

MEMORANDUM

To: Marcy Yoder, City of Fort Collins
From: Mollie Fitzpatrick and Julia Jones
Re: Fort Collins Rental Strategies Industry Survey
Date: April 5, 2022

This memorandum summarizes the responses to the Fort Collins Rental Strategies Industry Survey. The survey was fielded online from February 3rd, 2022 to March 17th, 2022 and was primarily focused on soliciting feedback from rental owners, property managers, and landlords to better understand how potential rental programs (e.g., registry and occupancy regulations) might impact the industry and to explore specific elements of program design. The survey builds on community engagement conducted as part of the broader [Fort Collins Housing Strategic Plan](#), which includes substantial engagement from the community and resident renters.

The survey was circulated through industry distribution lists, including the NoCo Rental Association; and survey flyers were mailed to nearly 9,000 mailing addresses within the Larimer County Assessor's data who are owners of rental property within Fort Collins. Addresses were selected if their mailing address differed from the physical address with the assumption that the residential unit was rented out or not owner occupied if the addresses were different.

In addition to online survey responses, the City of Fort Collins received 22 comment form submissions or phone calls about the project while the survey was open. Those comments are included in this memorandum's findings.

Introduction

Figure 1 shows the sample size of survey respondents. The survey received 1,912 total responses, and 68% (1,293 responses) were from rental owners, managers, or landlords; 20% (384) were from residents who live or work in Fort Collins; and one percent (16) were from other respondents (e.g., landowners, realtors, or second homeowners).

The majority of rental owners, managers, and landlords that took the survey have five or fewer rental units (83%). Respondents with a large number of units in the city—more than 50 units—were less common, representing 4% of the survey respondents. Similarly, most of the rental units were single-unit detached housing (72%) followed by attached single-unit housing (31%) and condos or apartments in multiunit buildings

(26%). As shown, in Figure 1, owners/managers of small-structure rentals (single unit, duplex, triplex) are overrepresented in the survey relative to the distribution of rental units by structure type.

Please note. Rental owners, managers, and landlords were asked all questions whereas, residents and employees who live in Fort Collins along with other stakeholders were asked general questions about the licensing program and all of the occupancy related questions. Program structure questions were reserved for those in the industry directly impacted (i.e., rental owners, managers, and landlords).

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Figure 1.
Sample Size of Survey Respondents

	Number	Share	
Total Responses	1,912	100%	
Rental owner, manager, or landlord	1,293	68%	
Live or work in Fort Collins	384	20%	
Other (e.g., landowners, realtors, second homeowners)	16	1%	
Total units owned or managed	1,293	100%	
1 unit	577	45%	
2 to 5 units	498	39%	
5 to 10 units	108	8%	
10 to 50 units	61	5%	
50 to 100 units	7	1%	
More than 100 units	34	3%	
Type of housing units owned or managed	1,293	100%	
Detached single-unit home	932	72%	23%
Attached single-unit home/duplex/triplex	399	31%	16%
Condo/Apartment/rental unit in a multiunit building	336	26%	62%
Accessory dwelling unit (ADU)	25	2%	n/a
Mobile home/trailer	10	1%	0%
Retirement community/independent living/assisted living	3	0%	n/a
Group home (housing unrelated occupants who are disabled)	3	0%	n/a

**Distribution of
Fort Collins
Rental Units by
Structure Type**
(2019 ACS data)

Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Primary Findings

Broadly speaking, respondents expressed a high level of concern regarding the impact of potential rental registry policies. Even so, the survey yields constructive input on potential program design and pilot implementation. It is clear from the survey responses that successful program implementation would require continued communication with stakeholders in order to address and alleviate concerns.

- **Potential costs were identified as a drawback to a licensing and inspection program though most rental landlords/owners/managers indicated they would pass costs on to tenants.** The majority of landlords/owners/managers expressed concern about potential costs of a licensing and inspection program, emphasizing the expected costs of inspection compliance (i.e., staff time and repairs), particularly if inspectors require upgrades not related to acute health and safety concerns. Program fees were less of a concern from a cost perspective. Respondents did note that any program costs (fees and inspection-related costs) could have an indirect impact on rents in Fort Collins, as owners are likely to pass all costs to renters.
 - **Respondents expressed competing sentiments to treat all rentals equally in some instances and to offer preferential treatment under in other instances.** The ability of new properties or properties inspected under another program to be covered under safe harbor regulations was desirable for some respondents. However, some participants felt the opposite—that all rental units should be charged with the same regulations and requirements with no special treatment. Similar tensions were identified in responses to fee discounts or waivers and targeting bad actors with more frequent inspections. Generally, most participants were in favor of offering safe harbors, fee waivers, and tiered inspections for a subset of properties.
 - **Large landlords (50+ units) indicated different preferences compared to small landlords (less than 5 units) on the following program components:**
 - Large landlords expressed a strong preference for city inspectors (as opposed to 3rd party inspectors) compared to small landlords.
 - Large landlords were less likely to support safe harbors except for properties that have undergone a development process or remodel in the past five years.
 - Large landlords prefer a fee structure based on the number of *properties* while small landlords prefer a fee structure based on the number of *units*.
 - Large landlords indicated a desire for affirmative marketing incentives. Small landlords indicated a desire for incentives through lease templates and security deposit insurance.
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- **Respondents prefer that inspections occur only if a complaint is received and that inspections focus on health and safety issues (to minimize subjective and/or seemingly trivial requirements).**
 - Many respondents were not in favor of mandatory inspections for all properties. Rental owners/managers/landlords perceive the current complaint-based system to be effective.
 - A vital element to the success of this program cited throughout the survey is the need for clear, concise, objective, and limited criteria for inspections. In order to avoid variation between inspectors and to ensure that each property is treated fairly, the inspection checklist should be transparent. Participants expressed the need for the program to focus on health and safety and not include arbitrary requirements, bringing rentals up to current code, or energy efficiency standards.
 - **Fair treatment of small and large landlords was identified as a challenge.** There were many conflicting responses in regard to how to treat larger property management companies and smaller landlords with one or two properties. In general, property management companies expressed they are already regulated and should not be subjected to new regulations. On the other hand, smaller landlords expressed the concern that these regulations are designed to be advantageous for and reward larger owners. Respondents generally indicated that poor condition and/or management of rentals is limited to relatively few “bad actors;” however there was not consistent feedback on who constitutes “bad actors” (landlords of large properties were more likely to implicate small landlords and vis-versa).
 - **Landlords/managers/owners identified incentives to help offset the burden of new regulations.** Monetary incentives were the most common, such as cash or property tax incentives. However, some other incentives that were suggested by owners, managers, and landlords included providing a certification they could use for marketing, maintaining a preferred rentals list, fast track permitting for improvements, grants for improvement, perks for renters like Wi-Fi and gift cards, ability to meaningfully impact program rules, legal consultation, and if U+2 were increased.
 - **Participants are open to increasing U+2 if the property is suitable for increased occupancy.** Some respondents were against increasing occupancy to preserve single family neighborhoods and prevent nuisance violations that the ordinance is meant to protect against. However, most participants were open to increased occupancy if parking, number of bedrooms, and the size of the unit were considered. Others stated that regulating occupancy is not in the city’s purview.
 - **Participants expressed a lack of trust with the City of Fort Collins.** Respondents indicated the city would move forward without further consideration
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from stakeholders and that the survey was just to placate them, not collect meaningful input. Additionally, respondents expressed concern for the City's ability and capacity to scale-up a pilot program for all rentals in the city due to labor shortages and a lack of technical expertise.

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General Sentiments

Survey participants were asked a series of open-ended questions to identify their overall assumptions and sentiments toward implementing a pilot rental licensing programs in Fort Collins.

Challenges. Participants were asked “What challenges do you foresee in implementing a pilot rental licensing program?” Figure 2 shows the most common words used.

Figure 2.
What challenges do you foresee in implementing a pilot rental licensing program?



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

The biggest concern cited by respondents was **cost and the need to pass the costs of the program onto tenants**. Cost concerns were primarily related to concerns that inspections would yield a number of expensive repairs and/or code upgrades not related to health and safety issues. Additional themes included government overreach and privacy concerns, enforcement of the program, compliance, administrative capacity needed to implement, unpredictable inspection standards, and a blanket approach to all landlords instead of bad actors.

The following comments from survey participants reflect the spirit of many of the individual responses to identify challenges:

- *“Biggest challenge is to get owners involved. To design a fee structure that recognizes the differences between a single family unit and large multi family units”*

- *"Building an adequate and qualified staff of individuals will be extremely difficult in the current labor environment. Most municipal building departments can no longer find enough qualified inspectors, which has resulted in delays in construction and remodeling projects. In the era of Covid, asking a tenant to allow someone into their home is concerning. "*
- *"I am not aware of issues that this program would 'fix.'"*
- *"I don't see any challenges. I live next door to a rental and see first hand when you have occupants that do not follow the HOA rules. Very frustrating."*
- *"Landlords will sell and invest elsewhere."*
- *"Rent is already high and a fee based system will just be passed on to renters. Enforcement of the most egregious landlords needs to be done first."*
- *"Want to ensure that the program is successful and not overly punitive."*
- *"A hassle for owners and managers who do a good job. You are managing to the exception instead of letting people do business without additional hassles from the city."*
- *"A fee structure designed to cover program costs' - Along with soaring property taxes, additional fees will be very cost prohibitive for renters such as myself who own a small number of rental properties and seek to rent them at a reasonable rate to good tenants. This is a cost I will have to pass on to my tenants, which will result in further rising housing costs in our city."*
- *"Unnecessary 'findings' by inspectors; owners being required to invest in 'findings' that are not truly safety/health issues."*
- *"Standardize inspection process across individual inspectors; it needs to be 100% identical from property to property. In my professional experience, licensed home inspectors are not created equal. Training does not equal understanding, implementation, or commitment. For example, drivers have been trained to make complete stops at stop signs, but many drivers do not."*

Experience with similar programs. Participants were asked "Do you have experience with these types of regulations in other communities? If so, what have you seen work well and what have you seen not work well?" A minority of participants expressed experience with similar regulations in the following communities:

- Colorado
 - *"**Boulder** is very restrictive, and it is difficult to navigate the system. In my opinion it is too restrictive. Seems like once you start down this road, it keeps growing into more and more restrictions and regulation by government."*
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- *"I have a rental in **Boulder** which has had a licensing program for years. It works well. I have not had any problems with it, other than the cost, about \$50 per year now, plus the cost of inspections every 4 years."*
 - *"Yes we have property in **Boulder**. Boulder's program requires a high level of energy efficiency which can be expensive and difficult in older structures. Boulder program requires a new license every four years which we believe is adequate. However, we fully support rental licensing and inspections, like Boulder's for safety, tenant quality-of-life and neighborhood quality maintenance."*
 - *"I have owned rental properties in areas where this is required. I think the health and safety inspection is a great idea. Ensuring smoke detectors, CO detectors work. What has not worked is what is happening in **Boulder**, where the oversight is causing rental properties to be boarded up due to grandfathered issues prior to ownership. This strips rental units away from the community making existing units more expensive for tenants."*
 - *"**Westminster**, great tax incentives for Landlords- however the gentrification is concerning."*
 - *"Yes I managed a large community in **Westminster, CO** - The amount of time, money, and resources dedicated to this program was overwhelming."*
 - *"**Breckenridge**, this year's bill from the city was over \$500"*
 - Vermont
 - *"I lived in **Burlington Vt** when Bernie was mayor. I owned rentals there and I had tenants who stopped paying their rent it took me 8 months to get them evicted! The system needs to be balanced and fair. Everybody thinks that landlords a bad rich people many of us are regular folks just trying to get by, so a program that is setup based on charging Landlords for unnecessary inspections is not a good idea."*
 - Oregon
 - *"Yes - I have watched **Portland** get over run with policy and regulations, only to let tenants have unreasonable rights over a landlords investment."*
 - *"Yes. **Corvallis OR** charges \$15 a year. I don't think they do property inspections unless there's a cause for it. The supports they provide seem positive for renters and property owners alike."*
 - Minnesota
 - *"I own properties in **Minneapolis**. It has turned into a giant money grab for the City as well as a burdensome waste of time."*
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- *"If the goal is to hold owners/landlords accountable to code compliance it may be helpful to have multiple Tiers (like **Minneapolis** has) that are less expensive and inspected less often for Tier 1 properties that have earned that standing, than Tier 3 properties that have ongoing issues that cost more and need to be inspected at least once a year, for example."*

- Indiana

- *"In **Indianapolis Indiana** there is a rental license program that is only \$5 per household. I think the low cost makes it makes it easy to manage for landlords and it simply provides an email list for proper upkeep of the rental units. There is no ongoing inspection program unless there are complaints are complaints...which also helps keep the costs low."*

- Iowa

- *"**North Liberty, IA:** Automated license renewal reminders, responsive to questions"*
- *"Yes. **Waterloo, IA** has a \$50 per year rental licensing fee. The fire marshal does a property inspection every 1-3 years to check for working smoke detectors, bedroom egress, and no mold in bathrooms and under every sink. Minimal burden to landlords or tenants. Unknown whether this helps the city meet their goals."*

- Missouri

- *"We have regulations like these in **Independence, MO and Kansas City, MO**, but those communities have significantly greater problems and MUCH rougher properties. The issues or complaints we get here are nominal and shouldn't warrant a whole new program and licensing."*

- California

- *"Yes, a similar program was implemented in the town I used to live in, **San Luis Obispo, CA**, and eventually repealed a few years later. It was a failure."*
 - *"Yes, I own one rental property in the San Francisco Bay Area (**City of San Leandro**), and I have been very pleased with how that city runs its program. An annual licensing fee funds their department to communicate and collaborate with landlords. The tone of the department is non-confrontational and education-based."*
 - *"Yes. There is an active program in **Santa Cruz, CA**. It is expensive to run and most annual inspections are unnecessary since the vast majority of rentals comply with the regulations."*
 - *"Yes. We own a triplex in **Los Angeles, CA**, and inspections are common. The system works fine and, even though we have a good property manager, we have been notified of issues we were unaware of and fixed them. All recommendations were reasonable."*
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- *"Benefits to neighbors: helps them keep home values and the quality of life living next to rentals. Gives tenants a base standard of housing."*
 - *"City benefits from having a database of owners and units"*
 - *"City would be positively impacted by gaining a new source of revenue."*
 - *"Having all landlords held to the same standards provides a level playing ground for all rental property owners. And forces owners to fix unsafe conditions."*
 - *"I am doubtful there would be much positive impact. Good landlords will keep doing the right thing. Bad landlords will keep trying to skirt the rules."*
 - *"I don't see a benefit. I don't understand what problem you're trying to solve. From what I understand, the city already fields numerous tenant inquiries and has channels for complaints and support already established. I haven't seen any studies or data showing these existing resources aren't already sufficient, and if the problem is awareness than there's certainly more effective ways to drive awareness."*
 - *"I like the idea of a better system to protect renters and have affordable housing, but this isn't it."*
 - *"If its centered around safety, all sides are positively impacted."*
 - *"Landlords that take pride in their properties and provide great service for their tenants should be rewarded."*
 - *"The students will be positively impacted. When my son was a student at CSU, rental units were in horrible condition and were exorbitantly priced. In order to afford housing, students had to live 5 and 6 to a house and two people to a bedroom. There needs to be a cap on rent for students and the rent must be reasonable."*
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would be privately owned homes will sell to house rental corporations which will result in a house never going on the market again."

- *"I can see a licensing program feeling burdensome to some owners. But I think it is important to enforce the safety and health focused laws already in place. If someone is to rent I think it is their responsibility to make it comply with local ordinance regarding the operation of rental properties. It is also of moral importance that people who rent can expect a safe place to live."*
- *"I think the good outweighs the bad."*
- *"If implemented poorly, everyone can be negatively impacted. The City of Fort Collins needs to be very clear as to the objectives as well as rules and enforcement."*
- *"None. Landlords should welcome a program that will eliminate bad actors in their industry."*
- *"Too much governmental red tape and costs to a small landlord."*

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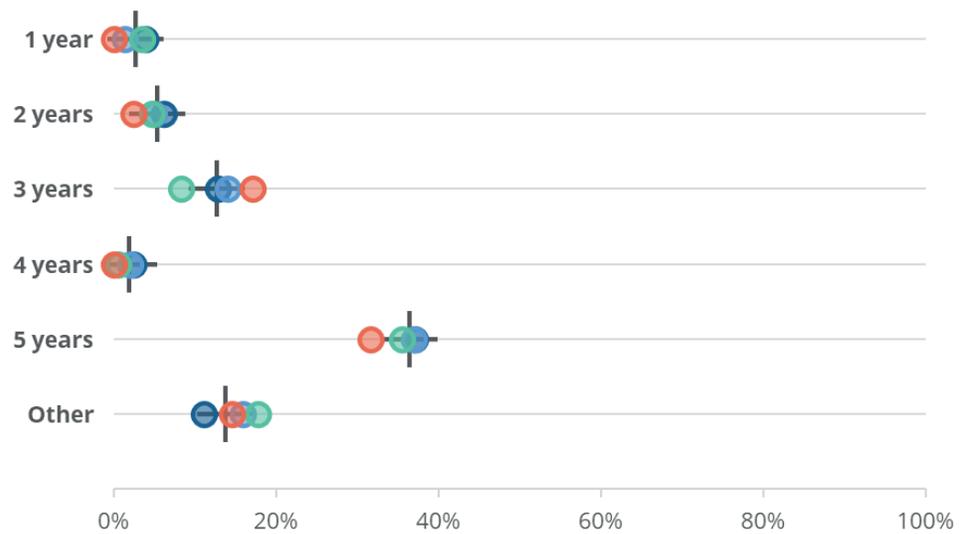
Pilot Program Structure

This section provides survey participant feedback on the potential pilot program structure. Participants were asked about specific program structure elements including the ramp up period, enforcement and inspections, and fee structure.

Ramp up period. Participants were asked to weigh in on how quickly the city should ramp up a pilot program. As shown in Figure 6, most participants prefer a longer implementation period with nearly 40% of all rental owners, managers, and landlords indicating 5 years is preferred. There is not much differentiation based on the number of units a rental owner, manager, or landlord oversees.

Figure 6.
What do you think is a reasonable timeframe for implementing a licensing program?

- + Rental Owner/Manager/Landlord
- Rental Owner/Manager/Landlord (1 unit)
- Rental Owner/Manager/Landlord (2-5 units)
- Rental Owner/Manager/Landlord (5-50 units)
- Rental Owner/Manager/Landlord (50+ units)



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Participants were asked how the city could reasonably accelerate the implementation timeline less than five years without imposing additional burden on owners, landlords, and managers of rental properties. Participants indicated the program can be implemented as soon as the city has the capacity to do so. To reduce the burden of initial ramp up compliance respondents suggested a grace period, incentives for early adopters, efficiencies of an online system for scheduling, clear requirement distributed in advance, and a certification for compliant landlords to use in marketing their properties.

The list below captures the key themes from the open-ended responses:

- *"3-6 month pilot program to test systems and processes before fully implementing."*
 - *"6 month pilot, 6 month review, and implementation of new policy beginning 2nd year."*
 - *"A basic safety checklist and a small fee are not a burden."*
 - *"Accelerating the timeline will cause additional burden and doesn't allow for the time needed to really see if a licensing program is needed. With a 3 to 5 year schedule for inspections, that same time period is need to realistically assess the efficacy or necessity of implementing a licensing program."*
 - *"As a property owner, a faster ramp-up ensures a healthier neighborhood and more protection for our property"*
 - *"Delays are inevitable. Currently the City of Fort Collins is months behind on building inspections. We waited months for roof and water heater inspections specifically."*
 - *"Authorize and train licensed management companies to be certified inspectors as well."*
 - *"By doing an interim licensing ONLY for those landlords who currently have complaints against them."*
 - *"By having inspections be virtual or outside of normal 9-5 M-F"*
 - *"Clear, concise requirements. Rebates to help pay for updates needed for small landlords."*
 - *"Do not like or approve of a rental licensing program so don't want to "accelerate" implementation"*
 - *"Exemptions or automatic city licenses for property management companies following currently-mandated requirements and state real estate licensing."*
 - *"I am 100% against such a program. This is government overreach. Unnecessarily expensive. This program imposes unnecessary burdens and the costs will absolutely be passed on to renters."*
 - *"I believe that the U+2 issue should be resolved before licensing is implemented, as this will help incentivize landlords to participate and it will minimize collateral issues that might otherwise come up in implementing the program successfully."*
 - *"I think 2 years is the time it would take to come up with a fair program with the right infrastructure for success. Much faster than that and I think there would be implementation problems."*
 - *"I think a committee should be formed with landlords and property managers to help guide what the intent of the licensing program is and let them determine an ideal outcome"*
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- *"If you are going to pursue this, the timeline must be built for adequate review and discussion, and acceptance by all parties, or it will simply result in more litigation for the city itself"*
- *"It will depend on the demands for the licensing. There should probably be a compliance grace period, where information is provided and landlords are given a timeframe to come into compliance."*
- *"Learn from existing programs for multiple municipalities in states of both democrat and republican majority to eliminate perception of bias."*
- *"Look at complaint records for previous 3 years and require those to be licensed first. If address has not had any complaints in last 5 years do not require licensing. Let the users of services pay the way."*
- *"Make it opt-in initially with incentives for landlords who opt-in early. Things like waiving building permits for items identified during early inspections might be helpful."*
- *"Online registration and payment ability. Online scheduling of inspection. Clear rules and checklists for landlords of what the requirements and inspections are."*
- *"Reasonable inspection criteria, advance notice and transparency of the criteria so I can plan for property upgrades, certification that I can include in my rental listings to give prospective renters confidence in our properties."*
- *"The city can implement this as quickly as they have the resources, systems, and processes to do so."*
- *"The City could possibly offer some sort of "rental listing" program, giving Landlords a free place to list their units if they are licensed. This would allow tenants to focus their search on housing that has been inspected, while giving landlords an incentive to sign up."*
- *"There will be additional burden. How could there not be when new regulations are enacted/enforced where none previously existed? The question should be how to balance the burden with benefit, i.e. incentives for early adopters. I believe this endeavor will be much more successful if there is a greater reliance on carrots over sticks."*

Participants were asked what might incentivize them to participate in a voluntary rental licensing pilot program. Monetary incentives such as cash or property tax incentives were the most common responses. However, some other incentives that were suggested by owners, managers, and landlords included providing a certification they could use for marketing, maintaining a preferred rentals list, fast track permitting for improvements, perks for renters like Wi-Fi and gift cards, ability to meaningfully impact program rules, legal consultation, and if U+2 were increased.

The list below captures the key themes from the open-ended responses:

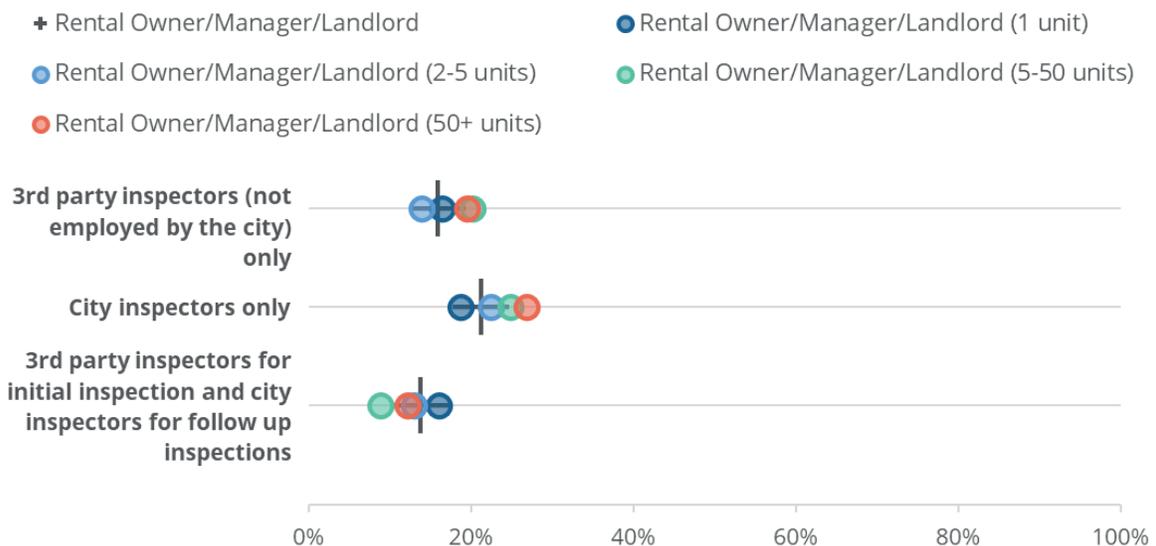
- *"Money"*
 - *"1. Providing no or low cost resources for services needed to become in compliance. 2. Providing free on-line or virtual training in local rental laws, rules, and regulations. 3. Providing certification of licensure."*
 - *"A discount for 1 year on the property taxes"*
 - *"A full understanding of the program. The ability to address concerns prior to violations being issued. An understanding of what constitutes a violation and the penalty. No cost to the landlord to participate."*
 - *"A well thought out plan that doesn't create and undue burden on our individual owners. Fees that are reasonable. Knowledge that the individuals performing the inspections are well qualified for the task."*
 - *"Absolutely nothing could get me to participate in this."*
 - *"Access to reliable renters through the program or cash incentive."*
 - *"Clear indication that my feedback could influence the program design"*
 - *"Credits for upgrades to my property that would also demonstrate environmental sustainability. Install a low flow toilet or shower head."*
 - *"Don't charge a fee. Do a better job of explaining what benefits, if any, the property owners should expect from participating in the program."*
 - *"Fort Collins has made value based decisions in the past that have proven to be beneficial to many future generations. Present the values that will drive decisions for this program for review."*
 - *"Free initial inspections and a monetary bonus to use towards mandated repairs/updates."*
 - *"Grants to improve properties would be very helpful. I would be in a voluntary pilot regardless."*
 - *"Having input on the license requirements and potential exemptions for owners using a property manager"*
 - *"Honestly nothing. Free market is best. Bad rental properties won't get renters."*
 - *"I am incentivized now! I think it would be important to have data pre and post pilot that could look specifically at safety (are there fewer complaints or perhaps would the city get more complaints if renters were emboldened to voice complaints?). To assess the impact of the program on both health and safety independently would seem to be good."*
 - *"If I could legally rent every bedroom in my property. Example, 5 bedroom house can have 5 tenants, unrelated. Inspections would confirm bedroom count."*
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- *"If it provided some protection against problem tenants. If tenants cause more damage than their security deposit covers, provide help or assistance in pursuing the tenants or covering the expenses."*
- *"Window or freestanding AC units. Some sort of certification that gives the property acknowledgement for meeting requirements. Welcome boxes for tenants. Free credit / background screening fees for prospective tenants. Free internet to pass on to tenants as incentive for leasing."*

Enforcement and inspections. Participants were asked about their preference for third party inspectors or city inspectors for the rental licensing inspections. Complaints on rental units will continue to be handled by city building inspectors, but inspections required as part of the registration or licensing program would be performed by either third-party inspectors or city inspectors.

As shown in Figure 7, most respondents prefer city inspectors only, but there is not a strong preference in the distribution of responses.

Figure 7.
Which of the following would be most appropriate in the City of Fort Collins for rental licensing inspections?



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided other thoughts on the use of third-party versus city inspectors. The following list provides a snapshot of participants responses.

- *"3rd party inspections are about \$500 per unit"*
- *"3rd party inspectors but also allowing inspection reports by approved/reliable property management companies."*
- *"A committee, made of owners and inspectors."*

- *"Allow annual inspections done by professional, licensed property management companies, as is currently the case (no additional inspections needed)."*
- *"Also, they should be assigned randomly, like appraisers."*
- *"City inspectors for those that request an inspection."*
- *"Doesn't matter as long as they focus on health and safety issues and don't nitpick."*
- *"For consistency and credibility, inspection work should be completed by employees of the City of Fort Collins who are charged with rental inspections only."*
- *"For profit inspections are particularly open to abuse and fraud."*
- *"I've had two different city inspectors give two radically different sets of opinions on the same building, two different electricians give totally different opinions on what meets code, etc. It won't matter who employs the inspectors. It will matter whether the criteria is clearly defined and provided to all parties."*
- *"Lowest cost option"*
- *"Self inspection by landlord with an affidavit of compliance."*
- *"Utilizing property management companies and local repair/contracting companies. Tenant inspections should be considered. (Create a portal for tenants to answer questions and upload pictures.) A not-for-profit inspection service would also be a decent option."*
- *"Well trained city inspectors will help avoid the fall out of 3rd party inspectors that go overboard on pointing out everything to avoid liability. The inspections must be consistent and work from a set list of noteworthy items."*

Participants were asked what pros and cons they see for using third-party inspectors. The list below captures the key themes from the open-ended responses:

- *"3rd parties can be of varying quality and consistency. However, they're easier to scale than City inspectors."*
 - *"3rd party inspectors could be incentivized to find problems that they (or those with who they are affiliated) would benefit from by repairing at a cost."*
 - *"3rd party inspectors currently charge \$500-\$700 for a property inspection for potential buyers. Again this is adding unnecessary cost to both landlords and ultimately tenants."*
 - *"3rd party inspectors will have to bid for jobs, increasing competition and keeping the costs of inspections down."*
 - *"A private company will be cheaper and more efficient than city employees. "*
 - *"All cons. The city is non-biased and a 3rd party is not required. If you bring in a 3rd party the administrative costs will go up significantly, and tenants and landlords would both be less satisfied."*
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- *"At least using a 3rd party inspector would put the money back into the economy (similar to how emissions tests were implemented in the past)"*
- *"Boulder used to use city inspectors only but now uses an approved list of 3rd party inspectors which we greatly prefer. It makes landlords feel like they are getting more of a fair shake rather than being prey of the City. 3rd party inspectors are more objective. City inspectors are looking to make profit for the city and have no objectivity."*
- *"Hired guns aren't always very interested in the long term relationship with the local citizens. I've typically found our city employees really want to help and treat us as neighbors"*
- *"I foresee a conflict of interest with a 3rd party inspector, directing suggested repairs to friends or companies they own."*
- *"Pros - less government involvement."*
- *"Use of 3rd party inspectors ensures no "good ole boy" leniency."*

Participants were asked what pros and cons they see for using city inspectors. The list below captures the key themes from the open-ended responses:

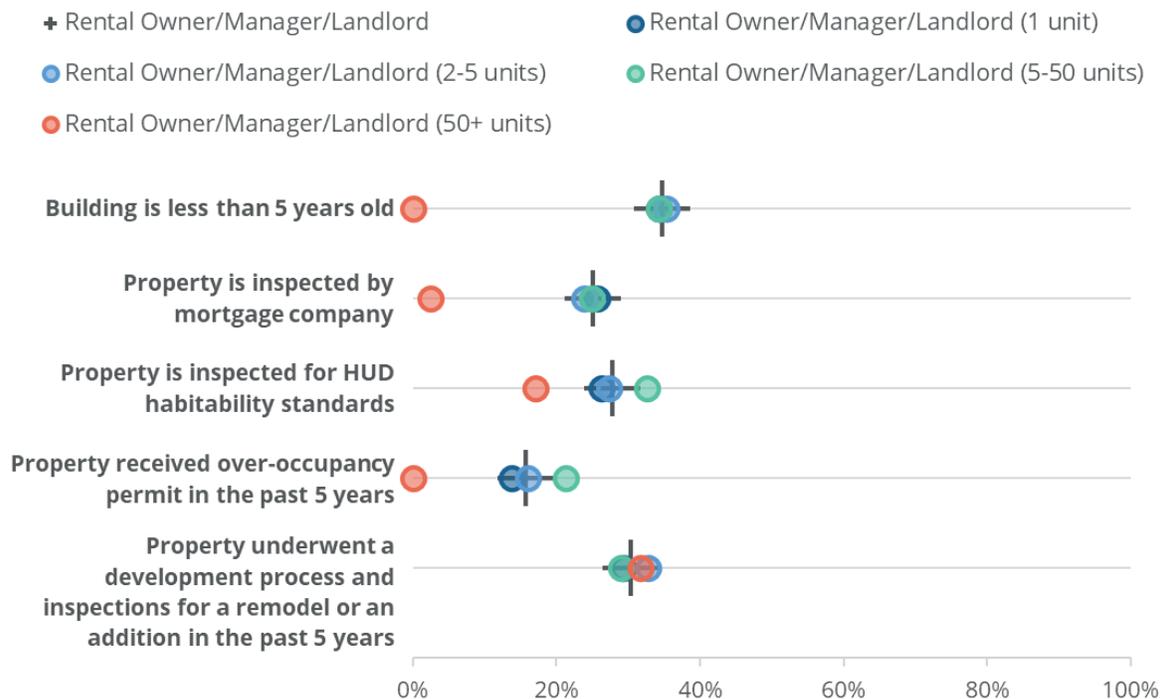
- *"A city inspector could keep inspection costs lower, however the system would no doubt experience significant backlog."*
 - *"A city inspector may be unreasonably biased in interpreting the City guidelines. Landlords should also have the opportunity to review and contribute to the inspection checklists before implementation."*
 - *"Backlog of inspections with staff shortage and challenges in hiring qualified staff"*
 - *"Better standardization of inspections"*
 - *"City inspector would be biased."*
 - *"Hiring inspectors seems more expensive and time intensive, however, it may offer more consistency in the inspection process."*
 - *"I recently built a home in Fort Collins as an owner/general contractor and was given incorrect information, incomplete information and different opinions from different building inspectors at the City of Fort Collins. I would never build again in Fort Collins. Same problems would apply to the "inspections" for rental units."*
 - *"No excuses enforcement will only be effective if City personnel familiar with local Codes are performing the inspections."*
 - *"No cons. City inspectors would be adequate."*
 - *"We think that background-checked, dedicated, well trained and well-paid inspectors would best represent the interests of the city, the tenants and the landlords the best. The goal is to create a stable, effective and easy-to-use inspection system - not a CHEAP one!"*
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- *“Your inspectors are not well trained, I had so many bad experiences with them because they have no training on DEI and can't hide their racism. Always listening to white people's complaints and targeting us minorities”*
- *“City employee inspectors are always more consistent, more prudent, more in tune with the community and the goals of that community.”*

Safe harbors. The city is considering safe harbors for inspections, meaning that there would be some properties that do not need to be inspected because they meet certain criteria. Participants were asked to identify the conditions that should exclude a property from inspection.

Most participants were in favor of new buildings that are less than five years old, properties inspected by a mortgage company, properties inspected for HUD standards, and properties that have undergone a development process in the last five years. Rental owners, managers, and landlords with more than 50 units did not agree with the safe harbors except for properties that have undergone a development process in the past five years.

Figure 8.
Which of the following are appropriate safe harbors in the city?



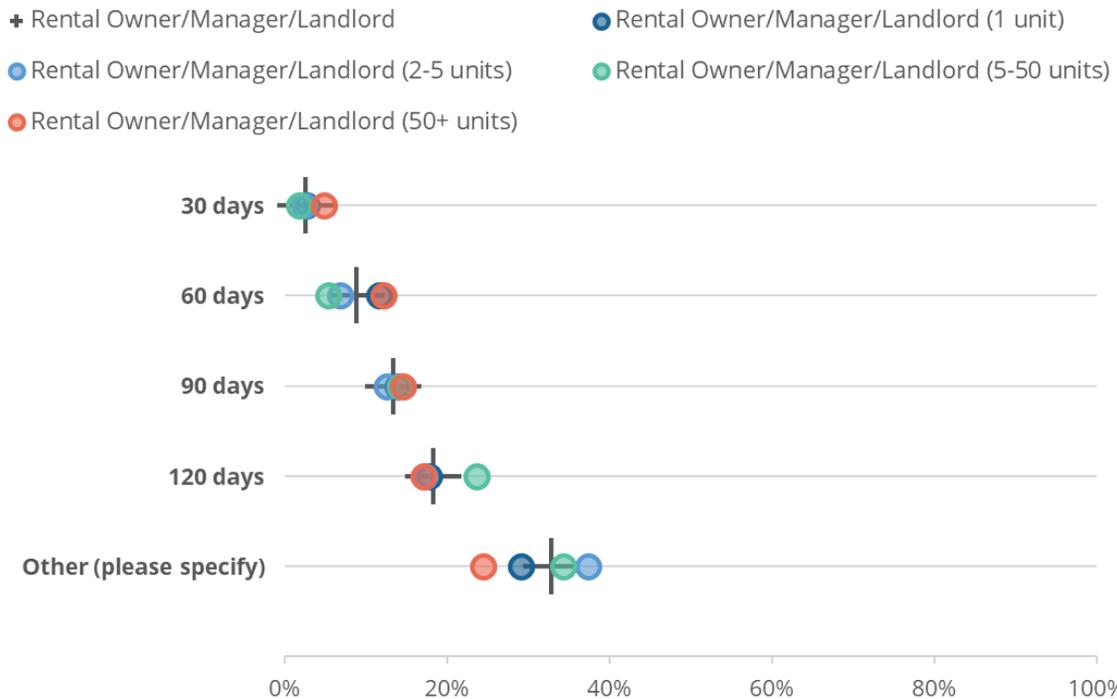
Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided other conditions for safe harbors. Some suggested that no properties should be exempt because this could create inequities and these safe harbors do not guarantee a habitable rental. Other ideas for safe harbors included

properties managed by a property management company, an affidavit by owners of the property or the tenant, properties that are part of an HOA, and properties with no prior complaint.

Compliance timeline. Participants were asked how long a property that failed an inspection should be allotted to come into compliance for reinspection. Participants were able to select between 30 days and 120 days or select other. As shown in Figure 9, the majority of respondents selected other. However, there is a clear trend that most participants prefer a longer compliance timeline like 120 days.

Figure 9.
If a property fails inspection, what is a reasonable timeframe for the property to come into compliance for reinspection?



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided other thoughts on a reasonable compliance timeline. Many participants indicated that the timeframe to comply should be based on the issue. For example, some health and safety issues would require immediate action (e.g., water leaks, gas leak, missing smoke detectors) whereas others may require contractors and materials that may require six months to a year. There was also concern that the city may require arbitrary improvements that are unrelated to health and safety.

Participants were asked how else the city might structure the program to target “bad actors” and reward owners, landlords, and managers with well-kept properties. Some

participants expressed concern over the idea of targeting bad actors and how bad actors are defined. Others provided the following ideas to reward good actors waive fees for well-kept properties, provide ratings like a restaurant, a tiered approach to inspection timeline based on performance, certification to use in marketing, and publish results of inspections publicly. The list below captures the key themes from the open-ended responses:

- *“Bad actors” get more frequent inspections. Repeated successful inspections lead to less frequent inspections.”*
- *“A rating like restaurants in CA”*
- *“Bad actors should be focus of the program; everyone else should be left alone.”*
- *“Continue with stats quo and keep it complaint driven”*
- *“For “bad actors” inspections would occur every 1 to 2 years and “well-kept” properties every 4 to 7 years.”*
- *“Have a hotline/website for renters to report landlords/property managers. Empower renters. Enforced rental caps or eviction holds on properties which don’t meet standards, allow renters to withhold rent for every month after initial 30 days that issues are not fixed. Educate renters.”*
- *“Having a certificate to share with potential renters that you’re a city preferred property”*
- *“I haven’t seen much mention of management companies in this survey so far, but in my experience they make up the grand majority of bad actors. Unfortunately they’re also the most influential politically. I’d like to see specific regulations towards them.”*
- *“I think property tax breaks will ultimately provide the incentives necessary for the program to be successful.”*
- *“I’m not sure I trust the city to determine a reasonable definition of “well-kept”. This city is very well off and what they deem well-kept may be too high of a standard.”*
- *“Publish the ratings! No exceptions for the inspections. They should ALL be every 4 years.”*
- *“The city should not label ‘bad actors’”*
- *“The criteria should be fairly short and very clearly written. Avoid ambiguity.”*

Participants were asked how else the city might make the inspection process less painful and more efficient. Generally, leveraging technology, focusing on health and safety, allowing flexibility, and having adequate staffing capacity to answer questions and provide information are helpful. The list below captures the key themes from the open-ended responses:

- *“Access to city employees is always helpful. Having to navigate an already crowded online system is difficult. As a local contractor, I have first hand experience with this. Having a number to call, and to be able to speak to a live person, will be helpful in understanding how the system works and how to stay compliant.”*
- *“After hours inspection options (outside of 8-5) Tenant coordination”*
- *“Again focus on safety only, not frivolous or unreasonable tenant driven demands”*
- *“App based submittal with pictures. Technology can be easily used to increase the number of virtual inspections instead of having massive overhead of visiting every rental”*
- *“Benchmarks should be modeled on federal (HUD) guidelines. Boulder’s inspection process was a bureaucratic mess and very difficult for property owners to comply.”*
- *“Don’t assume all landlords are bad actors. Work with us and listen to us thru the pilot program.”*
- *“Involve the tenants. If they aren't having problems, perhaps they can vouch for the owner/landlord.”*
- *“Minimal mailings / paper forms, move everything online through a centralized portal.”*

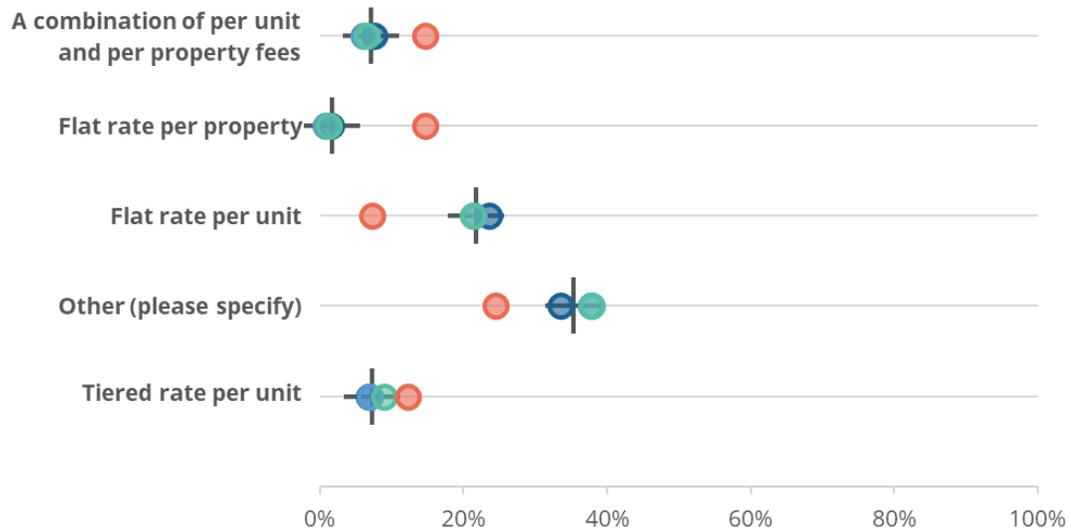
Fee structure. Licensing and inspection fees are initially being calibrated to pay for the costs of running the program. Participants were asked to provide feedback on the structure and timing of the fees as well as incentives that might help offset the fee burden. First, survey respondents were asked to weigh in on how the fees should be calculated—using a per property or per unit fee.

As shown in Figure 10, most participants provided “some other method” for calculating fees. Most respondents preferred a flat rate per unit, except for those with 50 or more units.

Figure 10.
From your perspective, which of the following is the most equitable way to

structure licensing and inspection fees?

- + Rental Owner/Manager/Landlord
- Rental Owner/Manager/Landlord (1 unit)
- Rental Owner/Manager/Landlord (2-5 units)
- Rental Owner/Manager/Landlord (5-50 units)
- Rental Owner/Manager/Landlord (50+ units)



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

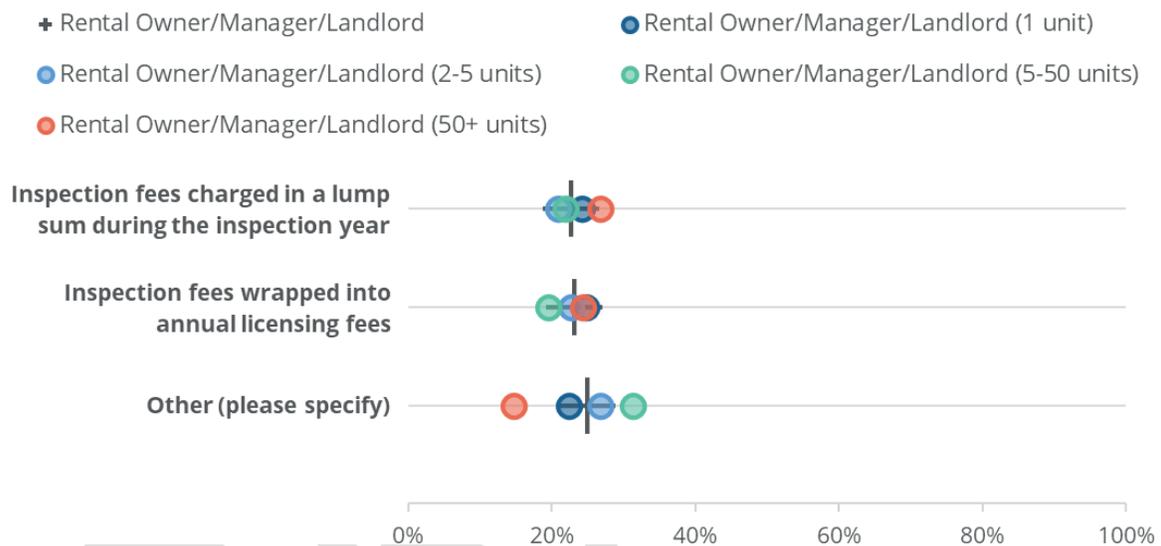
Many survey respondents provided other thoughts on calculating fees. The following list provides a snapshot of participant responses.

- *"A combination rate makes more sense, as single-family homes are very different from apartment buildings and other multi-family properties. I would recommend that the fees take property types into consideration. "*
- *"Actual cost"*
- *"Any fees implemented will be passed down to the renter."*
- *"Consider paying for the cost of the program out of the City general fund / budget, instead of additional fees, so as not to increase housing costs. Habitable housing for all should be a broad-based value that everyone should be willing to support through their City sales tax. Also, consider basing per-unit fees on the appraised value of the property."*
- *"Flat rate based upon size of unit (# of bedrooms)"*
- *"I do not believe it the tenants' responsibility to cover owners' costs. Inspection fees are property/maintenance fees. A flat fee per rental property is best and work efficiently from there."*
- *"Per bedroom or per tenant "family unit". A one-bed unit is not the same inspection as a single-family house."*

- *"There really shouldn't be a fee at all. If the rental passes the inspection checklist they shouldn't get charged"*
- *"To be fair it should be based on the value of the property."*

Next, survey respondents were asked to weigh in on when the fees should be charged—annually or in a lump sum during inspection year. As shown in Figure 11, participants did not have a clear preference.

Figure 11.
Which timeframe do you prefer for inspection fees?



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided other thoughts on the timing of fees. The following list provides a snapshot of participant responses.

- *"Annual fee so it can be included in the monthly rent"*
- *"Charge per inspection per unit since some will require inspection more frequently. Increase the price when more are required due to non compliance."*
- *"Home owner should be allowed to decide which payment plan is best for them and how they run their business."*
- *"Inspection fees wrapped into annual fees for actual/to be inspected units."*
- *"Monthly, attached to utility bill."*
- *"No fees or inspections are needed"*
- *"Normal inspection should be free (covered by annual license revenue) return inspections should be charged at a fixed rate to cover cost of the additional inspections."*

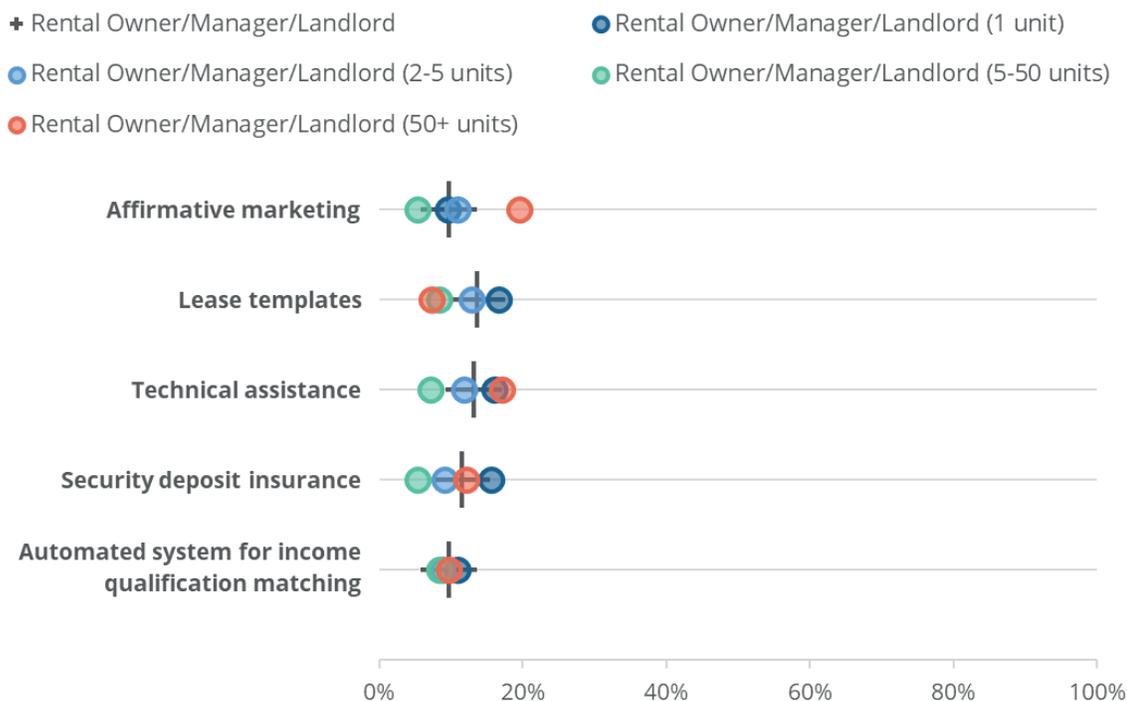
Participants were asked if any rental properties should receive discounted fee rates. The list below captures the key themes from the open-ended responses:

- *"Affordable housing"*
- *"ADA compliant"*
- *"Any units for veterans and senior housing."*
- *"Any rental that serves as a safe haven for those experiencing violence would be exempt from all rental licensing fees"*
- *"CARE housing"*
- *"Elderly who are renting rooms so they can stay in their homes."*
- *"I think you should be rewarded for being in the pilot. As well as for not failing your inspection."*
- *"Large landlords should NOT receive a discount."*
- *"No. All fees should be flat. And all properties in city limits should be charged the fee. All citizens should be held to the same standard of habitability."*
- *"Professionally managed by licensed agents otherwise it is being paid for twice"*
- *"Single family homes where landlord owns only one unit"*
- *"Student housing"*
- *"Yes, properties that have never failed an inspection within the past 3 years."*

Finally, survey respondents were asked to identify potential incentives or programs the city could provide to offset the impacts of the licensing and inspection burden. As shown in Figure 12, participants did not have a clear preference. Lease templates and technical assistance were the top rated incentives. Rental owners, managers, and landlords with 50 or more units showed a clear preference for affirmative marketing and technical assistance, whereas smaller landlords with one unit showed preference for lease templates and security deposit insurance.

Figure 12.

What incentives or programs could the city offer to offset the costs and other impacts of a licensing and inspection program? Select all that apply.



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided other incentives and programs the city could provide. The following list provides a snapshot of participant responses.

- *"A city-supported marketing program could be great. Northern Colorado Rentals recently went out of business, so now it's mostly Zillow for marketing properties. Keep it local!!"*
- *"A portal that landlords can access that shows utilities owed on properties without compromising tenant's privacy rights. This portal will also show all inspections, licensing and requirements for both."*
- *"Ability to advertise an excellent track record of inspections, maybe with a certification program."*
- *"All of these suggestions are awful and are competitive to existing businesses in our community"*
- *"A financial incentive/grant program where owners could apply for financial assistance through the city government to rectify cost prohibitive improvements required as a result of these inspections. What if the inspection finds I have a lead water service line, that cost would be off this planet and nearly cost prohibitive of a replacement to make for most owners."*
- *"Appeals program. Complaint line for inspectors. Ratings platform for city transparency to show feedback/appeals/complaints by landlords and tenants alike"*
- *"Discounted services to correct common issues (e.g., egress windows)"*

- *"Expanded landlord education to help, particularly smaller, landlords be better prepared to understand the process and pass inspections."*
- *"If properties fail offer grants to landlords to make improvements until the properties pass, federal grants."*
- *"Interest free loans or rebates for repairs above \$500 and good faith effort to complete remediation within 90-day period (allow 30-day extension)."*
- *"Reconsider the U+2 occupancy rule. It should be family members + 2 at the very least. This is an affordable housing issue also which should be important to the City."*
- *"Screening tenant system helping with background checks, credit report etc."*

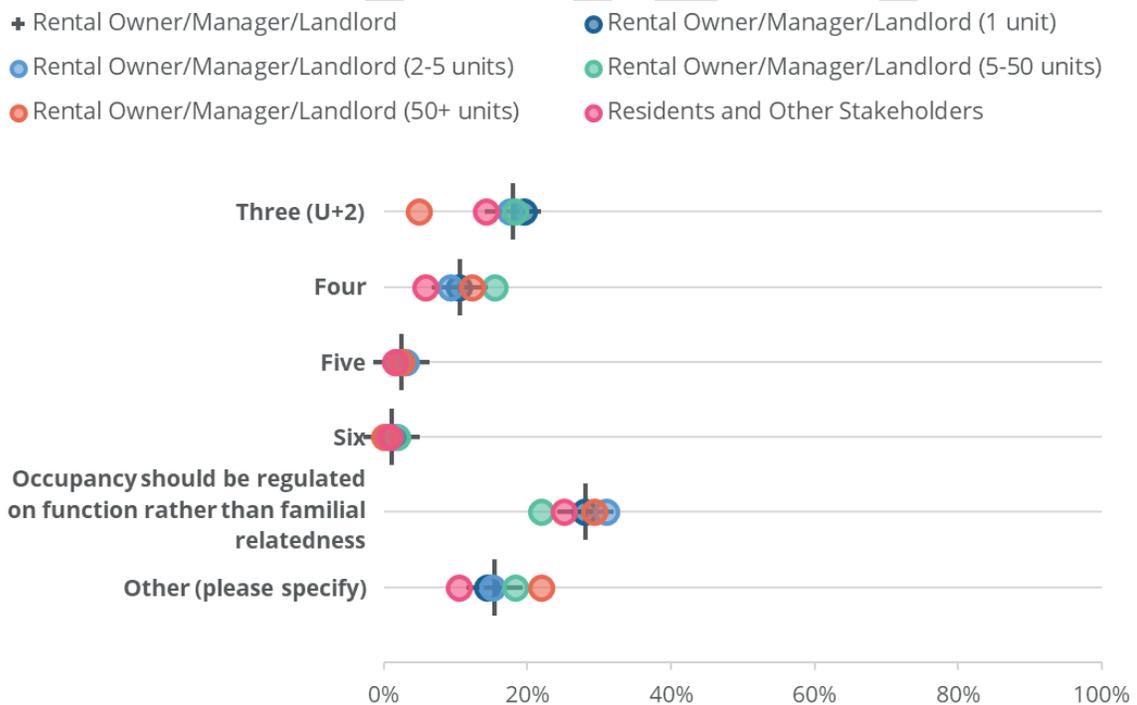
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Occupancy Regulations

In the 1960s the city implemented a U+2 ordinance to combat nuisance issues such as parking, trash, and noise. Currently, up to 3 unrelated adults can live together. Survey respondents—including residents and other stakeholders—were asked how many unrelated adults should be allowed to live together in the city.

As shown in Figure 13, many respondents indicated that occupancy should not be regulated based on familial relatedness and many other indicated U+2 should remain the same. Four unrelated adults were acceptable to come, but five or six were off the table for almost all participants. Rental owners, managers, and landlords with more than 50 units largely disagree with U+2 and would prefer some other way of regulating occupancy.

Figure 13.
From your perspective, how many unrelated adults should be allowed to live together in the City of Fort Collins?



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided other methods for regulating occupancy, some of which are included in the following question about factors that should impact occupancy allowances. The following list provides a snapshot of participant responses that are not captured in the next question.

- *“function’ is arbitrary.”*

- *"A home owner should be allowed to rent their home according the capacity of their home and not the detriment of the neighborhood."*
- *"As many as the owner of the property allows"*
- *"City shouldn't be able to limit occupancy"*
- *"Depends on property. There should be parking and bedrooms for all who live in house, that will dictate the number of tenants, not an arbitrary number. "*
- *"I can't say if it was created in the 1960s but I do know without a doubt that it was regulated till the 1990s. There is a reason for that law, and personally that law still has relevance today as it did back then. Especially today when our youth are even worse. The number 1 rule with humans, give them an inch, they will take a mile. I think it's best if we keep the 3 (U+2) rule."*
- *"Occupancy isn't the problem. Bad behavior and parking limitations are."*
- *"Occupancy should be a formula based on legal bedrooms, not familial status."*
- *"Why do you get to decide how people chose to live?"*

Participants were asked if they viewed increased occupancy allowances as a positive or negative. The list below captures the key themes from the open-ended responses:

- *"A little bit of both, but mostly positive. One of my units is a 5 bedroom house which can easily house 4-5 unrelated adults. I constantly have to turn tenants away because of this. More occupancy means cheaper monthly rent for the renters, making more places accessible. Only negative is parking."*
 - *"A positive to renters since it allows more people to divide rent by, but a negative for landlords in that there is increased wear and tear on properties. Also more parking issues, more noise, more likelihood of parties, inevitability of tragedy of the commons for taking care of the property when there are too many tenants. All the problems that resulted in the U+2 policy to begin with."*
 - *"A positive. Flexibility is needed to accommodate different types of properties, taking into account parking and number of bedrooms in a unit."*
 - *"As a negative, based on my experience as a homeowner in Fort Collins and living next to rental houses that had only three occupants and ones that had much more than that."*
 - *"Bad for neighbors, good for landlords."*
 - *"Cars are the problem. Nobody likes coming home to find out they cannot part in front of their house as the neighbor has too many cars."*
 - *"Fair housing laws are being pushed with the current regulations, in my opinion."*
 - *"I actually think the city is managing this well I like their current program people who want to apply for an exception to the requirements can do that. I think the*
-

more we maintain rentals so that they fit into neighborhoods with owners it will benefit everyone."

- *"Positive! This is truly the only way to provide more affordable housing without having to build more and more huge student housing buildings. Homes that were built to house at least 4 people safely should be allowed to house 4 people."*

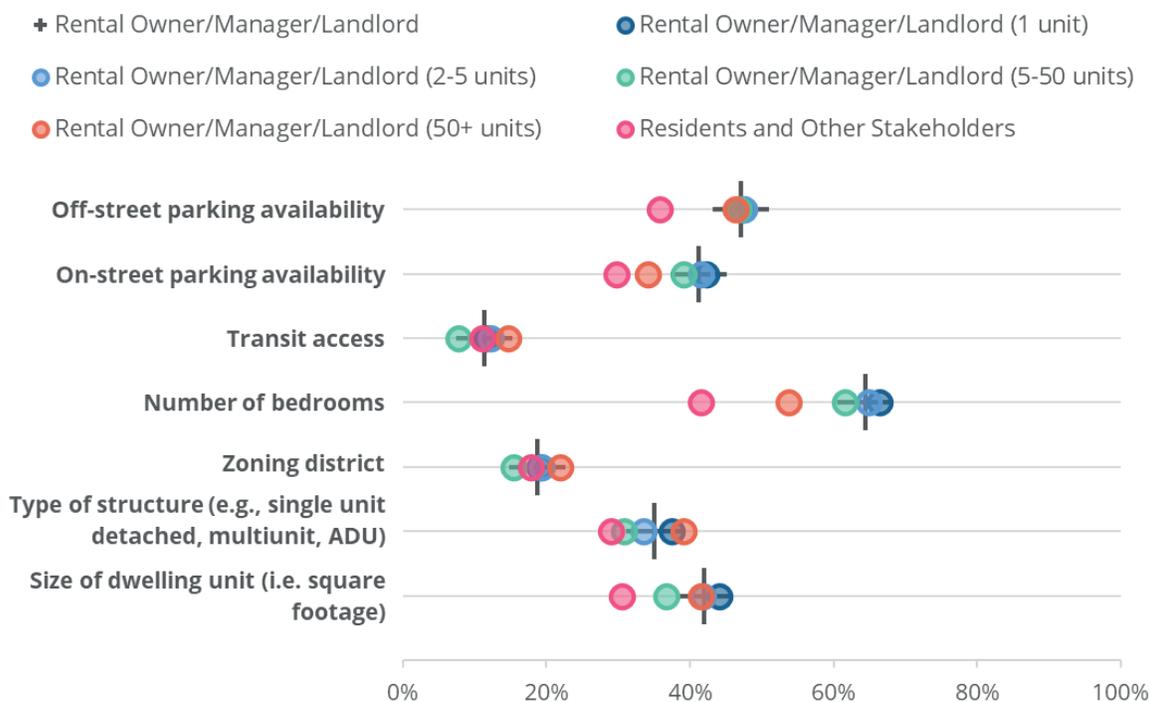
Participants were asked if an increase in occupancy allowances would change the rate structure they use to price rentals in the city. The list below captures the key themes from the open-ended responses:

- *"Higher occupancy increases wear and tear on property, so my rental rates probably would change accordingly."*
- *"I believe landlords will keep their "per room" rent where it is which will raise the total rent for the house because more people can live in the house legally. They certainly won't lower the rent."*
- *"I doubt it, it would just legalize what is already occurring. "*
- *"I might lower our room rate somewhat if I could have more people in a house, but I suspect most rental properties will just charge the same as before and bank the extra rent."*
- *"I set my rates based on the rates of similar rentals in the area or the amount of interest I'm getting in the market. It would likely end up changing my rates, but I don't know in which direction."*
- *"It would not change my rates, but would make housing more affordable per capita for renters. This is the real solution."*
- *"Potentially, however we charge a flat rate for the house and not per room/person."*

Participants were asked which factors are important to examine when determining occupancy allowances in the city. As shown in Figure 14, the top three answers were number of bedrooms, off-street parking availability, and on-street parking availability. Residents and other stakeholders were less in favor of these three factors compared to other participants. Transit access and zoning district were the least favored.

Figure 14.

From your perspective, which of the following factors is an important consideration in determining occupancy allowances in the city?



Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Many survey respondents provided factors that are important to consider when regulating occupancy. The following list provides a snapshot of participant responses.

- *"All areas should be free to rent to 4 unrelated persons "*
- *"CASE BY CASE, blanket rules don't work"*
- *"Double occupancy per bedroom would be quite reasonable in many properties. In addition, cars are increasingly less important to younger people, which makes parking requirements increasingly obsolete. "*
- *"Family relatedness is an outmoded metric and should be eliminated."*
- *"Historic crime rate, utility demand predictions, vehicular traffic, proximity to schools (traffic)"*
- *"You often let corporations build more units than they have parking places. At the duplex I had I had to have off street parking so the little guys don't get treated equally."*
- *"Type of neighborhood. Predominately single family homes should not have excessive occupancy limits. "*

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