

## AGENDA

City Council Ad Hoc Housing Committee  
Thursday, December 10, 2020, 5:00 – 7:00 p.m.  
Location: Virtual

**Public is encouraged to listen through Zoom:** <https://zoom.us/j/98351510422>  
Or Telephone: Dial: (253) 215-8782 or (346) 248-7799 Webinar ID: 983 5151 0422

Committee Members: Kristin Stephens (Mayor Pro Tem), District 4  
Ross Cunniff, District 5  
Emily Gorgol, District 6  
Committee Contact: Lindsay Ex, lex@fcgov.com

Note: Per Ord. No 079, the Committee Chair, may in consultation with the City Manager and City Attorney, determine that meeting in person would not be prudent for some or all persons due to a public health emergency or other unforeseen circumstance affecting the city. Committee Chair Emily Gorgol has conferred with the City Manager and the City Attorney and has determined that the Committee will conduct this meeting remotely pursuant to Ord. No. 079. As well, an individual Committee member may request to participate remotely even if the rest of the Committee will be there if the member has a concern about their or others' health or safety by notifying the Clerk at least three hours in advance of the meeting.

1. Call Meeting to Order
2. Approval of November 12, 2020 minutes
3. Agenda Review
4. Discussion Items
  - a. Review: Anti-displacement and Housing Stability (*Clay Frickey, Redevelopment Manager*)
    - Review the November meeting discussion and staff work since then
    - Committee discussion around strategies and solutions
  - b. Explore:
    - Topic 1: Funding and Financing Strategies (*Sue Beck-Ferkiss, Housing Policy and Program Manager; Victoria Shaw, Sr Financial Analyst*)
      - Staff review of funding sources available, gap needed to achieve current goal, and an overview of options and strategies
      - Committee discussion
    - Topic 2: Occupancy and Rental Regulations (*Marcy Yoder, Neighborhood Services Manager; Justin Moore, Code Compliance Lead Inspector*)
      - Overview of existing occupancy regulations in Fort Collins
      - Guest presentation (Shelby Sommer, CU Denver Masters Student)
      - Committee discussion
5. Next Meeting Focus and Process Check-in

*There are three or more members of City Council that may attend this meeting. While no formal action will be taken by the Council at this meeting, the discussion of public business will occur and the meeting is open to the public via Zoom.*

## ATTACHMENTS

1. Meeting Pre-Work to Prepare for the December 10, 2020 Meeting
2. November 12, 2020 Draft Minutes
3. Pre-Work Item #3: Additional background on Fort Collins' occupancy program
4. Pre-Work Item #3: Shelby Sommer's Capstone Paper on Rental Regulations and Occupancy

## ATTACHMENT 1: MEETING PRE-WORK

### Pre-Work Item #1: Options for moving the Anti-Displacement and Housing Stability Conversation forward

**Description:** At the November Ad Hoc Housing Committee meeting, Councilmembers discussed anti-displacement and housing stability and asked for additional information on the following strategies as potential quick(er) wins:

- Support for legal defense fund to prevent evictions
- Support for financial literacy programs
- Develop maps showing neighborhoods assessing risk of displacement and gentrification

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**Greatest Challenge Alignment:**  
*Challenge #6: Housing policies have not consistently addressed housing stability and healthy housing, especially for people who rent.*

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Staff spent the past month assessing the feasibility of each anti-displacement strategy. What follows is a brief overview of how the City could act on each of these strategies on the short term.

#### **Legal Defense Fund**

**Overview:** Evictions have been minimal due to the federal moratorium on evictions. This moratorium lasts until the end of 2020. Once this moratorium expires, staff anticipates a sharp increase in evictions and thus a greater need for legal defense for households under threat of illegal evictions. In speaking with service providers, there is also an opportunity to provide education and address other housing security issues that come up during consultations on eviction cases.

**Potential Action:** Colorado Legal Services estimated an annual cost of a dedicated attorney and bilingual paralegal at \$125,000. This would cover direct representation in court, education and outreach for tenants and landlords, training specialized mediation volunteers to assist tenants on the day of a hearing (for previously unrepresented tenants) and with Conflict Mediation prior to court hearings, legal clinic/Ask A Lawyer days, “walk-in” assistance, and working with the court to get eviction avoidance resources printed in the packet for service on tenants facing eviction.

#### **Financial Literacy Programs**

**Overview:** The City currently provides financial support for financial literacy programs through the competitive process. Other community organizations offer financial literacy programs and have not sought funding through the competitive process in the past.

**Potential Action:** The City could allocate additional funds to the competitive process and encourage organizations that provide financial literacy programs to apply for funding through the competitive process. The CDBG Commission has full discretion on how to apply funds in the competitive process, however. This means the CDBG Commission could end up allocating additional funds to other priorities. Staff could also pursue supporting financial literacy programs offered by local banks. This would be outside the competitive process and further this objective.

#### **Gentrification/Displacement Mapping**

**Overview:** Other communities have created indices and maps showing the threat of displacement and gentrification at the neighborhood level.

**Potential Action:** In discussing this concept with GIS staff, this type of project is feasible, and its implementation is dependent on the complexity of the map. If the map uses readily available data from the City, County, and Census, the map could take a few months to develop and implement using only staff resources. Additional data sources increase the complexity of the map and the time it would take for staff to implement. An option for moving forward would be to create a simplified version of the map, test it, and then refine over time. Staff can complete this project without any additional resources.

**Discussion Question:** Would Committee members like to see any of these three quick(er) wins move forward now or be evaluated and considered within the full planning process?

## Pre-Work Item #2: Explore Topic 1: Funding and Financing Solutions

**Description:** At the November meeting, Councilmembers expressed the desire to dive in more deeply on funding and financing solutions for affordable housing. This section includes the following:

- A review of existing financing mechanisms and incentives
- A deeper dive into the scale of the gap (\$8.8M/year) and associated assumptions
- current occupancy ordinance; and
- Opportunities to increase funding available for direct subsidy from City resources as well as opportunities beyond direct City funding

**Greatest Challenge Alignment:**  
*Challenge #3: The City does have some tools to encourage affordable housing, but the current amount of funding and incentives for affordable housing are not enough to meet our goals.*

**Analysis of Existing Financing Mechanisms & Incentives:** The City of Fort Collins maintains a portfolio of mechanisms to incentivize Affordable housing. The below table illustrates how the current mechanisms support different housing needs:

Direct Subsidy	Serves up to 80% AMI	Serves up to 30% AMI	Requires Permanent Affordability	Requires Ownership
Affordable Housing Capital Fund	X			
Competitive Process Grant	X			
<b>Other Incentives</b>				
Fee Credits <i>(Previously Waivers)</i>		X		
Private Activity Bond	X			
Development Incentives <i>(Density Bonus, Priority Processing, Fee Delay)</i>	X			
Land Bank Program	X		X	
Land Trust Partnership	X		X	X
Special Taxing District	X			

The median level of City contributions in new construction & renovation of affordable housing projects from 2015-2020 was \$38,970 per unit. The City also provides other incentives to support affordable housing beyond direct subsidy.

The City has two direct funding sources which have contributed to Affordable housing developments:

- **Competitive Process funding** - The City distributes federal and local funds through an annual competitive process. Federal Community Development Block Grants (CDBG) and HOME program combine with the City Affordable Housing Fund to distribute between \$1.5- \$3M annually. At median subsidy, this could yield 38-77 units per year.
- **Affordable Housing Capital Fund** - The Affordable Housing Capital Fund is part of a dedicated sales tax. \$500K per year is expected for this fund from 2020-2025. The language requires that these funds be used for the capital needs of one or more affordable housing developments. At median subsidy, this could yield 12 units per year.

Over the past 5 years, 884 units have been incentivized through the existing mechanisms. An additional 245 units are also under construction.

**Scale of Gap & Assumptions behind \$8.8M/year:** A gap of \$8.8M would represent the median level of City contribution of \$38,970 per unit extended across 228 units. This is a simple figure which illuminates the scale of the gap, but does not account for additional complexities such as:

- Median figures are a common way to express housing costs and avoid skewing the data towards outliers. It means that half of projects have exceed this figure and half have required less. Many projects which required less leveraged one-time funding opportunities. Although we seek to maximize leverage of City funds, we cannot depend on those external funding sources to reoccur.

- 228 units/year was the need identified in the last plan; this may be revised in the next plan.
- Recently, there have been increases to raw material costs. Land and/or labor costs are also market driven and outside of our control. Changes in those costs could change the per unit gap.
- Many non-City funding mechanisms that contributed to these developments are being maxed out. This means that the leverage ratio realized vs. the direct City funding may not be sustainable if the volume of units per year is significantly increased. This could also increase the subsidy amount needed from the City.

**Opportunities to Increase Funding Available for Direct Subsidy:** There are multiple approaches the City could take to invest more direct subsidy in affordable housing. It is likely multiple mechanisms would need to be implemented to reach \$8.8M.

### 1. Options to Expand Existing Funding Pools:

Opportunity	Potential Yield	Difficulty
Expand Affordable Housing Fund during BFO	Medium to High	High
Implement New Dedicated Sales Tax	Medium to High	High

- **Increase funding to the Affordable Housing Fund** – Additional allocation from the General Fund during the Budgeting for Outcomes process would allow for more investment in affordable housing.
  - While this is in City Council’s control, it requires balancing against competing budget needs.
  - The amount committed has been about \$535K for the past two years.
- **New dedicated sales tax** – Currently, the Affordable Housing Capital Fund is funded through 2025 at \$500K per year. A new tax could substantially add to the funds in the Affordable Housing Capital Fund or the Affordable Housing Fund.
  - A sales tax of .25% would yield about \$9M annually.
  - A sales tax of .10% would yield about \$3.5M annually.
  - This would require an election and would need to be balanced with other City priorities.

### 2. New Funding Opportunities:

Opportunity	Potential Yield	Difficulty	Examples
Residential & Commercial linkage fees	Medium to High	Medium	Boston; Chicago
General Obligation Bond for Affordable Housing	Medium (One-Time)	High	Portland, OR
Tax Increment Financing in new URA areas	Minimal	Low	Minnesota; Texas
Demolition Tax or Fee	Low	Medium	Lake Forest, IL

- **Commercial and/or Residential Linkage Fees** - Linkage fees are policy tools that generate revenue by charging a fee on new development. It can be assessed on new commercial or market and/or luxury rate residential developments. All proceeds from these fees would be dedicated for investments in affordable housing development.
  - The City’s Feasibility Study for Inclusionary Housing and Affordable Housing Linkage Fees (May 2020) found that Residential and Commercial linkage fees could be justified at levels that exceed what the market could accommodate.
  - The study suggested that potential annual yields span a wide range:

	Residential		Commercial
5% of Max Justifiable	\$700K	50% of Max Justifiable	\$74K
50% of Max Justifiable	\$7M	75% of Max Justifiable	\$111K

- **General obligation bonds** - General obligation bonds are government issued bonds that are repaid from general funds or a dedicated tax. While securing general obligation bonds can be challenging, once issued the proceeds can be used flexibly.
- **Urban Renewal Authority and Tax increment financing** - Tax increment financing (TIF) is a vehicle for issuing bonds which fund the redevelopment of designated plan areas. The plan areas capture incremental tax revenue generated by development in the district.

- **Demolition taxes** - Demolition taxes are levied on property owners when they tear down residential buildings. Demolition can result in the loss of naturally occurring affordable housing if the replacement unit is of a higher cost. This type of tax helps compensate for that loss.

### **3. Opportunities beyond direct City funding**

The City is just one player in the landscape of affordable housing and relies on many partners. The City could also influence availability of affordable housing through continued advocacy and partnerships.

Action	Opportunity	Partner	Difficulty
Advocacy	Adjust PAB requirements	Federal	High
Advocacy	Expand LIHTC	Federal & State	High
Advocacy/Partnership	Employer Assisted Housing Programs	Local Employers	Medium
Partnership	Community Land Trusts	Elevation Community Land Trust (existing partner)	Low-Medium
Partnership	Community Down Payment Assistance	Metro DPA (potential partner)	Low
Partnership	Projects that do not require City subsidy	Various Community Partners	Low-Medium

#### **Opportunities for Advocacy:**

- **Private Activity Bonds** – Every year the City gets an allocation of federal PAB based on population. The competition for this bond capacity has overwhelmed supply across the state. The program is being examined at the federal level to consider fixing the yield of these bonds and/or requiring less bond per project. Either of these changes would be beneficial locally.
- **Low Income Housing Tax Credits** – LIHTC are available at both the State and Federal level. More tax credits could be made available for both these programs.
- **Employer-assisted housing (EAH) programs** – EAH programs provide a channel for employers to help their employees with housing costs. Assistance may be provided in a variety of ways, including direct funding and education. CSU is working on a project to develop new rental housing and discount rent for their employees based on their income. Currently, Fort Collins facilitates conversations about employer sponsored housing, but we could advocate more or begin partnering.

#### **Opportunities for Increased Partnership:**

- **Community Land Trusts (CLT)** – CLTs are mechanisms for creating permanently affordable for sale housing and maintaining the homes as affordable over the long-term. The City’s partnership with Elevations Community Land Trust not only brings a development and acquisitions partner who will act as long-term stewards, but they also bring subsidy to match what the community invests.
- **Community Down payment Opportunities** - The City discontinued offering homebuyers down payment assistance (DPA) because that assistance is available from other sources such as Colorado Housing Finance Authority and Impact Development Fund. A new partner could be the Metro DPA program, which is a potential quick(er) win the Committee could consider. This program is expanding and can serve borrowers with lower credit scores and those with low or very low-income. It can also serve borrowers with incomes up to \$150,000. While a City Council Resolution is required to offer this program in the City, there is no risk or cost for the City to participate.
- **Development projects that do not need public support** – Some affordable housing developments need little or no monetary support from the City but can benefit from City incentives. For instance, Lakeview on the Rise is a 180-unit development under construction in south Fort Collins. While they are using LIHTC financing, they received PAB from other parts of Colorado and did not ask for any Competitive process funding.

#### **Discussion Questions for Pre-Work Item 2:**

- What feedback or questions do Committee members have on the range of strategies identified?
- Would the Committee like staff to explore moving forward on the quick(er) win to partner with Metro DPA to expand down payment assistance opportunities for borrowers with incomes up to \$150k?

### Pre-Work Item #3: Explore Topic 2: Occupancy and Rental Regulations

**Description:** At the November meeting, Councilmembers expressed the desire to discuss Fort Collins' current occupancy ordinance (known as U+2) and explore other approaches to regulating rental housing. This session of the meeting will include the following:

- A review of the current occupancy ordinance
- A summary of research into 20 communities across the U.S. and their approach to rental regulations, and finally
- An exploration into potential next steps.

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*Greatest Challenge Alignment:  
Challenge #6: Housing policies have not consistently addressed housing stability and healthy housing, especially for people who rent.*

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**Background on the City's Occupancy Ordinance:** Fort Collins has had an occupancy code since the 60's with the original intent being limiting the number of unrelated people living in the same household as a way to manage neighborhood issues such as parking, noise, and rubbish.

In 2005, the City amended the ordinance to add clarity and to make violation of the ordinance a civil infraction, which was followed by a period of education and outreach before enforcement started in 2007. It is a complaint-based system that investigates reports of suspected over occupancy, typically based on parking, noise, or rubbish issues in the neighborhood. In the last several years, cases have ranged from 160 to just over 200 with the exception of this year which to date is 120. Typically, 35-50% are sustained and the balance are unfounded or unproven.

The 2018 Coruna Survey highlighted a couple of key points:

- There is a shift in profile of occupancy ordinance violators. In 2005, 71% of violators were college students. In 2018 only 47% are estimated to be students.
- The ordinance is well known with 89% of residents being aware of it. Many are neutral towards it, but more residents support the ordinance (42%) than oppose it (24%). The biggest split is homes with a college student are more likely to oppose the ordinance than support it, while homes without a student have the opposite stance.
- Proximity to suspected ordinance violators is correlated with lower neighborhood quality ratings.

In reviewing the current occupancy ordinance, its enforcement process, and currently available options for legally increasing occupancy in residential property located in Fort Collins, staff have identified options for potential process changes in order to balance the needs of the community as they relate to both the goal of addressing housing availability and impacts to quality of life/neighborhood livability. Initial options identified include:

- Revisions to the current occupancy code – could expand or eliminate the definition of family, increase the number of unrelated people, or base occupancy on building code requirements
- Streamline and/or Expand Extra Occupancy Rental House Approval Process – limit or remove existing criteria, increase the number of zone districts in which this tool is allowed, or created expedited/reduced fee approval processes
- Update Host Family Permitting Criteria/Process or create a new process for homeowners wishing to increase occupancy in their primary residence.
- Eliminate occupancy ordinance and replace with either rental registration or rental licensing (see capstone research paper information below)
- Implementation of a quasi-licensing and/or registration program specific to property owners intending to increase occupancy loads, replacing the current extra occupancy process.

These initial options and additional background and information on Fort Collins' Occupancy Ordinance is in **Attachment 3**.

***What we heard through the community engagement process:*** As will be discussed at the December 8 Work Session, engagement for the Housing Strategic Plan was conducted this past fall. Strategies identified by the community included four main categories, one of which is to “revamp the housing we have.” In this category, community members mentioned a desire to revisit occupancy restrictions at nearly every conversation that was held.

More specifically, participants saw zoning and occupancy restrictions as a significant barrier to having enough housing, and to having housing that is affordable for all residents. Many folks supported repealing “U+2”, which limits the number of unrelated people who can live in a house. This was seen as a potential benefit for people of all ages living on single incomes, and an opportunity to “free up” additional homes for rental or purchase.

### ***Capstone Research on Rental Regulations and Occupancy***

In addition to the overview of the City’s approach to occupancy, staff were approached by Shelby Sommer to conduct her capstone project for her Master’s Degree in Public Administration around rental regulations. Specifically, Ms. Sommer research explores rental housing regulations including occupancy, registration, licensing, and inspections for 20 communities across the United States, with emphasis on communities that have similar housing markets or demographic characteristics as Fort Collins. Interviews with and lessons learned from four of the 20 communities provide additional insight and considerations for Fort Collins and other communities exploring new rental regulations.

Key findings include:

- While the most common type of rental regulations reviewed are paired licensing and inspection programs, there are many regulatory permutations for communities to consider.
- Approaches that incorporate occupancy restrictions and focus rental registration and inspections on properties with a history of code compliance issues appear to be strategic and effective alternatives to comprehensive licensing and inspection programs.
- Rental regulations would likely lead to health, safety, and equity improvements but may have less of an impact on overall housing stability or affordability.
- Communities that adopt or revise rental housing regulations can expect political resistance and potential legal challenges, and so a collaborative and thorough stakeholder engagement process is critical to successful program development and regulation adoption.

The full research paper that Ms. Sommer developed is **Attachment 4** of this packet.

### ***Discussion Questions:***

- Is there openness to explore what tools best achieve the vision and balance the tension inherent in this solution, given the community feedback and interest?
- If staff begins to scope this conversation, what are the key considerations Councilmembers want to see included? What additional questions need to be explored and/or answered?

## AD HOC HOUSING COMMITTEE

November 12, 2020

5:00pm-7:00pm

Zoom Meeting

### Members:

Mayor Pro Tem Stephens, Councilmember Cunniff, Councilmember Gorgol

### Attendees:

Staff Members: Lindsay Ex, Caryn Champine, Meaghan Overton, Clay Frickey, Sue Beck-Ferkiss, Shawna Van Zee, Dean Klingner, Carrie Daggett, Jackie Kozak Thiel, Sylvia Tatman-Burruss

Community Members: Daphne Bear, Jennifer Bray, Kevin Jones, Bob Pawlikowski, Adam Eggleston

**Call to Order:** 5:03

### Approval of October Minutes and Agenda Review:

- Councilmember Cunniff moved to approve, Councilmember Gorgol seconded.  
Roll call for vote: Unanimous 2-0-0.
- Proposed adoption date of February 16, 2021
- Draft vision: “Everyone has stable, healthy housing they can afford”
- Fall engagement update and summary

### Discussion Item: Housing Types and Zoning Discussion

- Summary of October discussion including initial list of strategies and next steps
- Quick(er) wins: Adopt Housing Strategic Plan and prepare an out-of-cycle appropriation to initiate comprehensive revisions to the Land Use Code in Q2 of 2021
  - Interested in cost estimate for Land Use Code revisions – initial estimate \$300k
  - Initial work could be started, full audit implementation will take a few years
  - Mid-year cycle appropriation could potentially fund beyond this Council, but the results would need to be adopted by new Council
- Committee discussion around strategies and solutions that could be included in the Housing Strategic Plan and their various timelines
  - Committee members supported moving forward with an off-cycle appropriation to begin the initial LUC audit work – more information will be brought forward to the full Council at the December 8, 2020 Work Session
  - Councilmembers asked that staff bring forward a conversation around economic mobility, e.g., educational access, wages, childcare and transportation at a future meeting.
  - Councilmembers also supported moving forward now on exploring solutions to increase the density bonus, what else could be achieved via land bank parcels, and other associated code changes.
    - Discussion: Does density have to get increased through the Land Use Code, or is there another way to address density? Could potentially pull out that one piece, discuss with affordable housing providers about ideal density requirements. Would require change to Land Use Code.
    - Affordable housing providers – in increasing density, would have to consider other impacts (e.g. number of units per building, etc.)
    - While LUC is being updated, can development proposals be considered individually for density?

- Recognized there is the option for a standalone modification request for density, yet what staff has heard from community members and stakeholders is there is a preference for a Land Use Code change that would apply to all projects to reduce potential risk, particularly with financing affordable housing

### **Discussion Item: Explore Housing Stability and Anti-Displacement**

- Summary of October discussion – request to research anti-displacement and gentrification strategies
  - Began with Portland, OR framework and researched 8 communities (Portland, OR; Austin, TX; San Francisco, CA; Denver, CO; Bozeman, MT; Flagstaff, AZ; Ann Arbor, MI; Lawrence, KS)
  - Found 29 distinct policies – no one community doing all 29, and no policy being used by all 8 communities
    - Fort Collins is implementing 8 of these
- Potential Quick Wins:
  - Strategy 1 – Assess displacement and gentrification risk
    - Can use existing staffing and readily available data
  - Strategy 2 – Tenant rights and legal services
    - Continue support for legal defense fund for renters facing eviction
  - Strategy 3 – Financial literacy
    - Support existing programs offered by partners
  - Strategies 1 and 3 would require support from additional departments, unsure if resources would allow currently – if committee members support, staff could create roadmap to show the how and potential constraints
  - Strategy 2 is already in process
  - To prioritize these, would be helpful to see direct impact on community – what is most needed, most quickly to positively impact housing gaps and needs?
  - Councilmembers supported exploring these strategies, as they were generally low risk and could serve as a good starting point; staff will bring these strategies back to the Committee with more specifics at the December meeting.

### **Next Meeting Focus and Process Check-in:**

- Interest in discussing the following at December meeting/future meetings:
  - Dedicated funding source
  - Overview of financing tools
  - U+2, rental licensing, tenant protections – this may be too much to dig into in one meeting, but these issues all come up frequently
  - Graduate student has researched rental licensing – they could share this research
  - Discussion of employment incentives, living wage, and workforce housing – earmark for partnership conversation
  - How to approach options as more retail spaces become available
- Process Check-in
  - About the right amount of information and pre-work
  - Some Councilmembers expressed that it was easier to read materials vs watching videos; others expressed videos are easier – continuing with a mix is good
- Jonathan Rose will join January 11 Futures Committee – focus on communities of opportunity
  - Copy of his book and invite will go to all Councilmembers

**Meeting Adjourned: 6:31**

### **Attachment 3: Pre-Work Item #3 - Occupancy in Fort Collins**

**History and Original Intent:** The City of Fort Collins has a long history with the occupancy ordinance. The initial ordinance went into effect in 1964, which limited the number of unrelated individuals that may occupy a residential dwelling unit. The original intent of establishing Occupancy limits in Fort Collins was focused on the issue of neighborhood off-street parking. Prior to 1963, homes typically had single-driveways, single-garages and occupants generally had only one car. This model worked until each home had more than one driver, leading to more than one vehicle per home and parking on the street.

The City of Fort Collins adopted the ordinance in 1963 (Ordinance 53, 1963). The ordinance Was proposed following neighborhood concerns of increased congestion and over-parking on streets associated with the rising number of rental properties that were emerging at the time. With the adoption of the ordinance, the definition of family was updated to exclude a group of more than 3 individuals who were not related by blood, marriage, or other duly authorized custodial relationship. Its purpose of establishing a limit on the number of individuals who can occupy a property was intended to decrease the impacts of parking within neighborhoods by reducing the number of vehicle owners per household, as well as a number of other livability issues commonly associated with over-occupied properties (noise, rubbish, etc.).

In 2005, after much public input and an economic study, City Council amended the ordinance to add clarity and to make violation of the ordinance a civil infraction, thus making the ordinance more enforceable. Following a period of community education and outreach, active enforcement of the ordinance began in 2007 as a result, and has continued until present.

The occupancy limit ordinance, found in 3.8.16 of Fort Collins Land Use Code, currently restricts the number of persons who occupy a dwelling unit to no more than three (3) unrelated parties, or a family of any size plus one additional unrelated individual. The City's Occupancy Enforcement Program is managed by two fulltime Inspectors. Caseload is distributed and processed depending on order in which cases are received, volume of reported properties, and prioritization based on high-profile referrals or health/safety concerns. Occupancy cases are primarily investigated on a reactive basis, following complaints involving neighborhood impact.

There are allowances for extra occupancy based on zone district and/or host family permitting, within parameters; however, in low-density residential zone areas (RL) the objective is to preserve the neighborhood character and therefore exceptions in that zone type are currently not allowed. There are two existing exceptions to the occupancy ordinance currently in place: Dwellings regularly inspected or licensed by the state or federal government, including, but not limited to, group homes, and; Dwellings owned and operated by a non-profit incorporated organization for the purpose of providing housing to victims of domestic violence.

The options developed are provided below, with additional information about the program, current case loads, and engagement feedback beginning on page 4 of this document.

#### **Options for Consideration re: Opportunities for Improvement:**

In reviewing the current occupancy ordinance, its enforcement process, and currently available options for legally increasing occupancy in residential property located in Fort Collins, staff have identified options for potential process changes in order to balance the needs of the community as they relate to both the goal of addressing housing availability and impacts to quality of life/neighborhood livability. Below are potential/possible options. **The bigger question is which**

**tools make the most sense for us to consider in balancing the tensions we now face? What additional questions need to be explored and/or answered?**

**1. Revision of Current Occupancy Code**

Occupancy limits and narrow family definitions can create unintended constraints on housing choice and options, including cooperative housing opportunities for seniors and people with disabilities desiring to live with unrelated adults in a single family home setting. Occupancy limits may also potentially pose fair housing liabilities to the extent that they can have a disparate impact on certain individuals.

Other cities have expanded or eliminated the definition of family, allowed up to 8 unrelated people, or have based occupancy on building code requirements (e.g. x number of square ft per occupant).

**2. Streamline and/or Expand Extra Occupancy Rental House Approval Process**

Utilizing the existing process already in place for designating a residential property as an Extra Occupancy Rental House, however limiting or removing a number of existing criteria required for approval in order to broaden the availability of this option as a means for property owners to legally increase occupancy loads upon submitting application for approval.

The option for obtaining EOR designation is limited to residential property located in 15 zone types throughout Fort Collins. This currently does not include low-density residential zone (RL) areas, which accounts for the majority of residential homes within city limits. Opening up the qualifying zones to include certain or all RL zone districts would drastically increase accessibility of the EOR designation to more property owners and support an increase in housing availability.

Additionally, the process for obtaining this designation can be both lengthy and costly. Lowering fees and allowing for expedited EOR approval decisions being made at a staff level, among other significant process changes, would likely be necessary in order for this to be a practical and effective option.

**3. Update Host Family Permitting Criteria/Process or create a new process for homeowners wishing to increase occupancy in their primary residence.**

Utilizing the existing application process already in place for issuing Host Family Permits, however updating existing criteria required for approval in order to broaden the availability of this option as a means for property owners to legally increase occupancy loads for purposes such as being able to keep their home in the face of financial hardship, home-sharing to allow for aging in place for elderly community members or for other individuals in need, etc..

Currently the HFP is a simpler approval process than obtaining EOR designation, and issuance of the permit can be done in short order at the staff level. While the permit is already applicable for residential property in any zone-type, at present it is limited to owner-occupied property, and only allows for an increase of one additional unrelated occupant. Further, the permits are tied to a 10-month timeframe and can be re-issued for

up to an additional 10 months, provided that 2 months have elapsed between issuance of permits.

Updating the HFP criteria to increase the number of additional occupants and eliminating the required gap between permits issued (while maintaining the time-limited permit duration on an as-needed basis) would drastically increase the availability of this option to property owners seeking to increase occupancy loads. Such changes may put this process in conflict with the already existing and more complicated process for Extra Occupancy Rental House designation, however.

There would also need to be consideration of what other criteria should be included in approving additional occupants.

4. **Eliminate Occupancy Ordinance and replace with one of the following:**
  - a. **Rental Registration**
  - b. **Rental Licensing**

Listed below is the conclusion from recent research paper by Shelby Sommer, see **Attachment 4**.

**Conclusion:** Several of the communities reviewed include housing occupancy regulations like Fort Collins, yet all layer in other rental regulatory approaches to more proactively address rental housing management and conditions. Approaches vary from voluntary rental registration to mandatory licensing and inspection.

Additional rental regulations beyond occupancy regulations present potential benefits to communities like Fort Collins, especially in the context of improving health and safety conditions for tenants. Few of the examples reviewed demonstrate significant impact on housing stability, partially because rental occupancy provides flexibility and in university communities, high rental turnover is expected. In terms of housing affordability, some rental regulations can create a perception of increasing unaffordability. Yet in communities like Fort Collins with extreme housing affordability challenges, some renters experience substandard housing conditions as a result of simply trying to secure low-cost housing.

Fort Collins' U plus 2 ordinance focuses on over-occupancy as a nuisance issue for neighbors, whereas many of the other programs examined focus on proactively addressing housing conditions and tenants' rights to quality, safe, and healthy housing. As Fort Collins looks to finalize and implement the Housing Strategic Plan with a vision that "everyone has healthy, stable housing they can afford" (City of Fort Collins, 2020a), it may be necessary to introduce creative, locally-tailored rental housing regulations beyond U plus 2 to improve equity and quality housing options for the community's large rental housing population.

5. **Implementation of a quasi-licensing and/or registration program specific to property owners intending to increase occupancy loads, replacing the current extra occupancy process.**

This is an example of a hybrid solution or a step process that could be the first phase to a longer-term strategy of rental licensing for all rentals. It would allow us to pilot a rental licensing program and potential streamline and change the current processes for extra occupancy with a focus on both the health and safety of the unit and paying attention to the livability issues in the surrounding neighborhood.

**Discussion Questions:**

- Is there openness to explore what tools best achieve the vision and balance the tension inherent in this solution, given the community feedback and interest?
- If staff begins to scope this conversation, what are the key considerations Councilmembers want to see included? What additional questions need to be explored and/or answered?

**Current Perceptions and Caseloads:**

Occupancy is a divisive topic. Annually, we have residents that say, the Occupancy ordinance saved my neighborhood. Thank you. Over the last several years we have students and/or members of ASCSU that approach us about changing U+2 to Me +3.

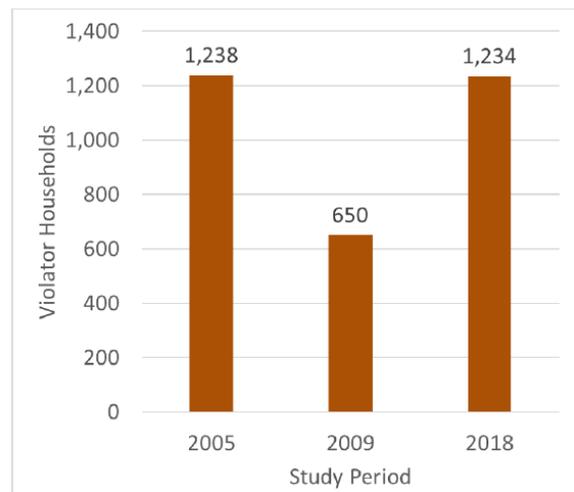
The 2018 Coruna Survey highlighted a couple of key points regarding the number of people not in compliance, their profiles, people’s current perception of the occupancy ordinance and neighborhood quality ratings. See tables below. The survey can be accessed <https://www.fcgov.com/neighborhoodservices/occupancy> under the occupancy study section.

## 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.

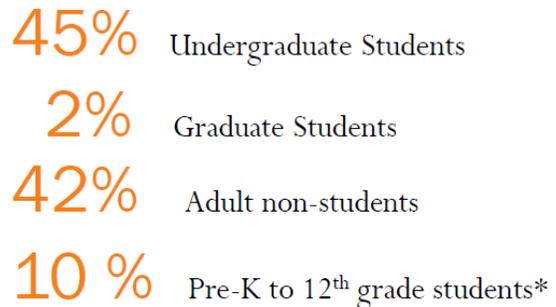


## Profile of Occupancy Ordinance Violators

*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.



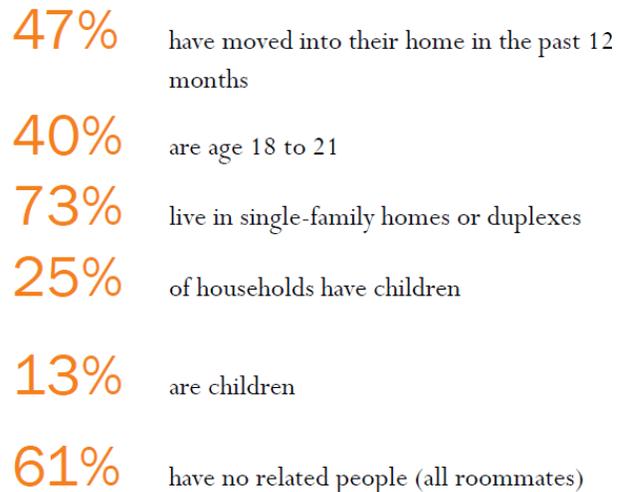
\*These are minor school-age children of other segments.

## 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.



## 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.

	Total	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
<b>Base</b>												
<b>Unweighted</b>	1328	355	498	475	1044	284	1049	271	202	1064	1167	123
<b>Opinion of Occupancy Ordinance</b>												
<b>Support</b>	42%	38%	44%	43%	45%	37%	53%	30%	19%	47%	43%	28%
<b>Neutral</b>	31%	34%	26%	31%	29%	34%	25%	38%	31%	31%	29%	40%
<b>Oppose</b>	24%	26%	25%	23%	22%	27%	19%	29%	44%	19%	24%	27%
<b>No opinion</b>	3%	3%	4%	3%	4%	3%	3%	4%	7%	2%	3%	5%

## 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.

	Total	Region			Tenure		College Student in Home	
		West of campus	East of campus	Remainder of city	Owner	Renter	Yes	No
<b>Peace and quiet</b>	1.12	0.80	1.14	1.24	1.27	0.94	1.17	1.11
<b>Maintenance of lawns</b>	1.05	0.77	0.87	1.18	1.10	0.99	1.13	1.04
<b>Maintenance of houses</b>	1.07	0.78	0.90	1.20	1.20	0.90	0.89	1.10
<b>Sense of community</b>	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

## 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

## 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.

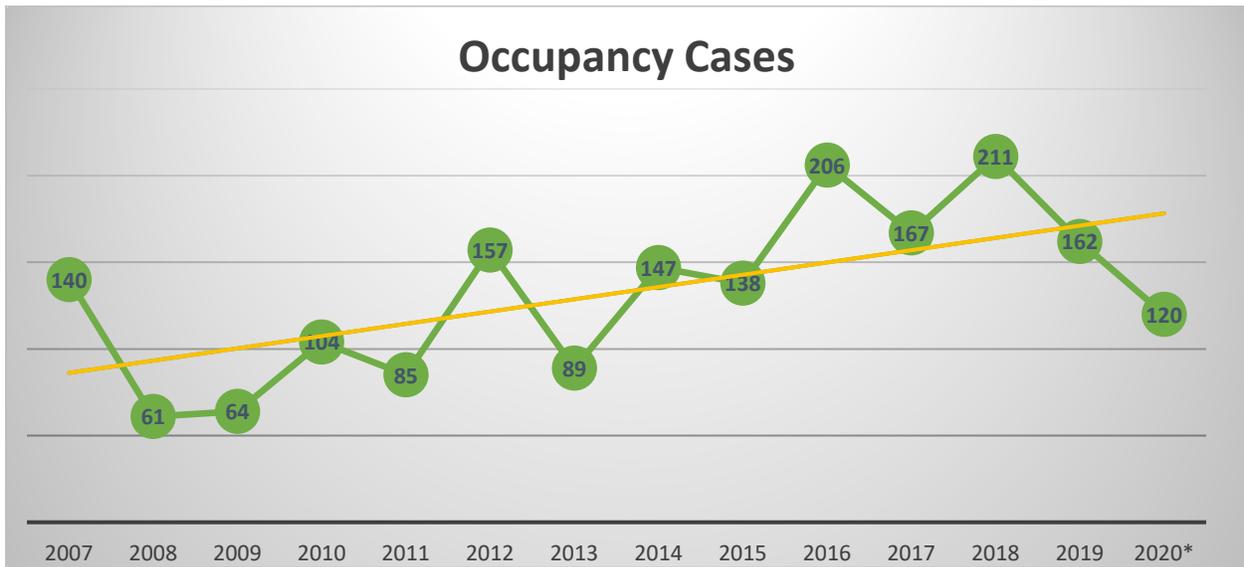
	Total	West of campus-Neighbor(s) violating occupancy ordinance		East of campus-Neighbor(s) violating occupancy ordinance		Remainder of city-Neighbor(s) violating occupancy ordinance	
		Yes	No	Yes	No	Yes	No
Uncontrolled pets running loose	0.51	1.02	0.54	0.66	0.42	0.77	0.4
Criminal activity	0.31	1.07	0.45	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.



ns Rental and Occupancy Study

**Occupancy Investigation Caseloads:**



	TOTAL OPENED	CASES	Sustained	Unfounded/Unproven	Percent Sustained
2007	140		19	121	14%
2008	61		15	46	25%
2009	64		23	41	36%
2010	104		49	55	47%
2011	85		46	39	54%
2012	157		88	69	56%
2013	89		42	47	47%
2014	147		74	73	50%
2015	138		62	76	45%
2016	206		77	129	37%
2017	167		52	115	32%
2018	211		77	106	42%
2019	162		58	104	36%
2020*	120*		34*	57*	37%*

\*As of 12/20

**\*A case distribution heat map is being developed and may be ready to share at the time of the committee meeting.**

## **Current Processes for Increasing Occupancy Limits:**

### Extra Occupancy Rental House:

- Extra Occupancy Rental House is a building or portion of which is used to accommodate, for compensation, four (4) or more tenants, boarders, or roomers. It is not necessary for a family or owner to also occupy the house.
- Approved units are permitted in certain zones (see Extra Occupancy Rental House Zone Map).
- Process for obtaining certificate of occupancy as an Extra Occupancy Rental House includes either a Type 1 administrative public hearing or a Basic Development Review, application for change of use building permit, and an inspection for compliance with applicable codes/regulations.
- Some factors considered during the approval/denial process include the density/number of nearby Extra Occupancy Rental Houses (no more than 25% of parcels on a block face), minimum building square footage of habitable floor space per occupant, minimum bicycle and parking spaces.
- At present, there are 59 single or two-family dwellings (104 additional “approved” occupants) and 12 multi-family properties that are approved as Extra Occupancy Rental Houses within the City of Fort Collins.

[https://www.fcgov.com/neighborhoodservices/files/extraoccupancyzoning11x17\\_2018.pdf?1552071594](https://www.fcgov.com/neighborhoodservices/files/extraoccupancyzoning11x17_2018.pdf?1552071594)

### Host Family Permit:

Effective 2010, this allows an increase of the occupancy limit for host families in single-family, owner-occupied dwellings to allow for one additional person, provided that the following conditions are met:

- Adequate off-street parking is available to accommodate the additional occupant.
- There have been no code violations at the premises for which the permit is sought within the twelve (12) months immediately preceding the date of the application for the permit.
- At least two (2) months have elapsed since the issuance of any previous host family permit for the same premises.

Permits issued are valid for ten (10) months from the date of issuance. A permit may be revoked during the permit duration if a violation of the City or Land Use Code has occurred at the premises for which the permit was issued. In 2019, nine (9) Host Family Permits were issued, and to date only one has been issued in 2020.

## **Current Exceptions to the Occupancy Ordinance:**

- Dwellings regularly inspected or licensed by the state or federal government, including, but not limited to, group homes.
- Dwellings owned and operated by a non-profit incorporated organization for the purpose of providing housing to victims of domestic violence.

### **What we heard through community engagement process:**

The community values for housing included equity, choice, and collaboration. The strategies grouped into four categories:

- Revamp the housing we have
- Increase the amount and types of new homes
- Ensure housing stability and safety for renters and homeowners
- Leverage funding for housing stability and sustainability

Under revamp housing we have the community recommendations included things like:

- Remove or relax occupancy restrictions
- Relax restrictions on density in existing neighborhoods
- Make it easier to modify homes
- Ensure all neighborhoods have access to amenities
- Explore options of “house swapping” between residents

Participants saw zoning and occupancy restrictions as a significant barrier to having enough housing, and to having housing that is affordable for all residents. Many folks supported repealing “U+2”, which limits the number of unrelated people who can live in a house. This was seen as a potential benefit for people of all ages living on single incomes, and an opportunity to “free up” additional homes for rental or purchase.

**Regulating Rental Housing: Considerations for Fort Collins, Colorado**

Prepared for the City of Fort Collins Social Sustainability Department

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Fall 2020

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## **Executive Summary**

Fort Collins, Colorado is a university community with nearly half of the population (46.9%) living in rental housing units (U.S. Census Bureau, 2020). Issues such as housing quality, stability, affordability, and equity are growing concerns across the community. The City of Fort Collins' current approach to regulating housing centers on limiting housing occupancy to no more than three unrelated adults. Building on two decades of affordable housing planning, Fort Collins is preparing its first-ever comprehensive Housing Strategic Plan. As part of that effort, Fort Collins is exploring new solutions to address rental housing concerns.

This research explores rental housing regulations including occupancy, registration, licensing, and inspections for 20 communities across the United States, with emphasis on communities that have similar housing markets or demographic characteristics as Fort Collins. Interviews with and lessons learned from four of the 20 communities provide additional insight and considerations for Fort Collins and other communities exploring new rental regulations.

While the most common type of rental regulations reviewed are paired licensing and inspection programs, there are many regulatory permutations for communities to consider. Approaches that incorporate occupancy restrictions and focus rental registration and inspections on properties with a history of code compliance issues appear to be strategic and effective alternatives to comprehensive licensing and inspection programs.

Rental regulations would likely lead to health, safety, and equity improvements but may have less of an impact on overall housing stability or affordability. Communities that adopt or revise rental housing regulations can expect political resistance and potential legal challenges, and so a collaborative and thorough stakeholder engagement process is critical to successful program development and regulation adoption.

## **Introduction**

The City of Fort Collins (City) is a home-rule municipality, with a vision “to provide world-class municipal services through operational excellence and a culture of innovation” (City of Fort Collins, n.d.b). The organization is nationally recognized for its leadership and commitment to performance excellence (National Institute of Standards and Technology, 2017). The City’s Social Sustainability Department has a mission to “support a diverse and equitable community that successfully meets the basic needs of all residents” (City of Fort Collins, n.d.a). The Social Sustainability Department is leading development of the City’s first Housing Strategic Plan, in coordination with other departments, including but not limited to Neighborhoods Services and Planning. The effort is guided by an Ad Hoc Housing Committee comprised of three City Councilmembers. The draft vision for the Housing Strategic Plan is “everyone has healthy, stable housing they can afford” (City of Fort Collins, 2020a) and the plan will eventually include goals, strategies, and implementation details to support achievement of this vision.

The Housing Strategic Plan will address a full spectrum of housing needs, ranging from affordable housing to high-end housing market considerations (City of Fort Collins, 2020a). Issues and opportunities for the plan to address include quality rental housing and neighborhood compatibility solutions. One existing approach to address neighborhood quality is Fort Collins’s “U plus 2” occupancy ordinance, which limits the number of unrelated persons living in residential dwelling units (including owner-and renter-occupied units). Fort Collins has a long history of looking at occupancy issues, and so this research examines possible alternatives or modifications to “U plus 2” in the context of the Housing Strategic Plan vision. Potential

alternatives or layered approaches to U plus 2 include registration, licensing, or inspection programs for rental housing.

Concerns about housing affordability, availability, quality, equity, and enforcement are underlying factors driving community conversations about potential occupancy ordinance alternatives or refinements. Emerging priorities also include improving health, safety, and efficiency of rental housing, and the elevating role that housing plays in achieving the community's ambitious climate goals. This project examines how the City of Fort Collins could, if the community desires to, effectively regulate rental housing to help achieve a vision that "everyone has healthy, stable housing they can afford." The research explores and documents best practices among municipal rental housing regulations and programs. Because many communities are facing similar housing challenges as Fort Collins, this research will be of value to other organizations looking to establish equitable and innovative rental housing regulations and programs.

## **Literature Review**

### **Defining Healthy, Stable, and Affordable Housing**

To understand how to achieve healthy, stable, and affordable housing for all community members, it is important to first define and explore what each of these concepts mean both universally, as well as in the local Fort Collins context.

#### ***Healthy Housing***

The premise behind healthy housing is that the nature and quality of housing conditions has a tremendous impact on inhabitant health and safety. Unhealthy housing conditions, including but not limited to lead paint, poor indoor air quality, and general neglect in upkeep, can lead to myriad problems and challenges including asthma, lead poisoning, behavioral and

learning problems, and physical injury (Stacy C. P., et al., 2019). These unhealthy conditions are present in communities across the country; in Fort Collins, poor indoor air quality is of prominent concern due to the fact that one of four households report a family member with a respiratory ailment (City of Fort Collins, n.d.c.).

Research shows that public health approaches often focus on providing services after an illness or injury, rather than proactively preventing disease by addressing factors like neighborhood and housing conditions (Stacy C. P., et al., 2019). By moving upstream and focusing on improving social determinants of health such as housing conditions and quality, overall population health could be enhanced (Stacy C. P., et al., 2019). In response, cities across the nation have started developing and implementing programs to address health-related housing issues; most in the arenas of lead and asthma concerns (GWUSPH, 2018).

### ***Housing Stability***

The concept of housing stability focuses on improving predictability and maintaining steadiness in securing and occupying housing. It emphasizes keeping people in housing, regardless of whether they own or rent their home. According to Phillips (2020), programs that address tenant protections and rental housing preservation help “ensure all residents have access to safe, clean, affordable housing without fear that the rug might someday be pulled out from under them” (p. 19). The case for addressing and improving housing stability is that “providing stability to those who want it, to renters in particular, is how we turn housing into homes” (Phillips, 2020, p20).

Improving housing stability encompasses a mix of activities including increasing and preserving housing opportunities, reducing displacement, and addressing equity issues.

According to the *Affordable Housing Strategic Plan: Draft Existing Conditions Report* (2020),

current City of Fort Collins policies and regulations do not address housing stability or health in a systematic way (p. 54).

### *Housing Affordability*

The cost of housing and whether those costs are affordable to residents is a subject of much research and analysis. A common measure of housing affordability is the percent of household income spent on housing (i.e., rent or mortgage and associated costs). A threshold of 30% of income spent on housing costs is often used as an indicator of affordability, wherein households spending greater than 30% of income on housing costs are commonly referred to as “cost-burdened.”

Trends in recent decades reveal “pronounced increases in the typical rental burdens for poor and near-poor households” (Quigley and Raphael, 2004, p. 192). Nationally, approximately 50.2% of rental households are now rent-burdened, paying 30% or more of their income on rent (U.S. Census Bureau, 2020). In Fort Collins, that number is even higher, with 60.6% of households paying 30% or more of their income on rent (U.S. Census Bureau, 2020).

Such a large share of income going towards housing costs puts pressure on a households’ budget, “leaving less to pay for food, utilities, transportation to work, health and child care expenditures and reducing savings for emergencies, retirement, and other opportunities, such as pursuing higher education or starting a small business” (Anacker, 2019, p.1). Challenges with housing affordability in turn create challenges in housing health and stability, as households may have limited resources to available support home upkeep or improvements, may not be able to be able to move to other housing options, or may face displacement or eviction if rent cannot be paid.

### **Equity Issues in Rental Housing**

While the issues around health, stability, and affordability permeate across renter and owner-occupied housing, unique equity issues exist with rental housing. Across the country, 36.2% of occupied housing units are renter-occupied (U.S. Census Bureau, 2020). In Fort Collins, the share of housing that is renter-occupied is much larger at 46.9% (U.S. Census Bureau, 2020). These numbers illustrate that more than a third of households (and nearly half of Fort Collins' households) may face unique equity challenges due to their housing status.

In the realm of public administration, social equity centers on simple fairness and equal treatment; distribution of resources to reduce inequalities in universal programs and services; and redistribution of resources to level the playing field (Norman-Major, 2011). This framework helps highlight some of the equity issues associated with rental housing. Note that this paper focuses exclusively on long-term rental housing (rented for one month or longer) due to the systemic inequities and housing challenges facing the long-term renter population. Short-term rental housing (often referred to as vacation rentals) also presents myriad equity impacts and other community challenges but is excluded from this discussion since such properties are often already regulated by cities in different ways than long-term rental properties.

### ***Racial Discrimination and Unequal Opportunity***

Housing in the United States has a long history and current reality of structural racism and housing discrimination. According to Rothstein (2017), policy decisions and laws of cities, states, and the federal government promoted discrimination across sectors, most prominently in housing – patterns that continue and endure today. As one specific example in the context of rental households, “black and Hispanic families, a growing share of low-income renter families, experience high levels of residential segregation from white families, and are more likely to be

concentrated in lower opportunity neighborhoods” (Acevedo-Garcia, et al., 2016, p. 608). In Colorado, research by the Bell Policy Center demonstrates the impediments to housing opportunity by race, showing that “Colorado’s black families are 62% less likely to own a home than the state’s non-Hispanic white families” and “Latino families are 43% less likely to own a home than white families,” (Parsons, 2019, p. 1). These examples show that rental households, especially those with Black, Indigenous, or people of color (BIPOC) residents, are more likely to live in rental housing and have less neighborhood opportunity (i.e., socioeconomic, educational, and health/environmental opportunity) (Parsons, 2019).

### ***Landlord-Tenant Power Dynamics***

Another equity consideration in rental housing is related to power dynamics of renter and landlord relationships. When health and safety problems in rental properties exist, most circumstances and regulations place the burden of reporting problems on the tenant.

Numerous studies provide evidence that many tenants do not report problems with their housing due to varying reasons (Chisholm, Howden-Chapman, & Fougere, 2020; Way, Trinh, & Wyatt, 2013). These reasons include lack of trust that repairs will be made and fear of retaliation through rent hikes, eviction, or even deportation. The lowest and most cost-burdened tenants tend to be the most risk-averse when it comes to reporting housing health and safety problems, and this risk aversion is strongly linked to concerns about housing stability (Chisholm, Howden-Chapman, & Fougere, 2020).

In Fort Collins, the Community Mediation Program is a free and confidential program available to help address landlord/tenant issues. While the program does help resolve some landlord/tenant issues, it requires awareness of the program, as well as willingness of both parties to participate.

## **Approaches for Regulating Rental Housing**

Many cities (and a few states such as Arizona) have implemented approaches to regulate rental housing to address a variety of housing needs and concerns, including improving health and safety, protecting vulnerable tenants, and preserving neighborhood stability and property values. While the specific regulatory and programmatic approaches vary by jurisdiction, rental regulations can be organized into four overarching categories: occupancy, registration, licensing, and inspection.

### ***Occupancy Restriction***

Restricting the occupancy of a housing unit addresses the potential health, safety, and nuisance issues that can arise from having numerous people residing in a dwelling unit. Occupancy restrictions most commonly address a minimum standard of habitable area per person in a dwelling unit; some occupancy restrictions also address the maximum number of adults, or even the number of unrelated people, allowed to occupy a unit. Residential occupancy limits focused on habitable area are most often regulated through building codes, but occupancy regulations can also be found in zoning codes, housing codes, and property nuisance codes. Occupancy limits can be stand-alone regulations that apply to all housing, or they can be linked to other types of nuisance or rental housing regulations.

### ***Rental Registration***

Rental registration requires landlords to register their rental property(ies) with the city and provide basic property information such as contact information for the owner and contact information for a local property management firm or agent (Center for Community Progress: Vacant Spaces into Vibrant Places, n.d.). Some rental registration programs collect other basic information about each rental unit, such as year built, number of bedrooms, and number of

parking spaces so that the city can maintain a database of rental property information. In most cases, “the purpose of registration is to enable the city to find property owners in case of emergencies or code violations, and to make sure the owner understands his obligations under city ordinances” (Center for Community Progress: Vacant Spaces into Vibrant Places, n.d.). Many rental registration programs include minimal fees for registration and impose fines for non-compliance (Ackerman, Galbreth, & Pearson, 2014).

### ***Rental Licensing***

Rental licensing requires property owners to obtain a license in order to rent a housing unit. As is common across most programs, “under a licensing regime a rental property is not eligible for registration unless it is in compliance with key health and safety standards” (Center for Community Progress: Vacant Spaces into Vibrant Places, n.d., para. 3). The types of rental properties that are subject to rental licensing programs vary by community – potential regulating factors can include the number of units (single-family, duplex, multi-family), the type of rental housing (short term versus long-term), exemptions for publicly owned or managed units, owner-occupancy, and housing unit age (Way, Trinh, & Wyatt, 2013). Previous nuisance code violations or citations can be another driver in determining which properties must be licensed.

### ***Property Inspection***

Most often, rental licensing regulation is paired with an inspection program, but some property inspection programs do exist independently. As with the applicability of rental licensing to varied property types and conditions, there is also variation in the inspection program parameters. Common categories of rental inspection programs include inspection of all properties, inspection of a pre-defined percentage of properties, and inspection of properties with a history of code citations (Way, Trinh, & Wyatt, 2013). Rental inspection programs can focus on

housing unit exteriors, interiors, or a combination of both. Some communities prohibit occupancy of dwelling units until an inspection has been completed; others require an inspection in order to be granted a rental license.

### **Implementation Considerations for Rental Housing Regulations**

Communities that enact rental housing regulations must be aware of many implementation details and considerations to achieve the desired outcomes. Furthermore, there are various strategies to improve implementation success, as well as co-benefits to explore.

#### ***Implementation Details***

According to Ackerman, Galbreth, and Pearson (2014), some important details that communities should consider when designing and implementing rental housing regulations include: geographic applicability to the full community or certain neighborhoods; presence of any additional occupancy regulations or restrictions; compliance and renewal intervals; inspection frequency; inspection authority; inspection notification and consent; fee structures; enforcement measures; staff training; and landlord and tenant education and outreach. While this list is not exhaustive, these considerations summarize the many facets and details addressed in many existing rental housing regulations and can provide an organizational structure when comparing communities to one another.

#### ***Potential Challenges, Solutions, and Co-Benefits***

Implementation of regulations to improve housing health, stability, or affordability can present significant challenges and barriers for governments to overcome. Major challenges associated with implementation of healthy housing programs include landlord or property owner opposition, tenant resistance or concerns, political climate, scope of city authority, limited financing, and limited data (GWUSPH, 2018, p. 22-24). Potential strategies identified to

overcome these barriers include convener and coalition building, community organizing, facilitating adoption, sustainable funding, peer-to-peer guidance from other cities, effective use of data and evaluations, compelling messaging, and leveraging data (George Washington University School of Public Health, 2018, p. 36-39). While these challenges and strategies are focused on advancing healthy housing, they may apply more generally to housing stability and affordability as well.

Finally, some co-benefits can emerge in communities that regulate rental housing. For example, research from Rocky Mountain Institute shows that rental properties are a “powerful first intervention point for existing residential properties” in efforts to improve energy efficiency in buildings and help communities achieve carbon reduction plans (Petersen & Lalit, 2018, p. 5). Additional co-benefits beyond housing health, stability, and affordability explored during the research process included improved neighborhood quality, community resiliency, and job creation.

### **Methodology**

The research methodology built on the findings of the literature review and included two community-focused components: benchmarking and interviews. The benchmarking efforts were completed first in order to refine which community candidates to select for semi-structured interviews.

#### **Benchmarking**

The research methodology began with benchmarking Fort Collins to the rental housing regulations and programs in 19 other cities. The City of Fort Collins provided a list of peer communities that have been used for other City benchmarking efforts, many of which have organizational structures and/or demographic characteristics like Fort Collins. That list was

supplemented with other communities identified during the literature review – these included communities that may have different governmental or community characteristics than Fort Collins, but have been recognized for successful, innovative, or unique rental housing regulations or healthy home programs. Approximately 50 communities were screened for potential benchmarking efforts. Criteria for determining which communities to include in the benchmarking efforts included:

1. The community has a known long-term rental registration or licensing program (or similar occupancy or housing regulation under a different name); and
2. The community satisfies one or more of the following:
  - a. Shows up on the City of Fort Collins’ peer communities list.
  - b. Referenced in one or more publications included in the literature review.
  - c. Located in Colorado.
  - d. Has a large university presence/influence.

See Appendix A for a list of communities screened and shortlisted for benchmarking analysis.

For each community included in the benchmarking analysis, data were collected to the greatest extent practical and feasible, through information collected during the literature review and data collected through online research of community websites and regulations. See Appendix B for benchmarking criteria and Appendix C for detailed benchmarking results. The results were analyzed to determine which types of rental housing regulations are most common overall, as well as which types of regulations are most often paired together (e.g., rental licensing and inspection). Analysis also focused on unique characteristics of rental regulations in university communities, as well as communities with similar housing stock characteristics (e.g., percent of households cost burdened, percent of single-family units).

## **Community Interviews**

The next phase of the research included interviews with rental program administrators from communities with rental regulations or programs that may be good models for Fort Collins. Through a collaborative work session with the client team, the benchmarking results were reviewed and discussed for potential relevance and applicability to the City of Fort Collins. Ultimately, through this work session a shortlist of six communities and two alternates were identified and contacted for interviews. Community factors such as similar socioeconomic conditions, comparable housing stock, program/regulation tenure and applicability, and innovation were used in the interview selection process.

Interviews were 60 minutes each and the discussions explored more regulation history, program administration, and other implementation considerations. See Appendix C for the interview protocol, which outlines the steps that were conducted before, during, and following each interview.

## **Results**

### **Benchmarking**

The benchmarking process compared various demographic and housing characteristics for each community, using data from the U.S. Census Bureau's 2018 American Community Survey 5-year estimates. As illustrated in Table 1, Fort Collins falls within the range of each variable analyzed, and does not represent the minimum or maximum value for any of the variables. In comparison to the average (mean) for all communities included in the benchmarking analysis, Fort Collins has a smaller population, lower proportion of rental households, greater share of single-family units, equal average household size, significantly

lower rental vacancy rate, and a higher-share of cost-burdened renters. See Appendix C for detailed benchmarking information by community.

**Table 1**

*Summary Statistics for Community Demographic and Housing Characteristics*

	<b>Population</b>	<b>Rental Tenure</b>	<b>Single-Family Units</b>	<b>Average Household Size of Renter Occupied Unit</b>	<b>Rental Vacancy Rate</b>	<b>Cost-Burdened Renters</b>
Minimum	64,273	35.20%	12.00%	1.97	1.80%	38.6%
Maximum	935,755	63.70%	62.30%	2.8	9.20%	66.4%
Mean	333,104	51.75%	47.66%	2.27	4.68%	53.0%
Median	207,778	52.00%	52.90%	2.22	4.20%	52.7%
<i>Fort Collins</i>	<i>162,511</i>	<i>46.90%</i>	<i>56.20%</i>	<i>2.27</i>	<i>2.50%</i>	<i>60.6%</i>

Benchmarking efforts also included review of each community's housing programs and regulations, as available from each city's website. While each community's regulations are unique, they were categorized into four categories for analysis purposes: unique occupancy, registration, licensing, and inspection. See Appendix B for descriptions of these categories.

Overall, when reviewing the communities' regulations, 90% have an inspection element, 60% have a registration element, 30% have a licensing element, and 30% have a unique occupancy element. Interestingly, only three of the communities analyzed have just one type of occupancy or rental housing regulation (Fort Collins just regulates occupancy, Asheville and Aurora just regulate inspections). The majority (11, or 55%) of the other communities have two regulations in effect. Three of the communities (Ames, Austin, and Boulder) have three types of regulations, and two communities (Lawrence and Westminster) have all four types of rental housing requirements. Note that Greensboro's regulations appear to have been rescinded recently.

When examining the most common regulation pairings (Table 2), of the 20 communities analyzed, the most common combination is rental registration and inspection (60% of all regulations reviewed), followed by coordinated licensing and inspection regulations (30%).

**Table 2**  
*Regulation Paring Frequency*

	Unique Occupancy	Registration	Licensing	Inspection
Unique Occupancy	1 (5%)	4 (20%)	3 (15%)	5 (25%)
Registration	4 (20%)	0 (0%)	2 (10%)	12 (60%)
Licensing	3 (15%)	2 (10%)	0 (0%)	6 (30%)
Inspection	5 (25%)	12 (60%)	6 (30%)	2 (10%)

Analysis of communities with combined rental registration and inspection programs (12 total), reveals that 92% of those are also university communities. Of the six communities with unique occupancy regulations (Ames, Austin, Boulder, Fort Collins, Lawrence, and Westminster), all except for Fort Collins have at least two other rental regulation elements. As noted earlier, Lawrence and Westminster have all four types of regulations; both Ames’ and Austin’s regulations lack a licensing component; and Boulder’s lacks a registration element.

There are no discernable trends when examining regulation type by community population, rental vacancy rate, share of single-family units, rental tenure, average household size, renter cost burden, or regulation applicability. In terms of regulation longevity, 50% of communities have regulations that have been enacted since 2000, 20% have regulations that were enacted between 1980 and 2000, and another 20% have regulations that were enacted before 1980. Note that regulation adoption dates are unknown for two communities (San Francisco and Washington D.C.).

**Interviews**

Four communities responded to the request and participated in the interview process: Ames, Austin, Boulder, and Westminster. See Appendix E for interview participant details. Coincidentally, all the communities interviewed have unique occupancy restrictions that are similar to Fort Collins’ U plus 2 ordinance. Table 3 summarizes the occupancy restrictions for each community interviewed, as well as the related registration, licensing, and/or inspection regulations.

**Table 3**  
*Summary of Communities Interviewed*

<b>City</b>	<b>Occupancy Restrictions</b>	<b>Registration, Licensing, or Inspection Regulations</b>
Ames	Occupancy limits are based on the number of bedrooms.	The state of Iowa requires cities with more than 15,000 people to have a rental program. Ames requires rental registration and conducts rental inspections on a 1-4-year rotation, depending on the age and condition of the property.
Austin	The number of unrelated adults allowed is determined by property use.	Austin focuses on rental housing that shows a pattern of violating minimum housing standards. Housing that exceeds a certain number of violations/citations are required to register and be inspected.
Boulder	The number of unrelated adults allowed is determined by zoning district.	Boulder requires all rental properties to be licensed. An inspection (completed by third party) is required for a license. A license is valid for 4 years.
Westminster	Occupancy is restricted to no more than 4 unrelated people.	Westminster requires any properties with 1-3 rental units to be registered. Licensing and periodic inspections are required for anyone with 4 or more units under single ownership.

Each interview revealed unique drivers and considerations for the community’s rental housing regulations. Despite many differences across communities, all interview participants noted positive impacts of the regulations on housing quality, especially improving health and safety conditions within the dwelling units. None of the interview participants identified any known impacts of the regulations on housing stability or affordability, though they also noted

they are not formally tracking or evaluating them for those impacts. The non-Colorado cities of Ames and Austin both noted that the statewide regulatory environment significantly influenced the local regulations.

Regarding property owner perceptions, common themes from interview participants included general willingness of most rental property owners to comply with regulations, interest in maintaining private property rights, and some concern about perceived costs of compliance with the regulations. With respect to tenants, common themes included lack of awareness of regulations and fear of potential retaliation from the property owner if a complaint is filed.

To address these concerns, all the interviewees mentioned outreach and education to property owners and tenants as critical elements of program success. Furthermore, all the interview participants discussed the need for flexibility in working with property owners to achieve compliance for violations or inspections. If compliance issues persist, they all mentioned escalating enforcement through citations. All noted concerns about potential tenant displacement as a potential outcome of escalating enforcement measures, but also that such activities are rare.

## **Discussion and Recommendations**

### **Occupancy Restrictions**

For communities that regulate housing unit occupancy like Fort Collins (with a maximum number of unrelated adults allowed per dwelling unit), issues and concerns associated with such regulations can include tracking and enforcement, lack of tenant awareness, and impacts on housing affordability and availability. In Fort Collins, most occupancy violations are driven by neighbor complaints or concerns and can be difficult to investigate and resolve. Interview participants also noted how difficult occupancy restrictions can be to investigate and enforce, especially when considering differing cultural norms and family needs.

In general, occupancy restrictions only limit the number of people in a room or dwelling unit and do little else to address health or safety conditions of housing units. As the researched communities demonstrate, pairing occupancy regulations with other types of rental housing regulations (such as registration, licensing, or inspections) can be a means to improve the health and safety conditions of rental housing units.

### **Rental Registration**

Registration of rental properties can be an effective way to gather information about the rental housing stock and to maintain records for property ownership and management. Challenges associated with implementing rental registration regulations can include determining which properties are rentals, identifying and contacting rental property owners, verifying the number of bedrooms in a property (especially if no inspection is required), and enforcing non-compliance. Interview participants noted that voluntary registration systems can lead to incomplete or ineffective datasets, especially since properties that would most benefit from registration may be least likely to comply.

Pairing registration and inspection appears to be an effective way to track rental properties and ensure units are safe and habitable; this is the most common type of rental regulations analyzed. If required, rental registration programs function quite similarly to rental licensing programs and the administering agency may need to charge a fee to help recoup program administration costs, including but not limited to staffing, tracking software, notifications, and enforcement. The benchmarked communities with rental registration programs charge fees ranging from \$0 to \$110 per unit, though fees vary significantly based on required frequency, the number of units registered at a single property, and whether a rental unit is also owner-occupied. The rental registration program in Ames is \$50 annually, and according to

program staff, this funding is enough to support full cost recovery for program administration (note that Ames' rental registration program also requires an inspection). Westminster's registration program does not require a fee, though this may be added in the future to support program administration costs.

While none of the communities interviewed mentioned this pathway, Fort Collins could consider starting with a no-cost, voluntary rental registration program to begin establishment of a property database. Such voluntary program could be more effective if linked to some sort of incentive, such as a utility bill credit, energy efficiency improvement, or guarantee of a first warning of a potential violation instead of a citation. Alternatively, Fort Collins could move towards a mandatory rental registration program; in that case, it is recommended that such program include a registration fee as well as an inspection element to address housing health and safety issues.

### **Rental Licensing**

Many of the benefits of rental registration, including development of a property database and gathering contact information, can also be achieved through rental licensing. Rental license terms and requirements vary, but in general, they offer tenants the opportunity to confirm a property's legitimacy as a rental unit prior to entering a lease. Rental licensing programs also provide motivation for property owners to comply with housing standards since licenses can be rescinded or revoked.

Paired rental licensing and inspection programs are the second most common type of combined regulations of the communities analyzed. This approach is recommended if Fort Collins has the political and community support for introducing a comprehensive approach to regulating rental housing. However, such programs can require significant time and resources to

develop and administer. License fees can be established to support partial or full cost recovery for administering the program. While beneficial from a municipal budget and cost-recovery perspective, licensing fees could create a real or perceived negative impact on housing affordability.

As with rental registration, rental licensing fees vary greatly by community, property type, and frequency. For example, the City of Boulder's rental licenses require a \$105 application fee (per single family dwelling unit or per building for multi-family buildings) that is valid for four years; the City of Westminster's rental license fee is \$50 per property every two years for properties that have four or more units under single ownership (Westminster also charges an inspection fee of \$40 per unit). The Boulder and Westminster interview participants noted that registration fees may need to be increased soon to recover program administration costs.

### **Property Inspection**

Periodic and proactive inspection of properties appears to be an effective way to maintain minimum health and safety standards for rental properties. Interview participants noted that they have found success linking property inspection requirements and processes with other code elements and inspection processes. For example, the City of Ames' Division of the Fire Department administers rental inspections and they credit the program with keeping fire fatalities and damage to structures from fire at a minimum. The City of Boulder's connection between rental property inspections and its SmartRegs program helps ensure that long-term rental properties meet basic energy efficiency standards in support of the community's energy and sustainability goals.

If the municipality administers property inspections, it will need to find a mechanism to allow right of entry on private property – registration or licensing can provide that pathway.

Alternatively, a community can opt to accept inspections completed by a licensed third party (like Boulder), which shifts the burden of the inspection to the property owner and reduces the right of entry issues. In that case, a community will need to maintain and provide a list of licensed inspectors and must be prepared to provide follow-up inspections if necessary (including securing right of entry).

Public housing and multi-family properties receiving financial assistance through the United States Department of Housing and Urban Development (HUD) are subject to inspections to ensure compliance with basic requirements. Communities that require rental property inspections should clarify whether HUD inspections satisfy the community's inspection requirements. Interview participants noted that HUD inspection requirements are somewhat outdated, reflecting a bare minimum of housing standards, and that additional inspections may be beneficial for the sake of improving housing quality and safety. They also noted that such additional inspections on these properties creates a burden for tenants who are subject to multiple inspections.

Rather than attempting to register and inspect all rental properties, Austin's Repeat Offender program focuses on rental properties that have a history of code violations that are most frequency discovered through proactive neighborhood code enforcement. For properties in the program with ongoing compliance issues, a required annual inspection provides a mechanism to ensure properties do not fall below established standards of habitability. In 2021, Austin will be updating the list of criteria that trigger registration of rental properties, including tailoring the criteria to the number of units on the property. Fort Collins should keep an eye on these regulations and may want to model Austin's approach as a pilot rental registration and inspection

program to more proactively address health and safety conditions in properties that have a history of nuisance code issues.

### **Regulation Development**

Communities that adopt rental housing regulations should anticipate state legislative and legal challenges; regulations in several of the communities researched have been overturned or rescinded by state authority. In Colorado, there appears to be no regulatory restrictions on rental registration, licensing, or inspection programs, though it is interesting to note that all of the Colorado communities included in the benchmarking efforts have longstanding rental housing programs that have been in place for decades (some with more recent amendments). Fort Collins could collaborate with other Colorado communities facing similar housing issues and collectively explore or advocate for statewide policy solutions for tenant rights and rental housing conditions.

To generate regulatory buy-in and reduce opposition, communities should engage diverse stakeholders including property owners, property maintenance companies, tenants, tenants' rights organizations, chambers of commerce, realtors associations, universities, affordable housing providers, state legislators, and other community stakeholders in collaborative dialogue to explore options and determine preferred alternatives. All the interview participants noted looking to other communities for initial ideas and examples, but also the need to work closely with local groups and stakeholders to create or update program requirements to address unique community needs and opportunities.

Many communities adopt a "housing code" that goes above and beyond basic building code requirements to address additional health and safety issues, as well as rental registration, licensing, and/or inspection requirements. Several communities interviewed noted that rental

property owners express frustration that owner-occupied properties are not held to the same standards, and so any code updates should consider the extra burden created for rental properties.

When developing or updating housing code language, it is important to examine for alignment or conflicts with other adopted codes, such as the International Property Maintenance Code. Another example is Boulder's SmartRegs, which requires minimum energy efficiency performance for dwelling units that is confirmed by a third party through the rental inspection process. Communities also need to review proposed regulations and procedures for potential Fair Housing law violations.

### **Program Administration**

All the interview participants mentioned the need for flexibility in administering rental regulations and that new questions and issues arise almost weekly. In completing the benchmarking process, accessibility of information about rental regulations emerged as an opportunity for many communities to improve. A few communities like Ames, Boulder, and Sacramento do a nice job of sharing guides and information that is accessible to property owners and tenants. Other communities, like San Francisco and Washington D.C., rely heavily on code citations that can be challenging to find or difficult for the community members to understand. Austin's Repeat Offender Program materials are exemplary and include a user-friendly video and interactive mapping; however, Austin's program information was initially difficult to find due to the program's unique name.

Most of the rental regulations reviewed are administered by municipal government staff with community development or code enforcement divisions with a few notable exceptions. Ames' program is administered by the fire department and Kansas City's program is

administered by the health department. Fort Collins should consider these types of unique partnerships for any future rental regulation refinements to increase housing health and safety.

Regarding funding, fees for registration, licensing, inspection, and re-inspection are common in communities reviewed. While registration fees do apply for the Repeat Offender Program, Austin's rental program is largely funded through a utility bill fee called the Clean Community Service Charge, which is \$8.95 per month for all residential units (including owner and renter-occupied), and wherein \$4.25 of that monthly charge goes to the Austin Code Department. A utility bill fee is an interesting model for Fort Collins to consider for future healthy housing program funding.

Other challenges of rental regulation administration raised by interview participants included retaliation of property owners on tenants for reporting suspected violations and limited resources of some property owners to make improvements to their properties. In both cases, having a plan in place to link property owners and tenants to resources such as mediation support, legal services, timeline extensions, and improvement grant funding, can often make a difference in keeping people in their homes or unintentionally leading to their displacement.

### **Conclusion**

Several of the communities reviewed include housing occupancy regulations like Fort Collins, yet all layer in other rental regulatory approaches to more proactively address rental housing management and conditions. Approaches vary from voluntary rental registration to mandatory licensing and inspection.

Additional rental regulations beyond occupancy regulations present potential benefits to communities like Fort Collins, especially in the context of improving health and safety conditions for tenants. Few of the examples reviewed demonstrate significant impact on housing

stability, partially because rental occupancy provides flexibility and in university communities, high rental turnover is expected. In terms of housing affordability, some rental regulations can create a perception of increasing unaffordability. Yet in communities like Fort Collins with extreme housing affordability challenges, some renters experience substandard housing conditions as a result of simply trying to secure low-cost housing.

Fort Collins' U plus 2 ordinance focuses on over-occupancy as a nuisance issue for neighbors, whereas many of the other programs examined focus on proactively addressing housing conditions and tenants' rights to quality, safe, and healthy housing. As Fort Collins looks to finalize and implement the Housing Strategic Plan with a vision that "everyone has healthy, stable housing they can afford" (City of Fort Collins, 2020a), it may be necessary to introduce creative, locally-tailored rental housing regulations beyond U plus 2 to improve equity and quality housing options for the community's large rental housing population.

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**Appendix A: Selection of Communities for Benchmarking**

The following table shows the list of communities screened and the results for each community across the four screening criteria used to determine whether a community would be included in the benchmarking efforts:

1. Peer City List – communities that are identified by the City of Fort Collins as a peer community or high-performing organization that serves as an aspirational peer.
2. Literature Review – communities that are spotlighted in major literature review sources (*A Guide to Proactive Rental Inspection Programs* (2014); *Better Rentals, Better City* (2018)).
3. Known Program – communities that appear to have a registration, licensing or inspection program for long-term rentals, per search of community’s website.
4. University Community – presence of a large college or university as a significant component of the community’s population or identity.

Fifty communities were screened, and 20 were shortlisted for more detailed benchmarking.

<b>City</b>	<b>State</b>	<b>Peer City List</b>	<b>Literature Review</b>	<b>Known Program</b>	<b>University Community</b>	<b>Benchmark Shortlist</b>
Ames	IA	yes		yes	yes	yes
Anaheim	CA	yes				
Ann Arbor	MI	yes	yes	yes	yes	yes
Asheville	NC	yes	yes	yes	yes	yes
Aurora	CO			yes		yes
Austin	TX	yes		yes	yes	yes
Bloomington	IL			yes		
Boston	MA			yes	yes	
Boulder	CO	yes	yes	yes	yes	yes
Brooklyn Center	MN			yes		
Burlington	VT		yes	yes	yes	yes
Cleveland	OH			yes		
Columbia	MO					
Denver	CO		yes			
Detroit	MI		yes			

<b>City</b>	<b>State</b>	<b>Peer City List</b>	<b>Literature Review</b>	<b>Known Program</b>	<b>University Community</b>	<b>Benchmark Shortlist</b>
Durham	NC	yes		yes	yes	yes
Eau Claire	WI			yes	yes	
Eugene	OR	yes			yes	
Fayetteville	AR			yes		
<b>Fort Collins</b>	<b>CO</b>				<b>yes</b>	<b>yes</b>
Grand Rapids	MI		yes	yes	yes	yes
Greensboro	NC	yes	yes	yes	yes	yes
Hayward	CA	yes				
Irving	TX	yes				
Kansas City	MO		yes	yes	yes	yes
Lawrence	KS			yes	yes	yes
Lincoln	NE			yes	yes	yes
Los Angeles	CA			yes		
Mesa	AZ	yes				
Moorhead	MN			yes		
Naperville	IL	yes				
Oklahoma City	OK	yes				
Philadelphia	PA			yes		
Plano	TX	yes				
Rochester	NY		yes	yes	yes	yes
Sacramento	CA	yes	yes	yes	yes	yes
San Francisco	CA		yes	yes		yes
Santa Cruz	CA		yes	yes	yes	yes
Santa Monica	CA	yes				
Savannah	GA	yes				
Seattle	WA			yes		
Shakopee	MN			yes		
Sioux Falls	SD			yes		
Tallahassee	FL	yes				
Toledo	OH					
Waco	TX				yes	
Washington	DC			yes		yes
Westminster	CO			yes		yes
Wilmington	NC	yes				

**Appendix B: Community Benchmarking Criteria**

<b>Criteria</b>	<b>Description</b>	<b>Research Relevance</b>	<b>Source</b>
Population	Total number of residents	Do types of regulations differ based on total population?	2018: American Community Survey 5-year Estimates
University Community	Community dominated by a significant university presence	Do types of regulations differ based on whether there is university presence?	Community website
Rental Tenure	Percentage of housing units that are renter occupied	Do communities with larger shares of rental housing have differing types of regulations?	2018: American Community Survey 5-year Estimates
Single-Family Units	Percentage of total housing units that are 1-unit detached	Do regulations differ in communities with large share of single-family units?	2018: American Community Survey 5-year Estimates
Average Household Size of Renter-Occupied Unit	Average number of people living in occupied rental units	Do regulations differ in communities with large rental households?	2018: American Community Survey 5-year Estimates
Rental Vacancy Rate	Percentage of the rental inventory that is vacant for rent	Do regulations differ in communities with low rental vacancy rates?	2018: American Community Survey 5-year Estimates
Cost-Burdened Renters	Occupied units with gross rent as 30% or more of household income	Do regulations differ in communities with high proportions of cost-burdened renters?	2018: American Community Survey 5-year Estimates

<b>Criteria</b>	<b>Description</b>	<b>Research Relevance</b>	<b>Source</b>
Regulation Adoption	Date when the regulation or program was established and/or last amended	Describes how long the regulation has been in place and how recently it was amended	Community website
Unique Occupancy Restrictions	Presence of regulations that restrict total dwelling occupancy beyond standard habitable square footage or minimum room size requirements	Helps to identify communities that may be regulating unit occupancy in unique ways	Community website
Registration	Regulation requires owner registration of rental dwelling units	Helps to categorize the different types of regulatory options for comparison	Community website
License	Regulation requires periodic licensing of rental dwelling units	Helps to categorize the different types of regulatory options for comparison	Community website
Inspection	Regulation requires proactive or complaint-triggered inspection of dwelling units	Helps to categorize the different types of regulatory options for comparison	Community website
Rental Regulation Applicability	Type(s) of housing the regulation applies to (e.g., single-family, multi-family, specific areas)	Helps to identify what type of housing is regulated and where	Community website
Program/Regulation Description	Narrative summary of the regulation or program	Provides a summary of the program for reference	Community website

## Appendix C: Community Benchmarking Details

Initial benchmarking efforts collected quantitative information for each community from the U.S. Census Bureau's 2018

American Community Survey 5-Year estimates.

City	State	University Community	Population	Rental Tenure	Single-Family Units	Average Household Size of Renter Occupied Unit	Rental Vacancy Rate	Cost-Burdened Renters
Ames	IA	yes	65,937	59.20%	38.60%	2.08	3.60%	59.7%
Ann Arbor	MI	yes	120,641	55.20%	55.20%	2.22	2.90%	53.4%
Asheville	NC	yes	90,531	50.40%	54.30%	1.97	4.20%	52.9%
Aurora	CO		363,550	41.00%	51.40%	2.8	4.40%	55.9%
Austin	TX	yes	935,755	54.80%	46.60%	2.29	6.60%	48.5%
Boulder	CO	yes	107,360	52.00%	39.30%	2.22	3.90%	62.2%
Burlington	VT	yes	935,755	62.20%	29.60%	2.15	2.00%	58.8%
Durham	NC	yes	264,310	50.50%	52.90%	2.24	6.60%	48.5%
<i>Fort Collins</i>	<i>CO</i>	<i>yes</i>	<i>162,511</i>	<i>46.90%</i>	<i>56.20%</i>	<i>2.27</i>	<i>2.50%</i>	<i>60.6%</i>
Grand Rapids	MI	yes	197,081	45.90%	58.10%	2.47	3.90%	52.4%
Greensboro	NC		288,719	50.30%	53.90%	2.27	9.20%	50.3%
Kansas City	MO	yes	481,417	46.60%	62.30%	2.16	6.90%	46.6%
Lawrence	KS	yes	95,294	54.20%	49.30%	2.13	5.40%	53.8%
Lincoln	NE	yes	280,849	42.70%	57.80%	2.17	3.90%	46.1%
Rochester	NY	yes	207,778	63.70%	44.90%	2.26	7.70%	59.6%
Sacramento	CA	yes	495,011	52.00%	60.40%	2.56	4.20%	52.7%
San Francisco	CA		870,044	62.40%	19.90%	2.13	2.90%	38.6%
Santa Cruz	CA	yes	64,273	52.90%	54.80%	2.47	1.80%	66.4%
Washington	DC		162,204	58.20%	12.00%	2.2	6.00%	47.1%
Westminster	CO		112,747	35.20%	58.30%	2.36	5.10%	50.4%

<b>City</b>	<b>State</b>	<b>Regulation Adoption</b>	<b>Unique Occupancy Restrictions</b>	<b>Registration</b>	<b>License</b>	<b>Inspection</b>	<b>Applicability</b>
Ames	IA	1977	Yes	Yes	No	Yes	All rental properties; owner-occupied exempt
Ann Arbor	MI	1987	No	Yes	No	Yes	All rental properties; owner-occupied exempt
Asheville	NC	2003	No	No	No	Yes	All housing units
Aurora	CO	1993	No	No	No	Yes	All multi-family properties
Austin	TX	2013	Yes	Yes	No	Yes	Rental properties with violation history; owner-occupied units exempt
Boulder	CO	1965	Yes	No	Yes	Yes	All rental properties; owner-occupied exempt
Burlington	VT	1993	No	Yes	No	Yes	All rental properties; owner-occupied exempt
Durham	NC	2012	No	Yes	No	Yes	Rental properties with violation history; owner-occupied units exempt
<i>Fort Collins</i>	<i>CO</i>	1960s	<i>Yes</i>	<i>No</i>	<i>No</i>	<i>No</i>	All dwelling units
Grand Rapids	MI	2011	No	Yes	No	Yes	All rental properties; owner-occupied exempt
Greensboro	NC	2004	No	No	No	No	No longer applicable
Kansas City	MO	2018	No	Yes	No	Yes	All rental properties; owner-occupied exempt

<b>City</b>	<b>State</b>	<b>Regulation Adoption</b>	<b>Unique Occupancy Restrictions</b>	<b>Registration</b>	<b>License</b>	<b>Inspection</b>	<b>Applicability</b>
Lawrence	KS	2014	Yes	Yes	Yes	Yes	All rental properties; owner-occupied exempt
Lincoln	NE	2004	No	No	Yes	Yes	Multi-family properties with three or more rental dwelling units
Rochester	NY	Mid 1970s	No	Yes	No	Yes	All rental properties; owner-occupied exempt
Sacramento	CA	2013	No	Yes	No	Yes	All rental properties; owner-occupied exempt
San Francisco	CA	unknown	No	No	Yes	Yes	Multi-family properties with three or more rental dwelling units
Santa Cruz	CA	2010	No	Yes	No	Yes	All rental properties; owner-occupied exempt
Washington	DC	unknown	No	No	Yes	Yes	All rental properties
Westminster	CO	Late 1990s	Yes	Yes	Yes	Yes	All rental properties

<b>City</b>	<b>State</b>	<b>Regulation Description</b>
Ames	IA	Occupancy regulations are based on the number of bedrooms within a dwelling unit. All rental properties must be registered. Owner-occupied units exempt. Periodic inspections for registered properties (1, 2, 3 or 4 years based on dwelling type and condition).
Ann Arbor	MI	All rental properties must be registered. Owner-occupied units exempt. Inspections for all registered units. Certificates of Compliance issued based on inspection results (valid for 30-42 months).
Asheville	NC	Properties must comply with Minimum Housing Code. Inspections are conducted if a code violation is suspected. Previous rental housing regulations appear to have been repealed.
Aurora	CO	All multi-family properties are systematically inspected. Inspections are prioritized based on property maintenance history.
Austin	TX	Rental properties that meet certain conditions based on violation history must be registered for a minimum of two years. Owner-occupied units exempt. Periodic inspections may occur once a year.
Boulder	CO	The maximum number of unrelated individuals allowed per dwelling unit is determined by zoning district. All rental properties must maintain a valid rental license. Owner-occupied units exempt. Licenses are valid for four years. Baseline and renewal inspections are required. Properties must comply with basic energy efficiency standards.
Burlington	VT	All rental properties must be registered. Owner-occupied units exempt. Inspections for all registered units. Certificates of Compliance issued based on inspection results (valid for 6 months to 5 years).
Durham	NC	Rental properties that meet certain conditions based on violation history must be registered for a minimum of two years. Owner-occupied units exempt. Periodic inspections may occur based on reasonable cause.
<i>Fort Collins</i>	<i>CO</i>	All dwelling units have a maximum occupancy of no more than three unrelated individuals.

<b>City</b>	<b>State</b>	<b>Regulation Description</b>
Grand Rapids	MI	All rental properties must be registered. Owner-occupied units exempt. Inspections for all registered units. Certificates of Compliance issued based on property history (valid for 2, 4, or 6 years).
Greensboro	NC	Previous proactive rental inspection program appears to have been rescinded due to state legislation.
Kansas City	MO	All rental properties must be registered. All landlords must have a permit. Owner-occupied units exempt. Initial inspections for all registered units. Fixed number of random routine inspections completed annually.
Lawrence	KS	Number of unrelated persons allowed per dwelling unit varies based on zoning district. All rental properties must maintain a valid rental license. Owner-occupied units exempt. Baseline inspections are required, and renewal inspections are required on a 3 or 6-year cycle based on property condition.
Lincoln	NE	Multi-family properties with three or more rental units must be licensed. Inspections are completed annually on building exteriors and common areas. Interior inspections are completed on a complaint basis.
Rochester	NY	All rental properties must maintain a valid certificate of occupancy. Owner-occupied units exempt. Baseline inspections are required, and renewal inspections are required on a 3 or 6-year cycle based on property type.
Sacramento	CA	All rental properties must be registered. Owner-occupied units exempt. Baseline inspections are required. Properties that pass the initial inspection without any violations are placed in a self-certification program. Random inspections of self-certified properties. Annual inspections for properties that are not self-certified.
San Francisco	CA	All one and two-family rental units are required to pay an annual license fee. All multi-family properties are required to pay an annual license fee and provide proof of compliance with minimum housing standards, verified by a licensed professional every 5 years.
Santa Cruz	CA	All rental properties must be registered. Owner-occupied units exempt. Baseline inspections are required. Properties that pass the initial inspection without any violations are placed in a self-certification program. Random inspections of self-certified properties. Annual inspections for properties that are not self-certified.

<b>City</b>	<b>State</b>	<b>Regulation Description</b>
Washington	DC	All landlords must maintain a basic business license. Inspections are required for license approval.
Westminster	CO	All rental properties must be registered. Rental properties with four or more units or with 4 or more units under single ownership must be licensed. Baseline inspections are required for licensing and periodic renewal inspections are required every 2 to 4 years based on property age.

## **Appendix D: Interview Protocol**

### **Pre-Interview Checklist**

1. Send an email requesting a 60-minute interview with 1-2 city staff members most familiar with rental registration program/policies.
2. Schedule interview with participants (via email or doodle poll)
3. Confirm interview appointment and send Zoom meeting link and interview details (project description, interview agenda with list of interview questions)

### ***Email Template***

Greetings (*insert name if known*),

I am a graduate student at the University of Colorado School of Public Affairs, conducting research on rental registration programs as a capstone project for the City of Fort Collins, Colorado. Based on my preliminary research, the City of Fort Collins is interested in learning more about your community's rental registration program as it appears to be a potential model for Fort Collins.

I would like to schedule a 60-minute videoconference interview with you to learn more about your city's rental registration program, including the purpose and history behind the regulations, implementation considerations and challenges, and other tips and lessons learned from your community's experiences. I am reserving Friday, October 16 and Friday, October 23, 2020 to conduct the interviews, or can work with you to schedule an alternative date if necessary. Please respond back to me by Wednesday, October 14, 2020 with your preferred interview date and time and I will do my best to accommodate your request.

Once we confirm a date and time, I will follow-up with a calendar reminder, Zoom meeting link (or other software if necessary), project summary, and interview questions. If you

feel like it is more appropriate to direct this request to another person (or people) in your organization, please let me know so that I can follow up with him/her/them.

If you have any questions about the project or the interview request, please don't hesitate to email me at this address or call me at 970-692-3499. Thank you for your consideration and I hope to hear from you soon.

With gratitude,

Shelby Sommer

### Interview Checklist

1. Ask if the interview participant(s) authorize the interview to be recorded. If yes, remember to hit record.
2. Proceed through the interview agenda and questionnaire.

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<b>Time (min)</b>	<b>Agenda Topic</b>	<b>Interview Questions</b>
15	Introductions and Background	<ol style="list-style-type: none"><li>1. What is your name, title, and department?</li><li>2. How long have you been with the organization?</li><li>3. Please describe your level of involvement or history with your community's rental regulations/program.</li><li>4. Please describe the City's rental regulations or program. How does it work and to what type of rental housing does it apply?</li><li>5. What is the purpose of the regulation or program? What were the motivating factors in its establishment?</li><li>6. Does your community have any other housing occupancy regulations?</li></ol>

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<b>Time (min)</b>	<b>Agenda Topic</b>	<b>Interview Questions</b>
35	Effectiveness and Implementation Considerations	7. What challenges have you encountered with regard to property owner buy-in &-opposition? 8. What challenges have you encountered with regard to tenant resistance or concerns? 9. What benefits or positive impacts are you experiencing with respect to this approach? 10. What challenges or unforeseen impacts are you experiencing with respect to this approach? 11. How is the approach enforced? In your opinion, is enforcement successful? 12. How is the approach funded? In your opinion, is funding sufficient? 13. How well do you think this approach addresses housing health and safety? 14. How well do you think this approach addresses housing stability? 15. How well do you think this approach addresses housing affordability? 16. What impacts do you think this approach has on your single-family housing stock?
10	Wrap-Up	17. Are there any documents or resources not on the community’s website that are relevant to this conversation and available to share? 18. Which communities do you look to or think of as leaders in effective or innovative rental regulation? 19. Do you have any recommendations for other cities as they consider designing a rental registration program? 20. Are there any other questions you would like to go back to or do you have any final comments?

**Post-Interview Checklist**

1. Type up interview summary notes.
2. Send a thank you to interview participant.
3. Send the participants any quotes or summary information that will be included in paper for review, refinement, and approval (if applicable).

**Appendix E: Interview Participants**

<b>Name</b>	<b>Title</b>	<b>Organization</b>	<b>Division/ Department</b>
Sara VanMeeteren	Building Official	City of Ames, Iowa	Inspection Division, Division of the Fire Department
Holly Clayton	Lead Rental Housing Inspector	City of Westminster, Colorado	Building Division, Community Development Department
Tonia Pringle & Kimberly Allen	Administrative Supervisor – Licensing & Administrative Specialist – Licensing	City of Boulder, Colorado	Planning & Development Services
Daniel Word	Division Manager for Repeat Offender Program	City of Austin, Texas	Code Department