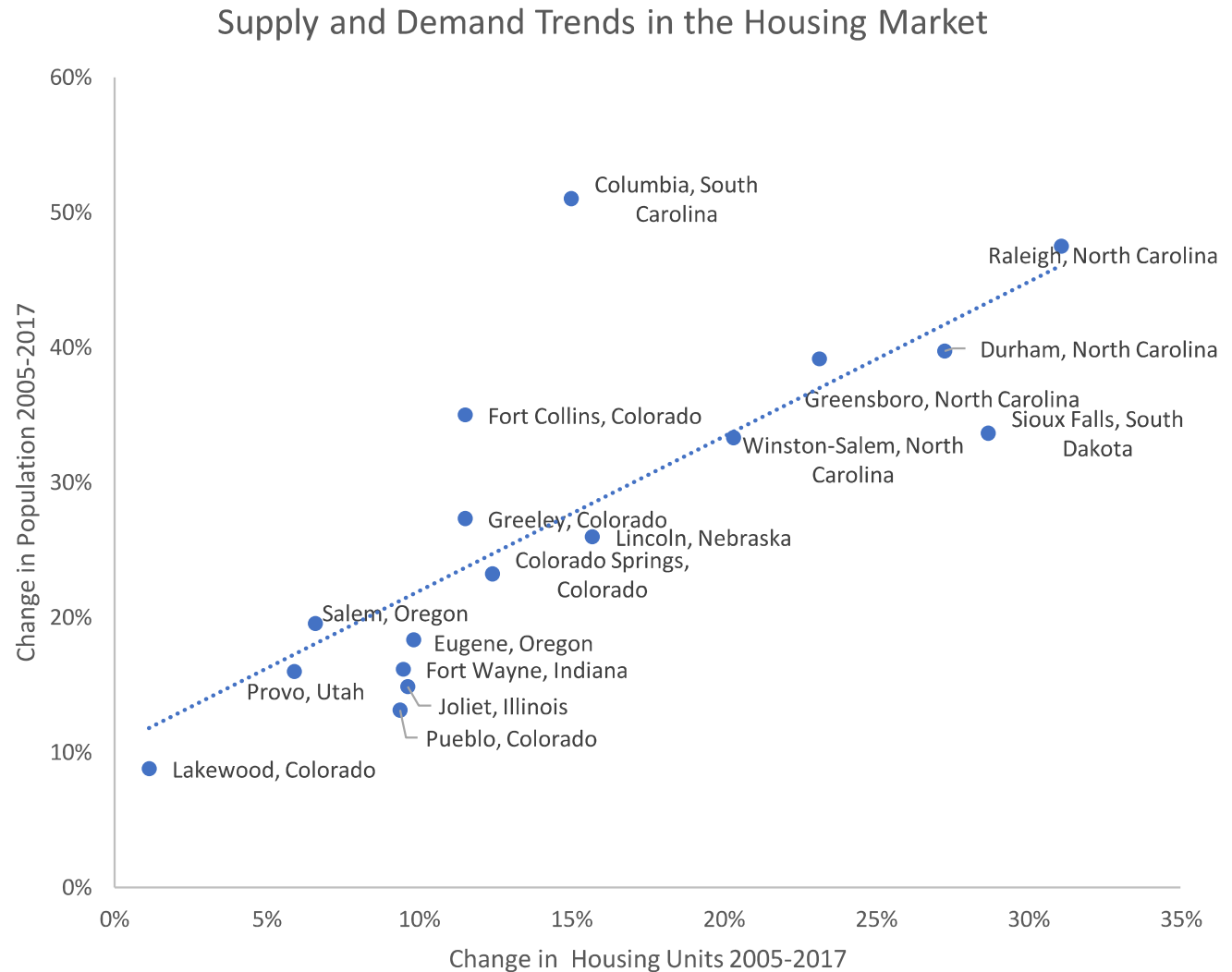


Fort Collins Values:
3.05%, 0.84%

Fort Collins' housing growth lags population growth

This graph plots the change in population and housing units between 2005-2017. The Colorado markets from the previous section are added for reference.

The trendline shows the average relationship between supply and demand. Fort Collins and Columbia are notable outliers in that their population growth (demand) exceeds growth in housing units (supply).

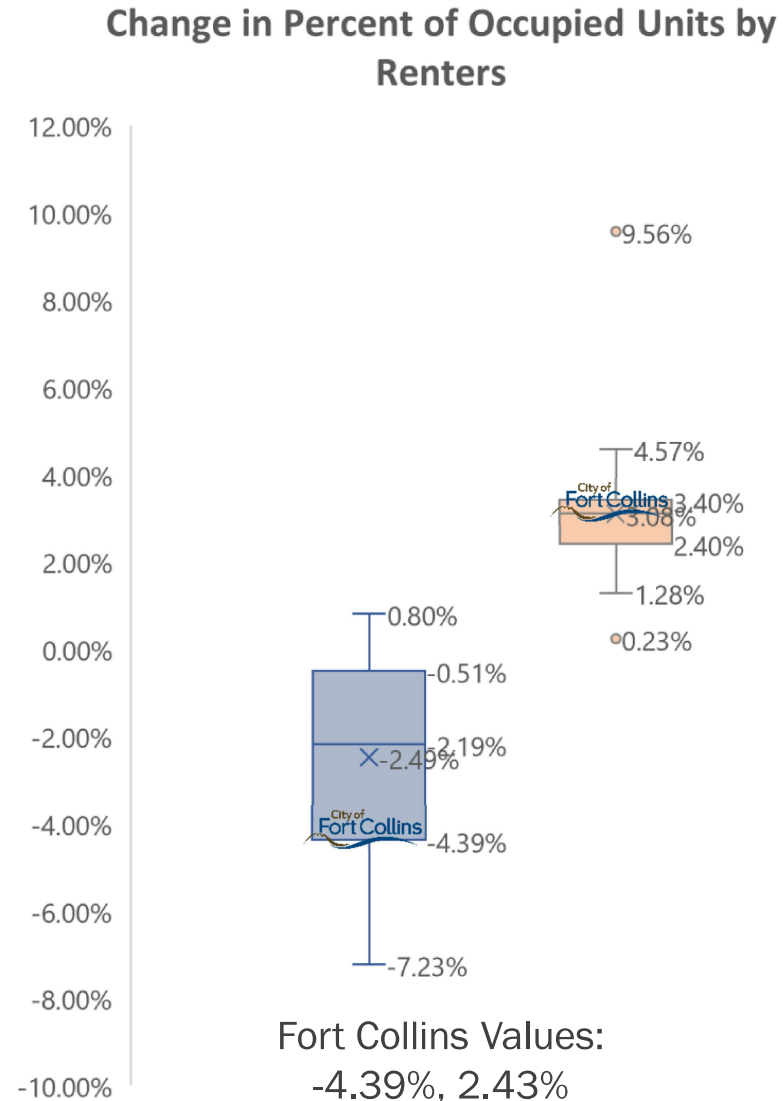


In general, the percentage of renters is on the rise

As a group, the percentage of occupied units by renters is on the rise amongst the comparison cities.

Fort Collins has seen both an absolute and relative increase in the rate of renters in occupied units in the modern era.

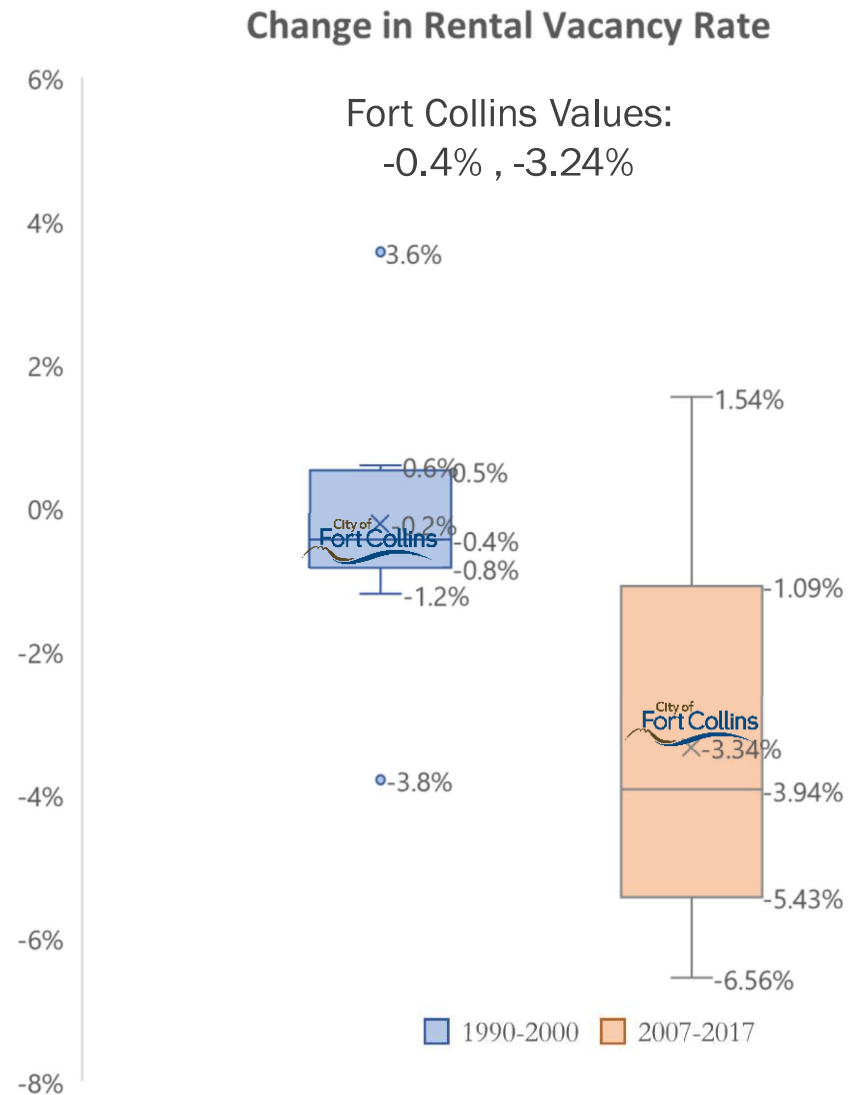
This dynamic has the potential to lower rental vacancy rates and raise the cost of rent, but does not appear to be unique to Fort Collins.



Change in Fort Collin's rental vacancy rates appears average.

As in the previous state analysis, this comparison demonstrates a general trend in decreasing rental vacancy rates across markets.

While Fort Collins appears to be at the center of each distribution, it is important to remember that these plots are reporting a measurement of change. Unlike population and housing units, vacancy rates are subject to ceiling and floor effects. Once value approaches the floor (0% rental vacancy rate), change becomes less likely.

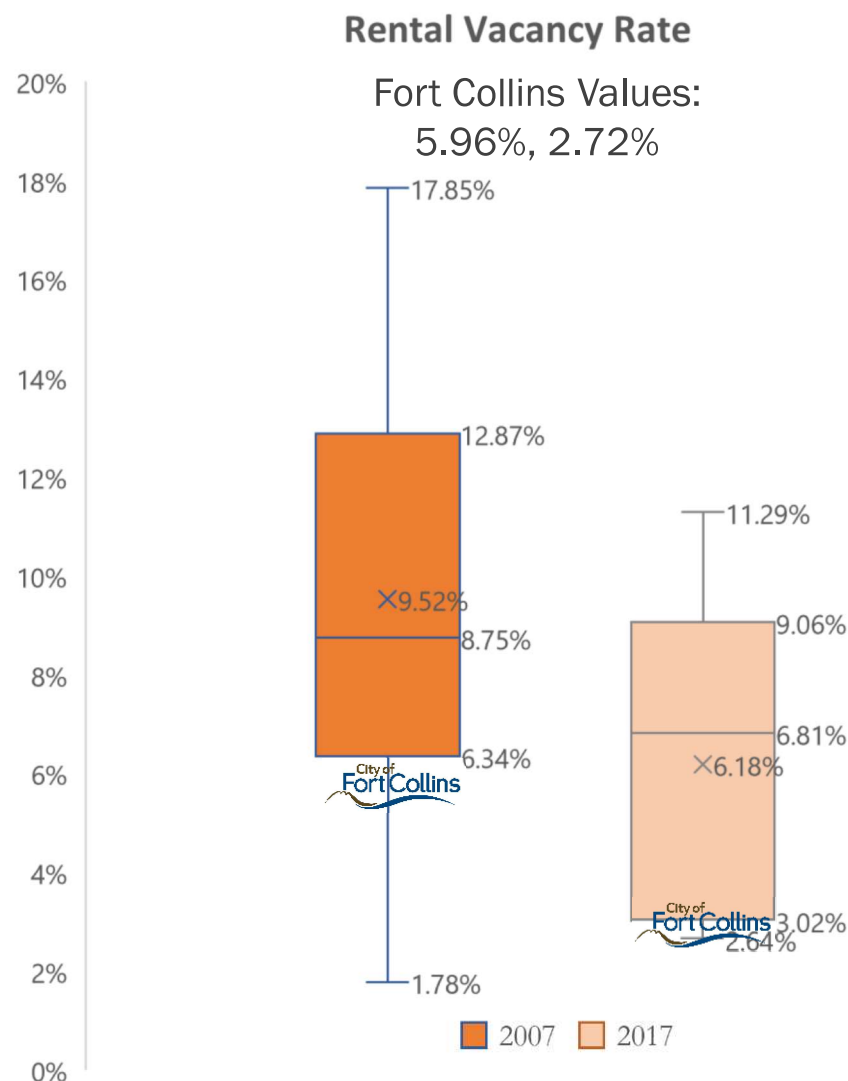


Note: Data limitations reduce sample by six cities.

However, Fort Collins' vacancy rates are subject to a “floor effect”

Comparing the 2007 and 2017 rental vacancy rates demonstrates that, while the change in these rates is average for this sample, the absolute values are toward the bottom of the distribution.

Again, data show that Fort Collins rental market has been extremely tight in recent years with very few vacant rental units.

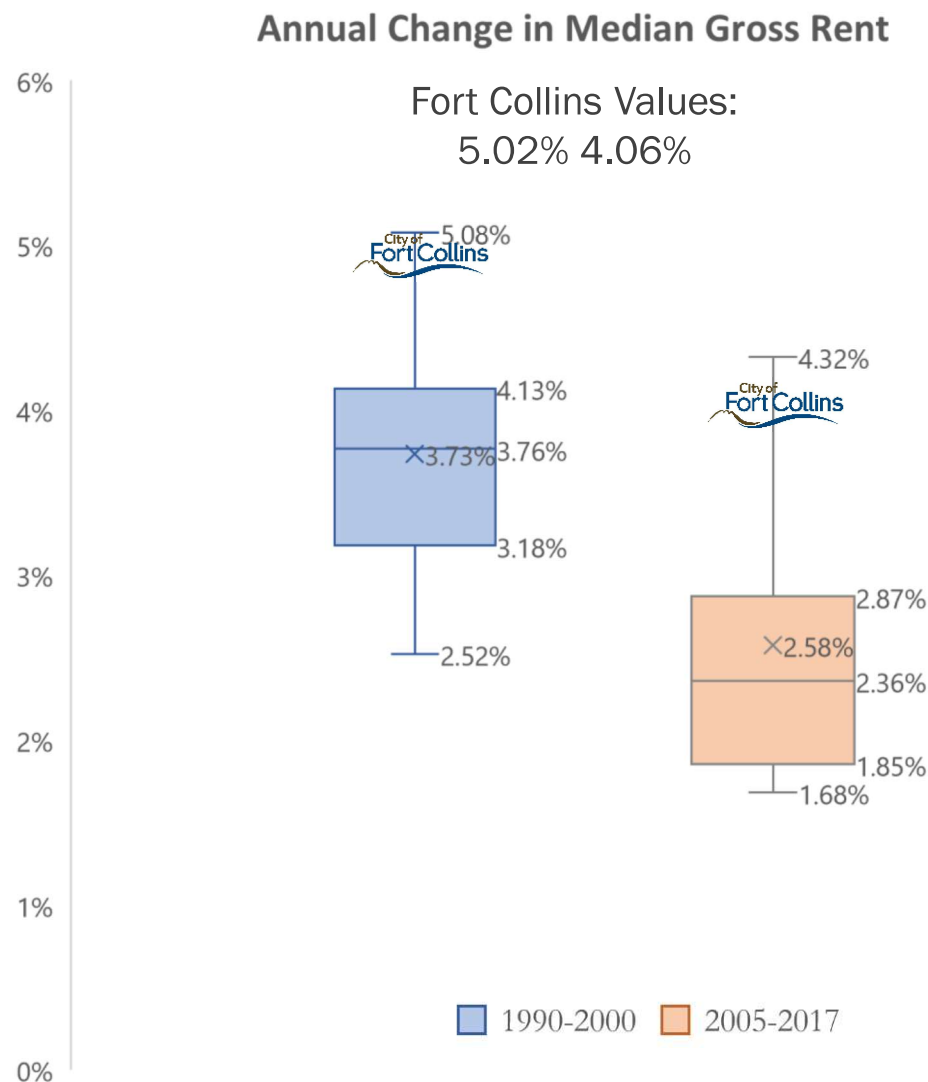


Note: Data limitations reduce sample by six cities.

Rent continues to grow at a relatively high rate in Fort Collins

As with the state analysis, Fort Collins' rate of rent increase is at the high end of the distribution in the modern era. However, this is not necessarily out of the ordinary for this sample as the city was also at the high end of the distribution in the 1990s.

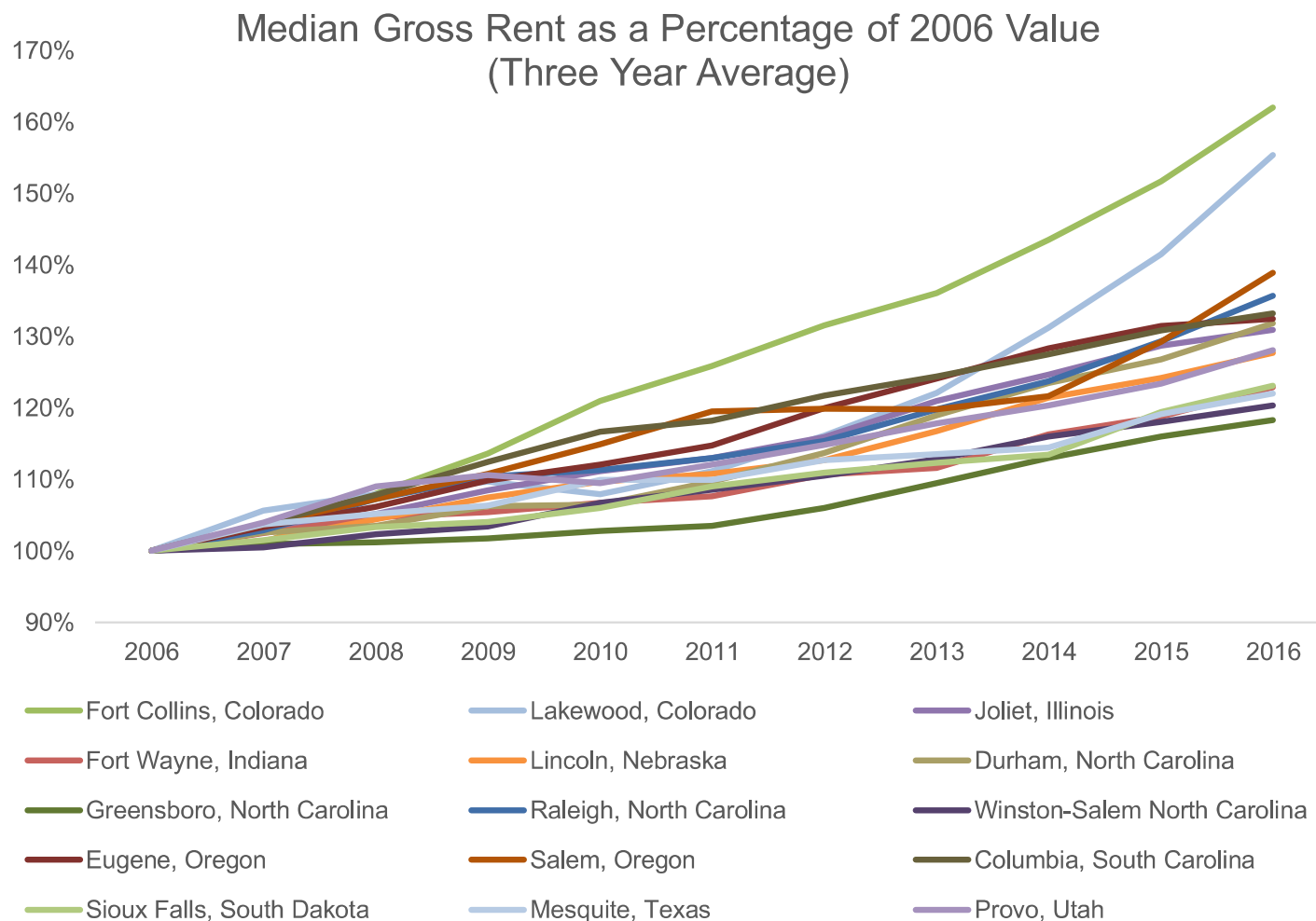
Overall, the rate of change in median rent is lower in the modern era. This trend may be attributed to the great recession.



Fort Collins' rent increase is unmatched by comparable national cities

The dramatic increase of rent in Fort Collins between 2005-2017 is unique in the sample of comparable cities.

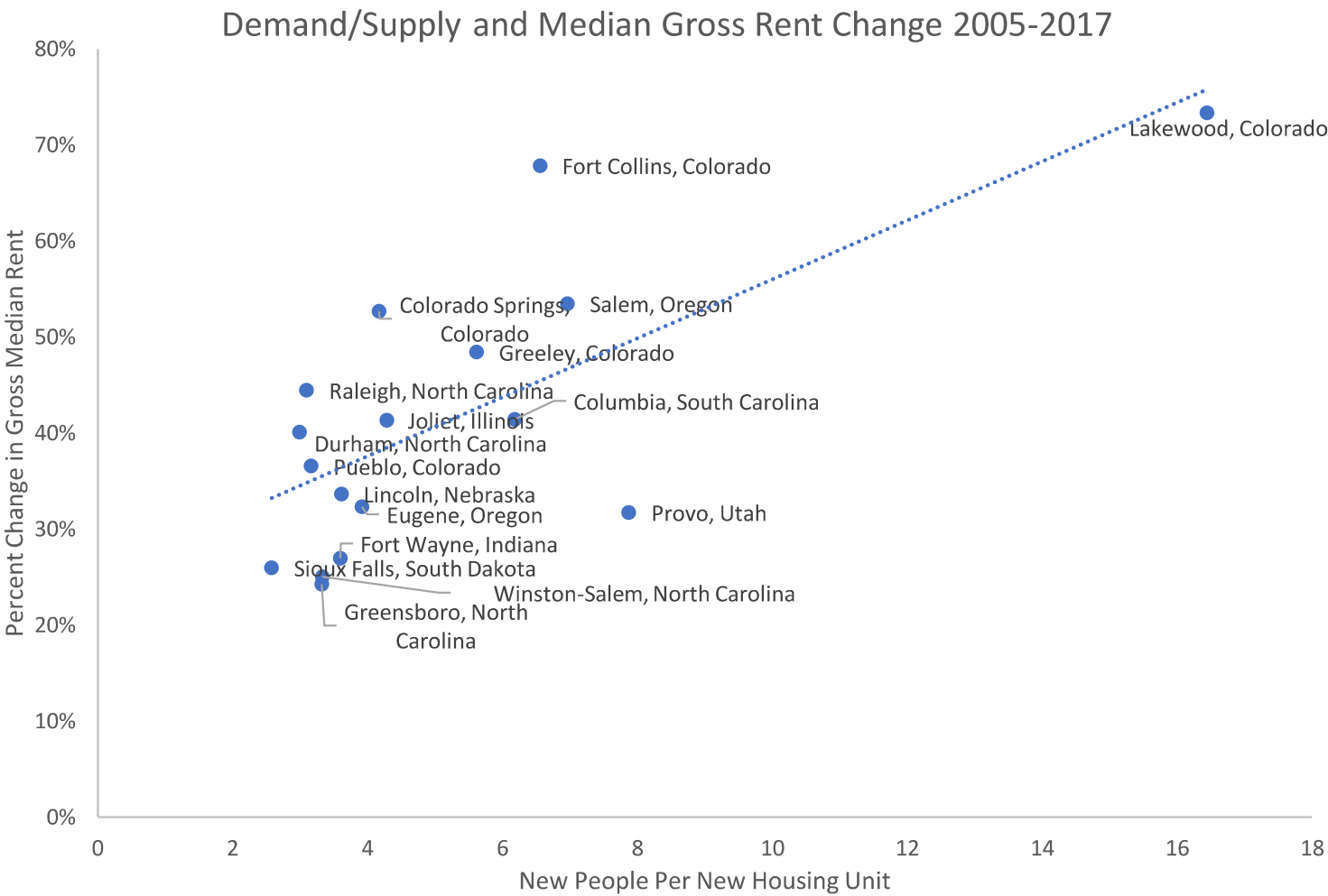
The previously observed increase in rent amongst Colorado cities post 2013 is exhibited by Lakewood having a significant increase in rent over the last few years as well.



Changes in rent appear to be (in part) a product of supply and demand

The X axis of this plot calculates the increase in population divided by the increase in housing units between 2005-2017. During this time period, Fort Collins has had 6.6 new individuals for every new housing unit. Lakewood is a notable outlier due to a very small (1%) increase in housing units.

The trendline demonstrates a relationship between excess demand and higher median rents. Colorado market analysis cities are included for reference.

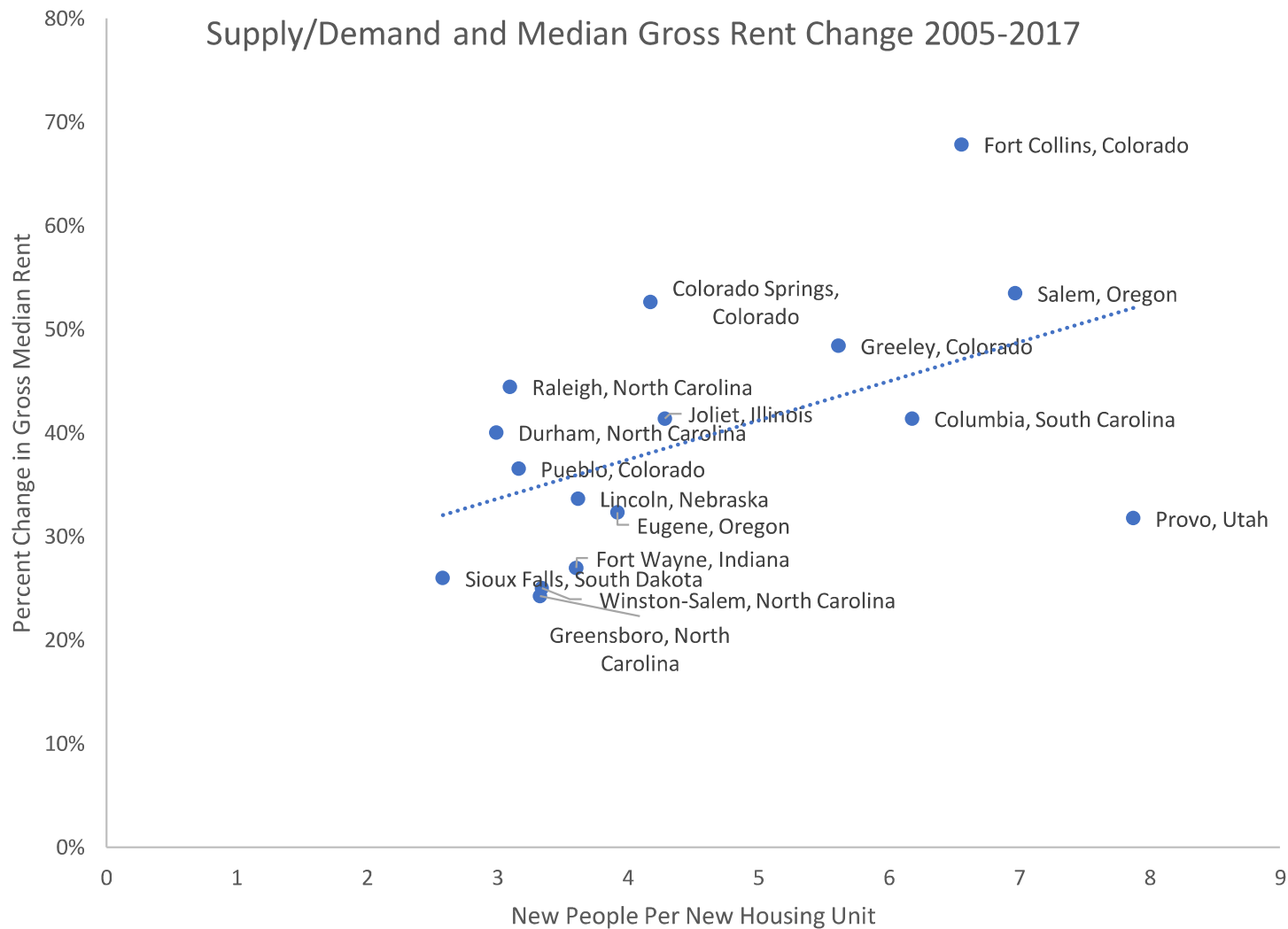


Changes in rent appear to be (in part) a product of supply and demand (removing Lakewood as an outlier)

The main conclusions of the previous plot are preserved when Lakewood is removed.

Fort Collins' 6.6 new individuals per new housing unit is significantly higher than the remaining sample's average of 4.4.

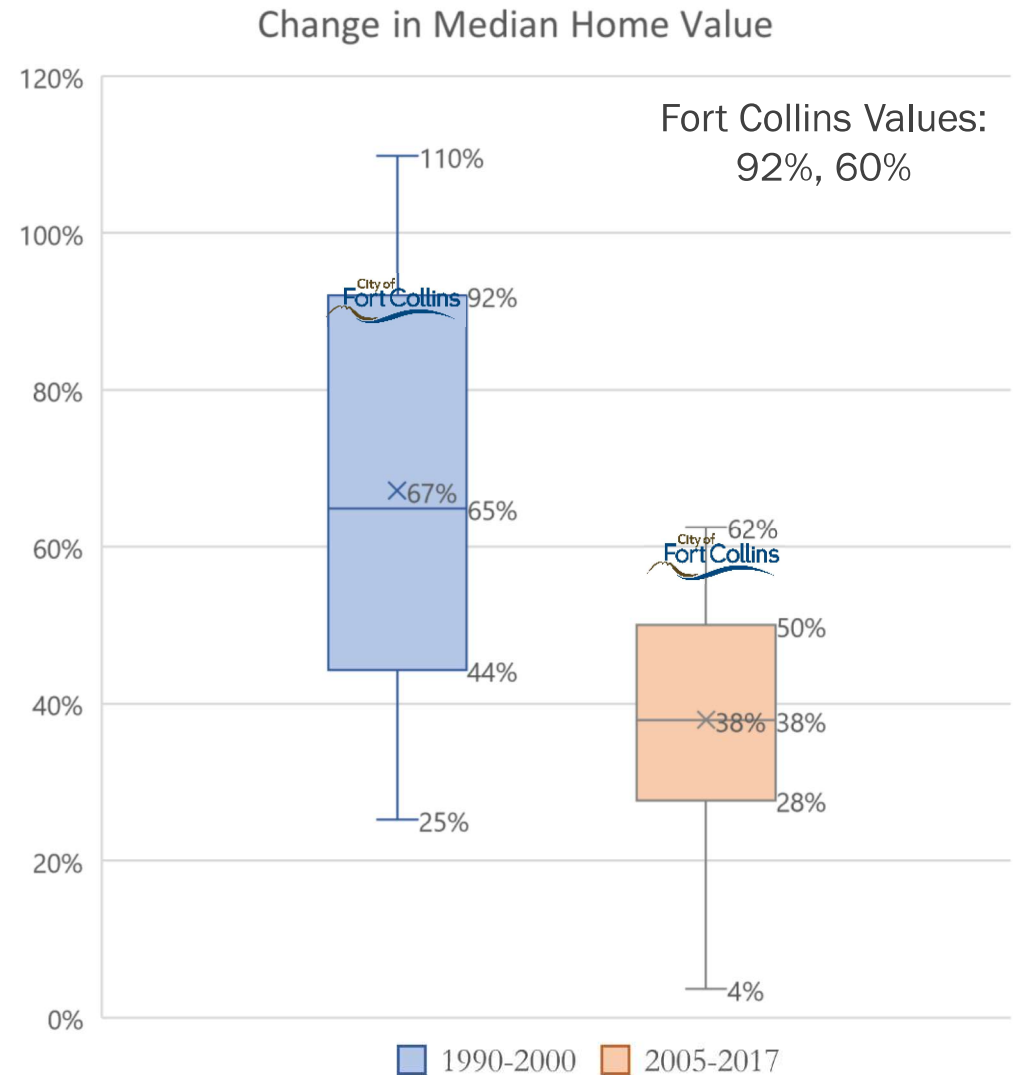
However, it is notable that Fort Collins lies substantially above the trendline in this plot. This location suggests that demand/supply is only one cause, amongst others, of the high rents in the city.



Increase in rent has been mirrored by home values

In general, the home values in the modern era increased at a lower rate than they did in the 1990s. The lower rate is likely a product of the 2008 housing crisis and subsequent recession.

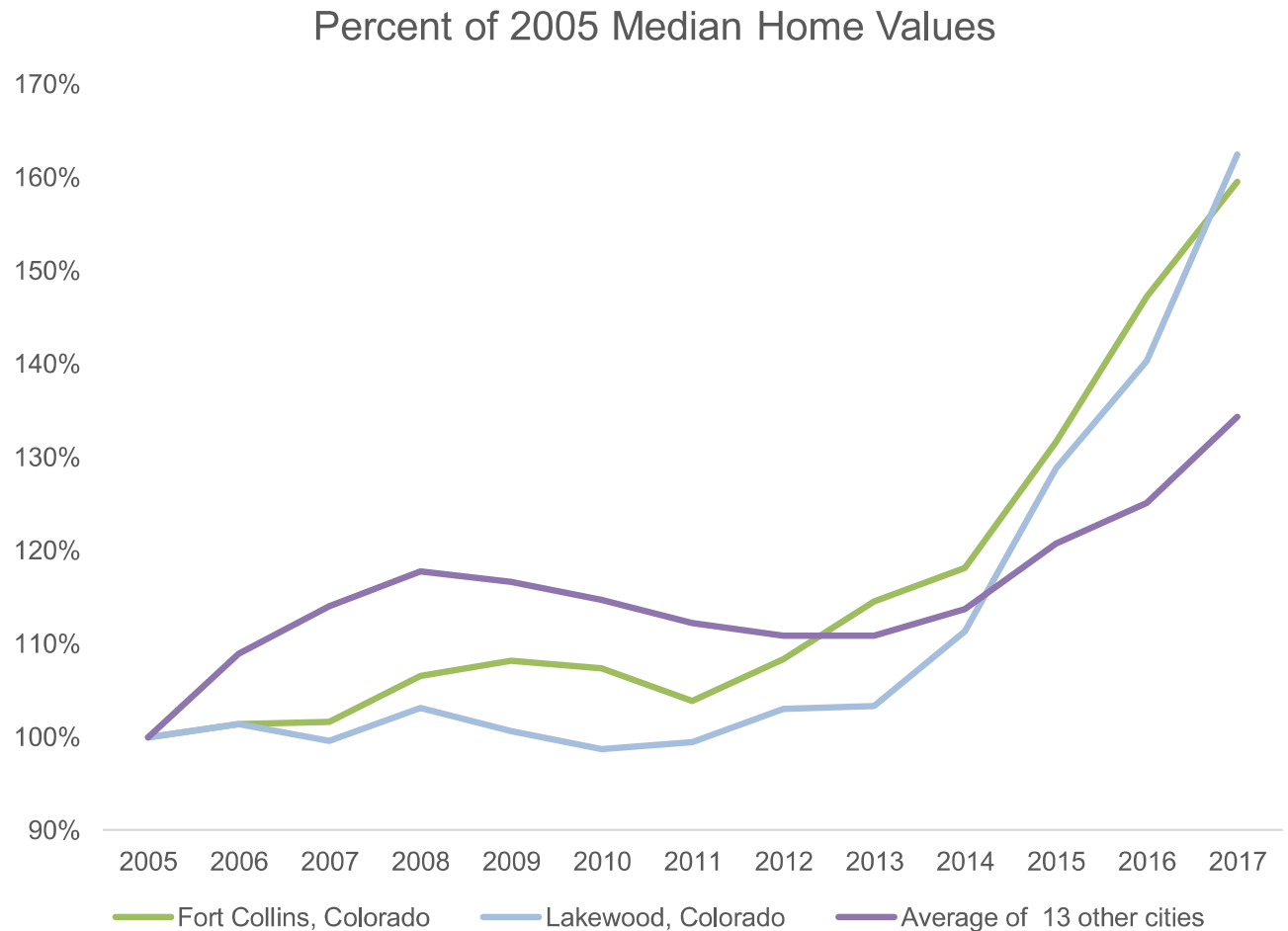
While the rate in Fort Collins decreased in absolute terms, it has increased relatively toward the high end of the distribution.



Fort Collins and Lakewood follow similar trajectories in home values

The recent trend of increasing rent in Colorado has also been present in median home values.

While Fort Collins and Lakewood show a distinct and drastic increase in median home values after 2011, they previously lagged comparable cities.



Section 1.3

Rental Market Trends

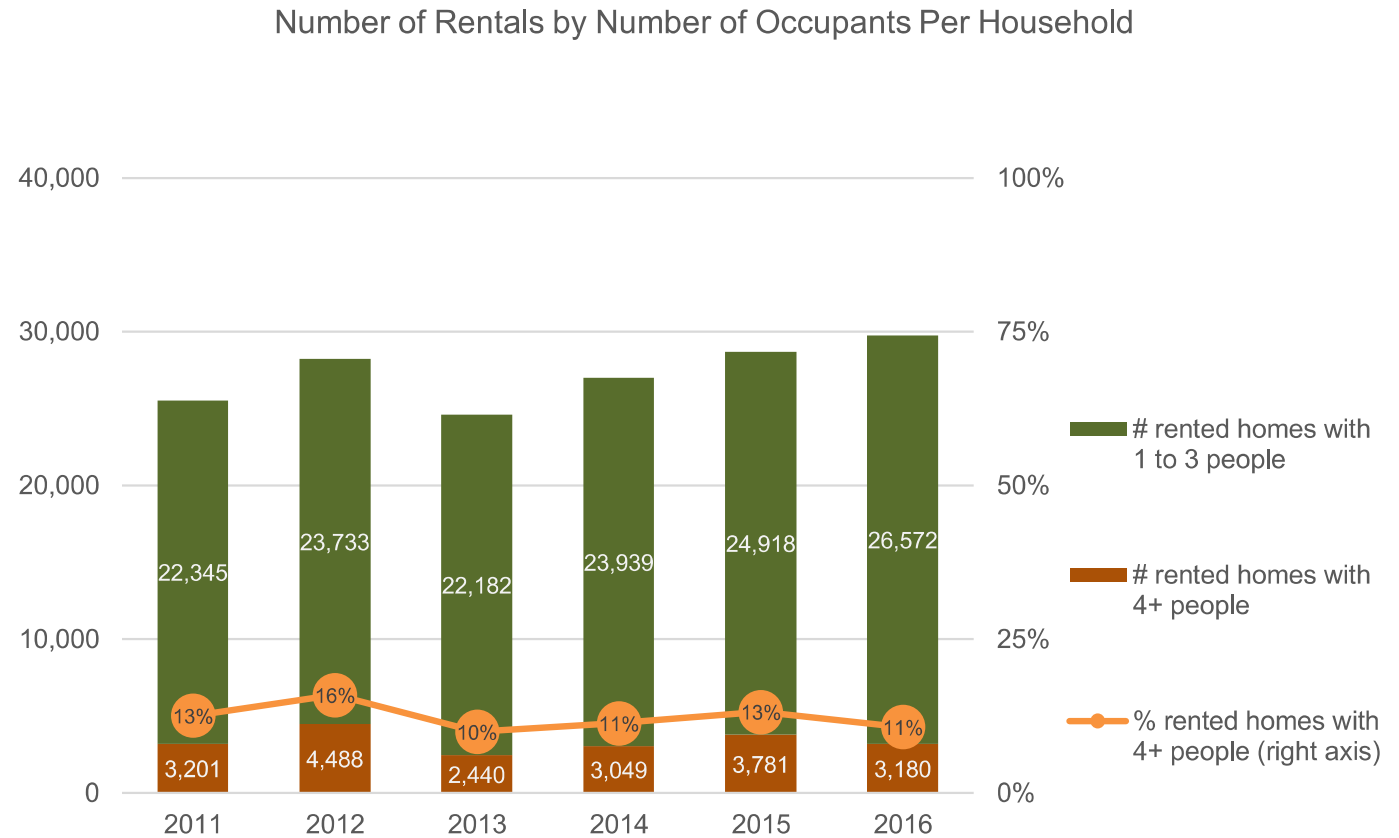
Recent Trends in Fort Collins

Key Findings: Recent Trends in Fort Collins

- ➔ Across the last six years, around 12% of rented homes have had four or more occupants. These households could have related occupants or otherwise not be in violation of the occupancy ordinance, so this does not indicate that 12% of rented homes are occupancy ordinance violators.
- ➔ Rented homes with four or more bedrooms is relatively uncommon, typically around 12%.
- ➔ A typical rented home has about 1.6 to 1.7 cars available
- ➔ Over time, the proportion of homes in multi-unit structures stayed about the same

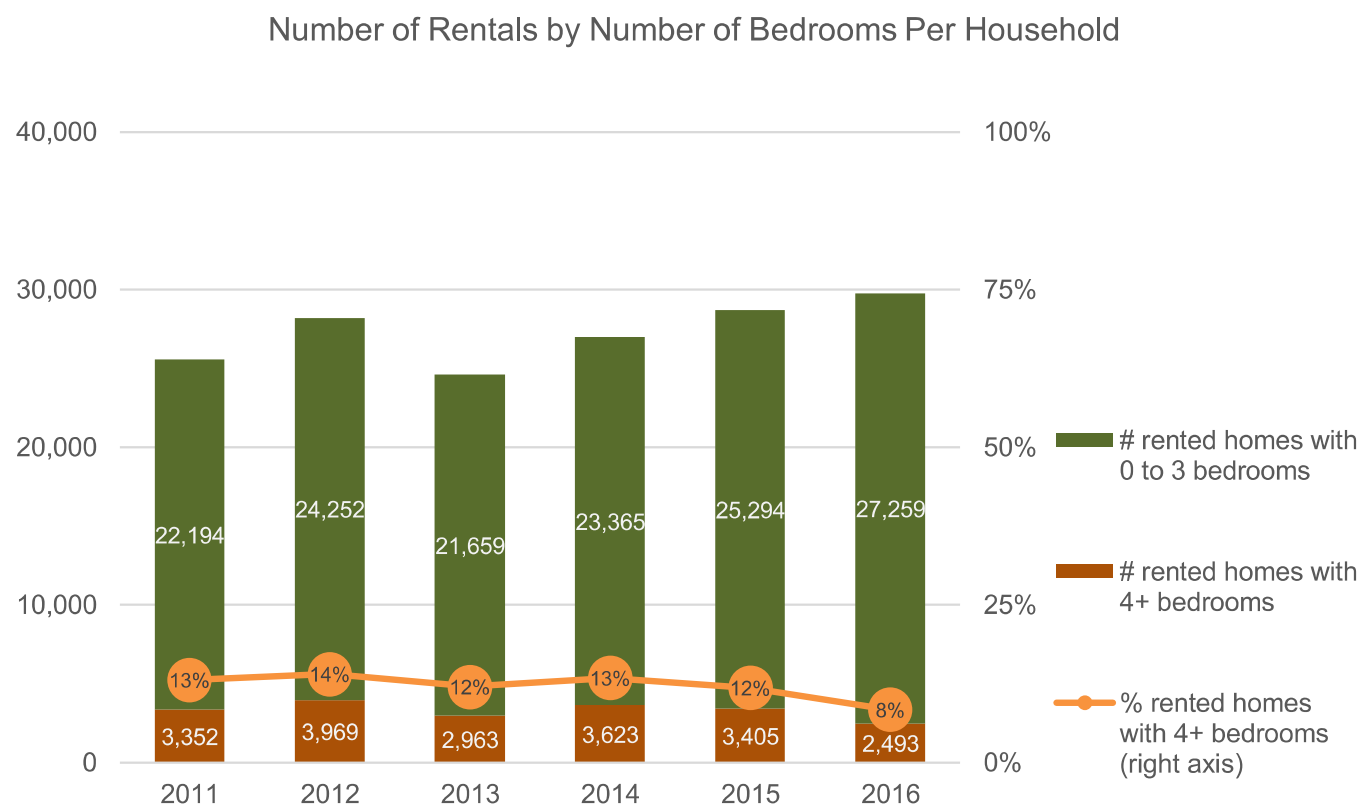
The proportion of rented homes with four or more occupants hovered around 12%

The proportion of rented homes with four or more occupants varied around 12%, but did not steadily increase.



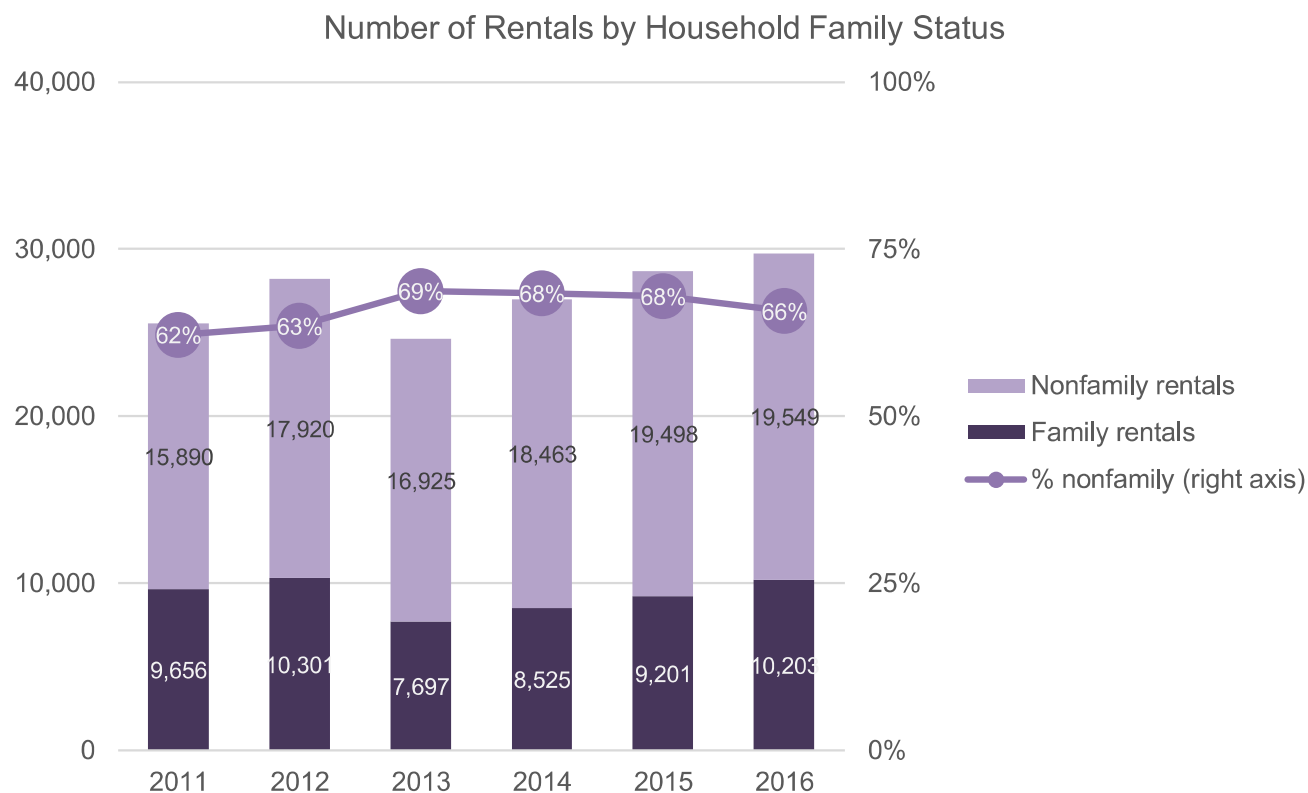
The proportion of rented homes with four or more bedrooms dipped slightly in 2016

The proportion of rented homes with four or more bedrooms bounced around 12% but did not steadily increase. The pattern of rented home with four or more bedrooms was similar to the proportion of rented homes with four or more occupants.



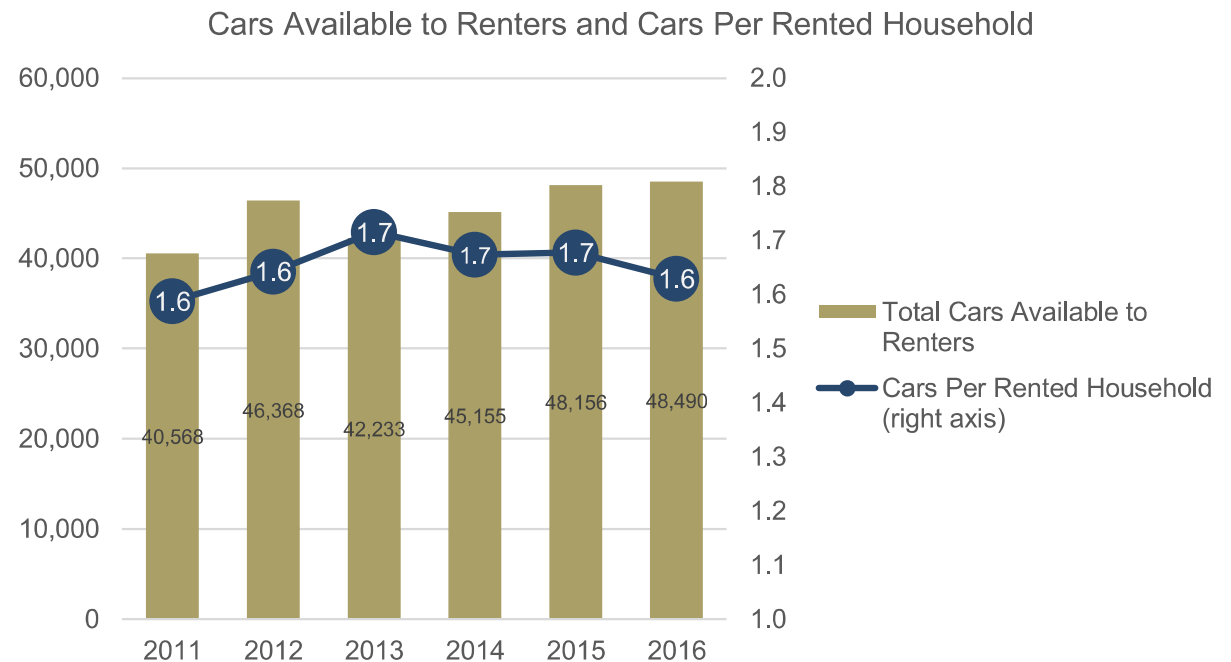
The proportion of homes rented by non-families increased very slightly from 2011

In 2016, about 66% of rented homes were rented by nonfamilies, which is typically defined as no one in the household is related. This proportion was slightly larger than estimates from 2011 (62%) and 2012 (63%) but similar to estimates from 2013 to 2015. Based on 3-year running averages, there was a very slight increasing trend in the percentage of nonfamily rentals.



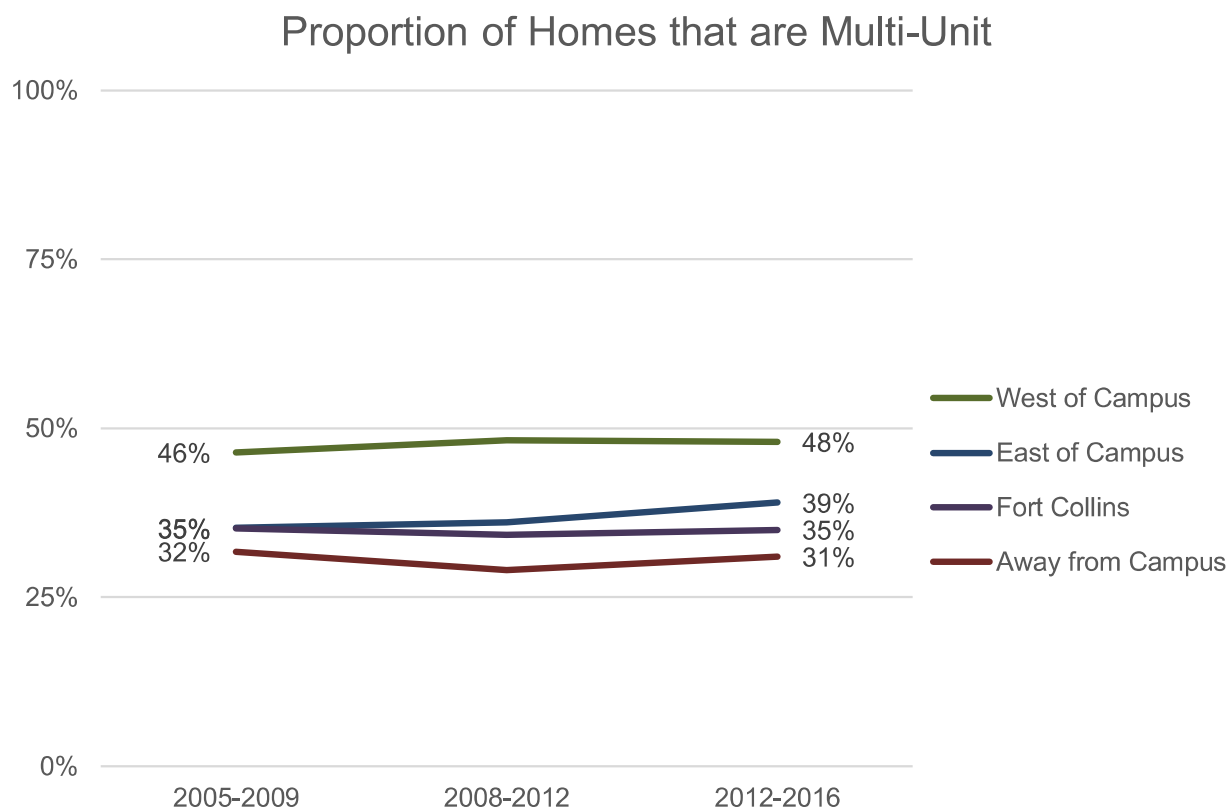
There have been about 1.6 to 1.7 cars available per rented household since 2011

The number of cars available per rented household bounced around 1.6 and 1.7, but it did not substantially change in a sustained pattern between 2011 and 2016.

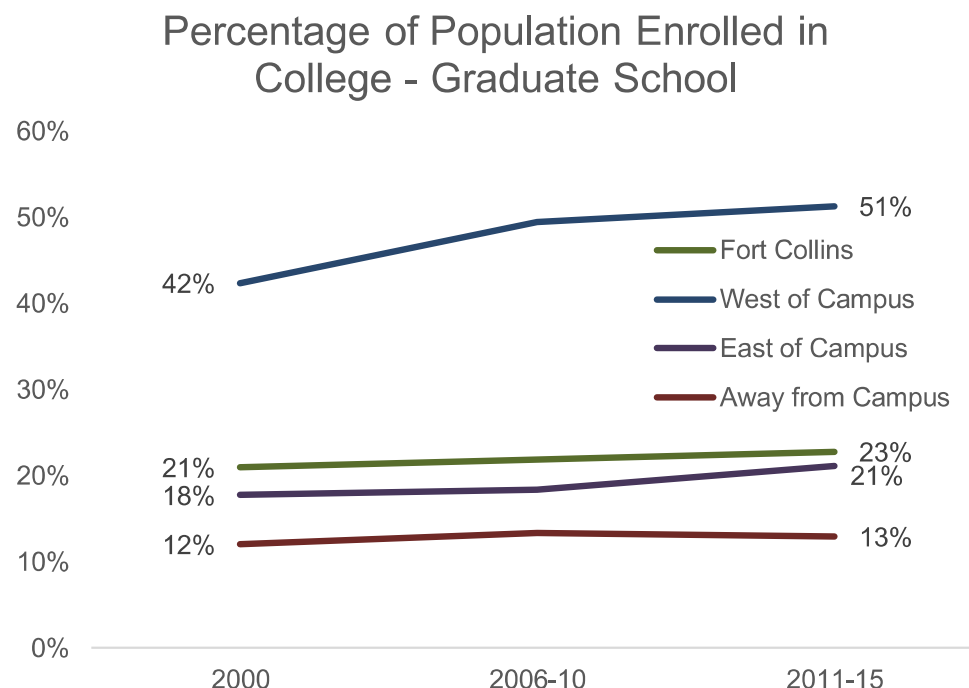
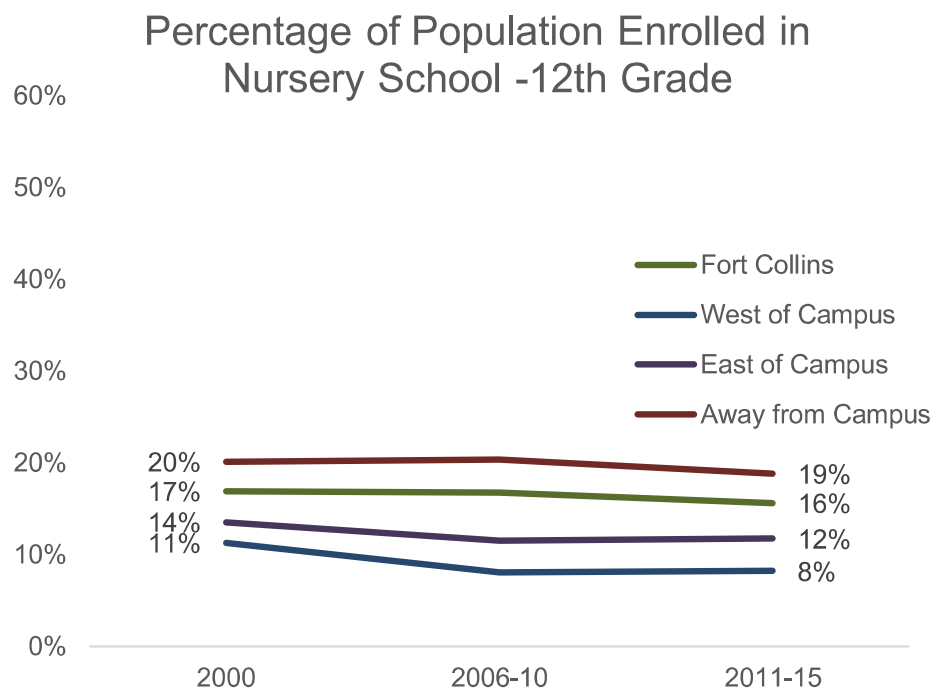


Over time, the proportion of homes in multi-unit structures stayed about the same

Since pre-2010, the proportion of all homes in multi-unit structures (e.g., apartments, duplexes, etc.) stayed about the same throughout Fort Collins and by region.



School children (nursery-12) make up a smaller percentage of population in the areas around campus post-ordinance



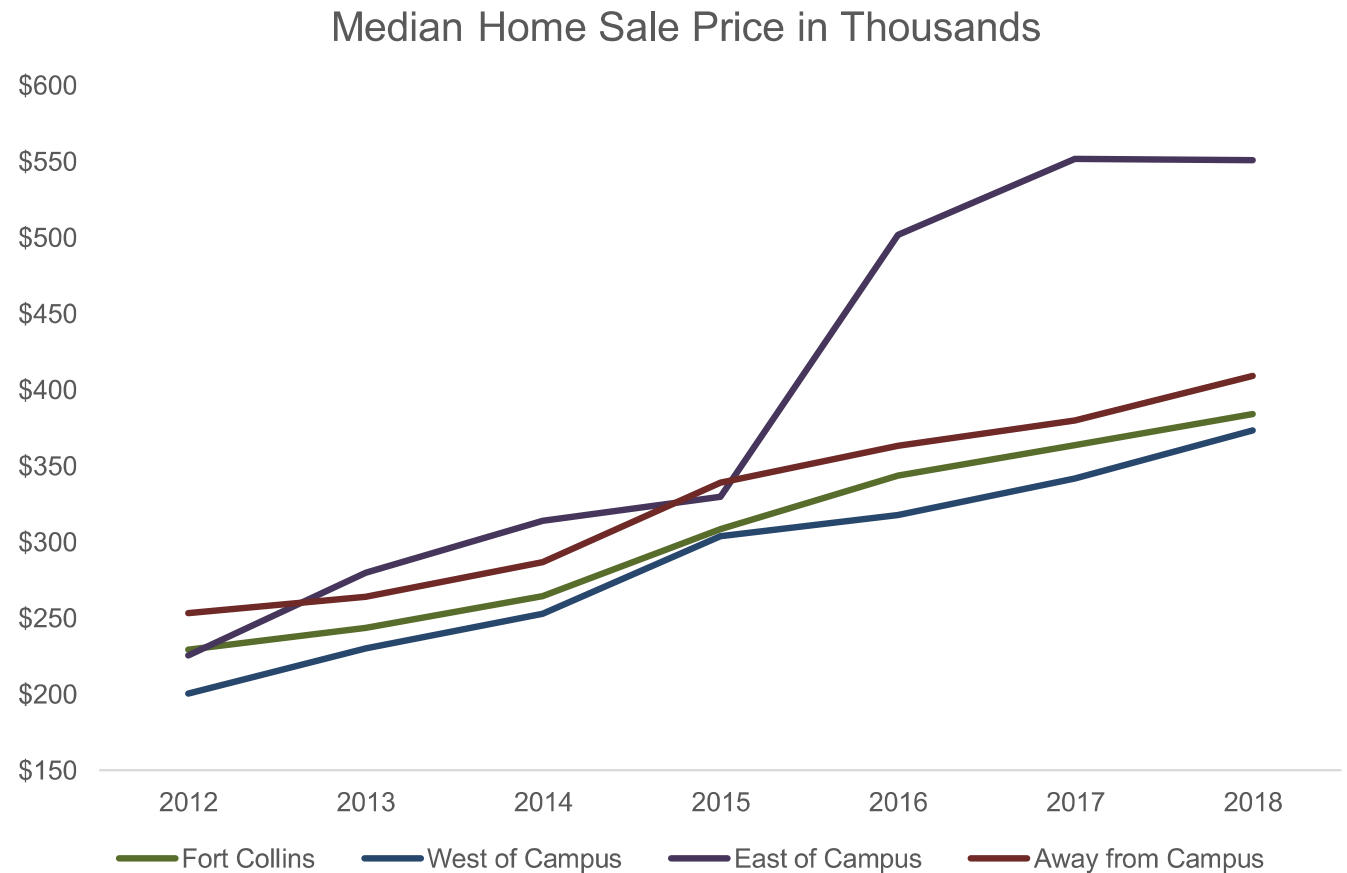
Enforcement of the ordinance has not particularly changed the composition of neighborhoods around campus, as measured by the population of children. The areas around campus have seen a small increase in college students and a small decrease in school children (nursery -12th grade) over the past 15 years, though most of that change occurred pre-enforcement.

Due to changing geographic boundaries, Census tract 2 is treated as “Away from Campus” in these calculations. It was split into two areas (one away and one West) in the 2010 census.

The price of median home sales has been significantly increasing across neighborhoods in Fort Collins

The median home in Fort Collins sold for \$155,000 more in 2018 than it did in 2012, a 67% increase.

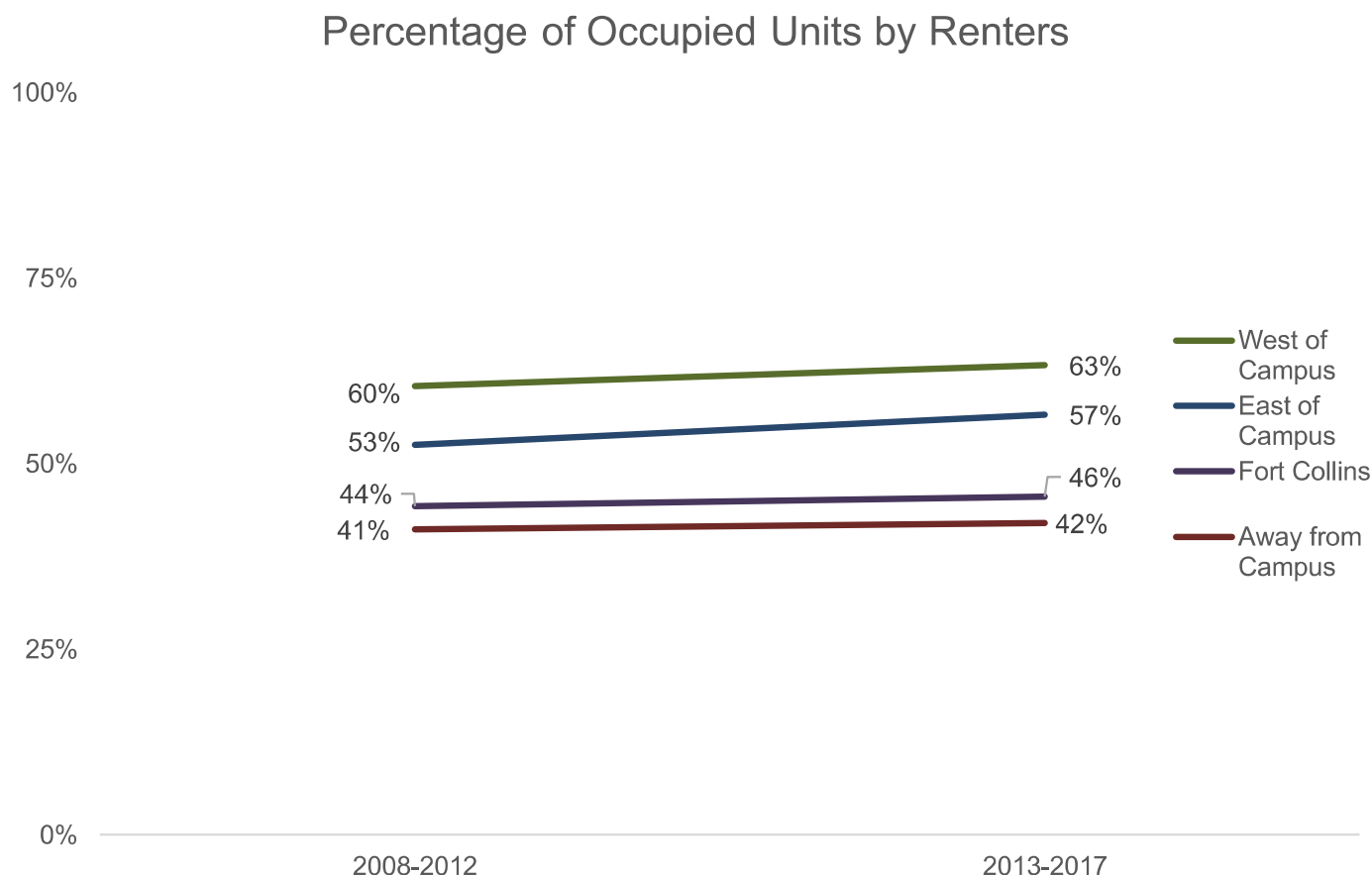
While home values east of campus appear to increase dramatically after 2015, this is based exclusively on data available from the University Park neighborhood.



Neighborhood data is calculated from the following areas. West of Campus (Avery Park, Brown Farm, Old Town West, P.O.E.T., Prospect, Rogers Park, and Shields). Away from Campus (Downtown, English Ranch, Foxstone, Huntington Hills, Miramont, Side Hill, The Landings, and Troutman Park. East of Campus (University Park).

Renters have been filling occupied units at higher rates across neighborhoods

While the percentage of renters in occupied units has been increasing across all neighborhoods, the largest increase has been seen around campus.



The percentage of four or more person rental households has decreased around campus

While the percentage of occupied rental households with four or more people has remained constant in the City at large, it has decreased in the areas around campus.

The areas around campus have seen a decrease of renters in one person households and an increase of renters in two person households.

