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City of Fort Collins Rental Strategies Industry Survey

This report summarizes the responses to the Fort Collins Rental Strategies Industry Survey. The survey was fielded online in February and March of 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.

PREPARED FOR:

City of Fort Collins
www.fcgov.com

CREATED

5/13/2022

INTRODUCTION

The Fort Collins Rental Strategies Industry 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. The primary objective of the survey was 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 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.¹ The survey received 1,912 total responses, and 68% were rental owners, managers, or landlords; 20% were residents who live or work in Fort Collins.² As shown, in Figure 1, the majority of survey respondents have five or fewer rental units (83%) and 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.

**Figure 1.
Sample Size
of Survey
Respondents**

Source:
Fort Collins Rental
Strategy Industry
Survey, 2019 5-year
American Community
Survey, and Root Policy
Research.

	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, 2nd 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%	21%
Attached single-unit home/duplex/triplex	399	31%	15%
Condo/Apartment/rental unit in a multiunit building	336	26%	58%
Accessory dwelling unit (ADU)	25	2%	n/a
Mobile home/trailer	10	1%	0%
Retirement community/independent or ssisted living	3	0%	n/a
Group home (unrelated occupants who are disabled)	3	0%	n/a

**Distribution
of Fort Collins
Rentals by
Units in
Structure
(2019 ACS data)**

¹ 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.

²Program structure questions were reserved for those in the industry directly impacted (i.e., rental owners, managers, and landlords). All respondents were asked general questions about the licensing program and occupancy restrictions.

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 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.** Most 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. 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 developed or remodeled 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 prefer affirmative marketing incentives. Small landlords prefer incentives through lease templates and security deposit insurance.

- **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 regarding 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 (i.e., cash or property tax incentives) were the most common. However, other incentives that were suggested by owners, managers, and landlords included 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 increased occupancy (changes to U+2).
- **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 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.

APPENDIX A.

RENTAL REGISTRY RESPONSES

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. Comments were largely negative and were more likely to highlight potential challenges than identify potential benefits. 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.

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?” Relatively few participants had experience, but those who did offered their perspectives:

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.”
- “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 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.”

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.”
- “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.”

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.”

Other States

- “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.”

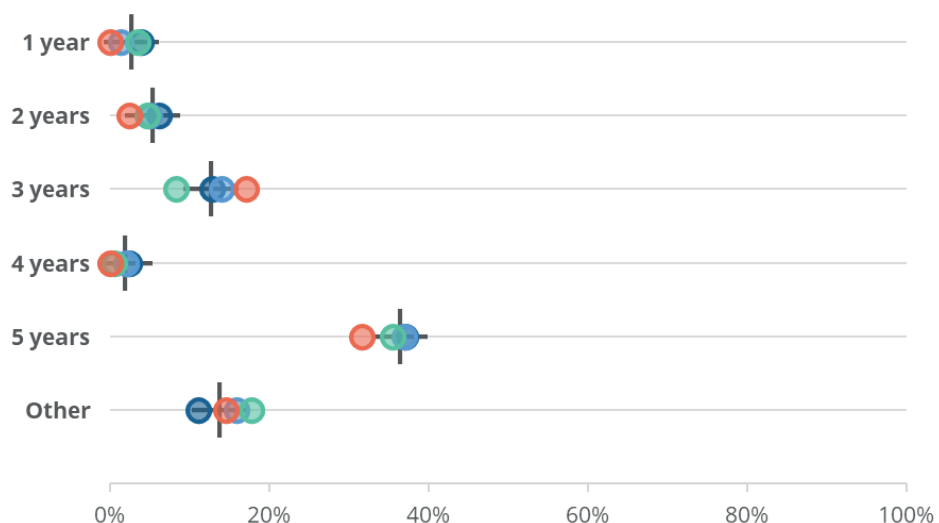
- “In **Indianapolis Indiana** there is a rental license program that is only \$5 per household. I think the low cost makes it makes it easy to manage for landlords and it simply provides an email list for proper upkeep of the rental units. There is no ongoing inspection program unless there are complaints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

Pilot Program Structure

Many of the survey questions solicited feedback on a potential pilot program structure. Participants were asked about specific program elements including the ramp up period, enforcement and inspections, and fee structure. The following figures highlight responses for respondents overall and by the number of units owner/managed by the respondents.

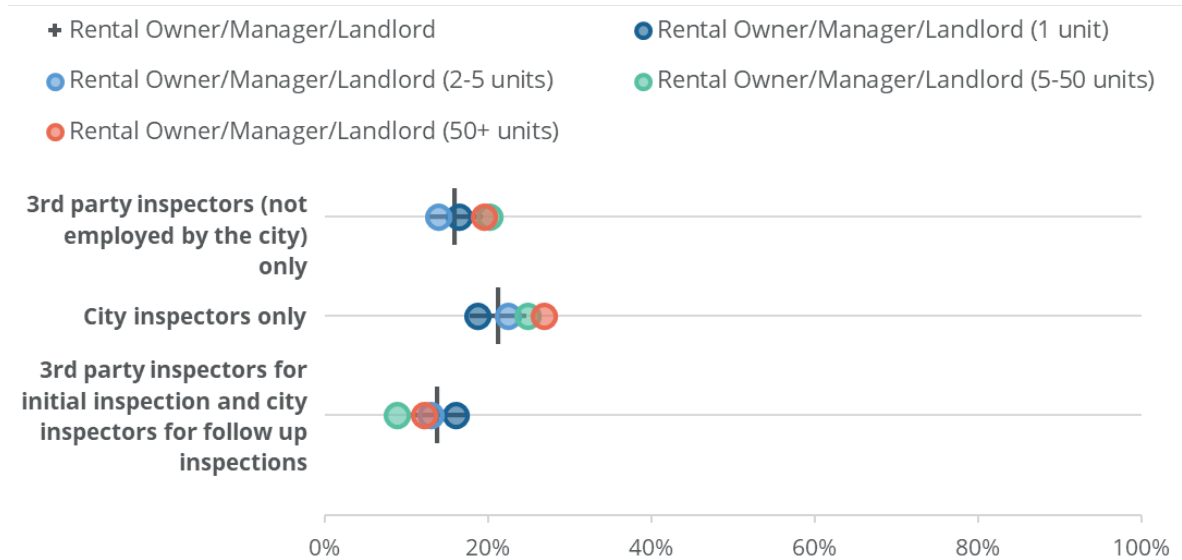
Figure A-1. What do you think is a reasonable timeframe for implementing a licensing program?

- + 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)



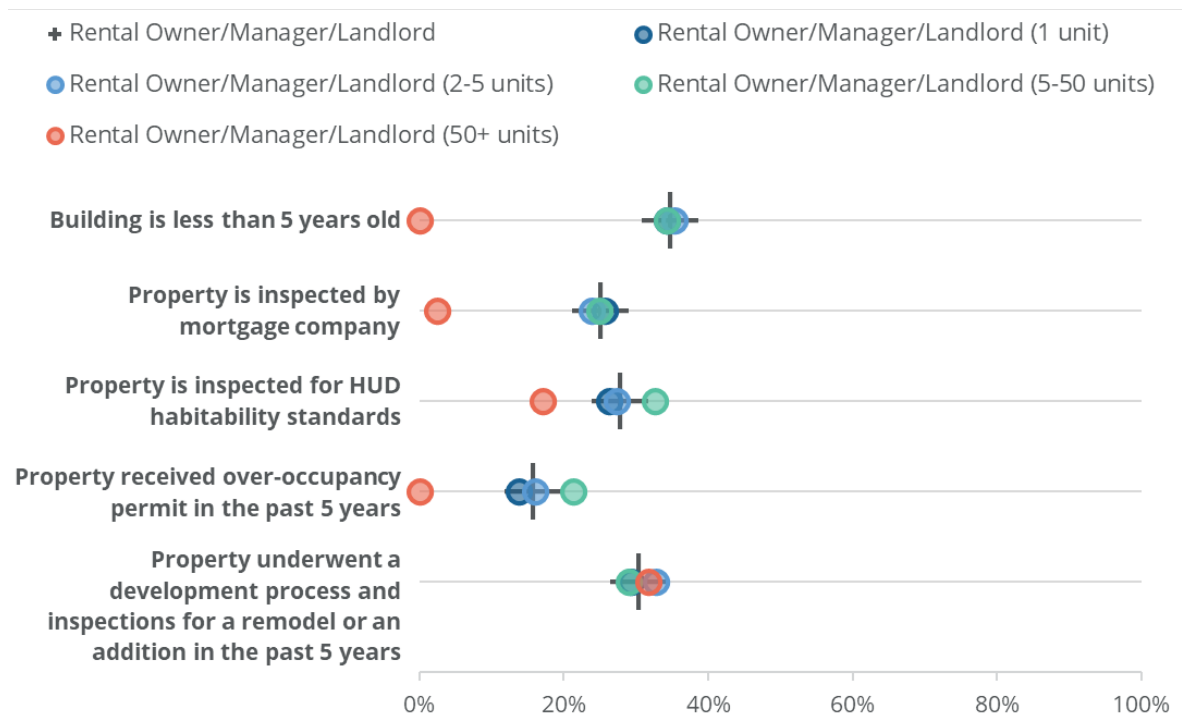
Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Figure A-2. Which of the following would be most appropriate in the City of Fort Collins for rental licensing inspections?



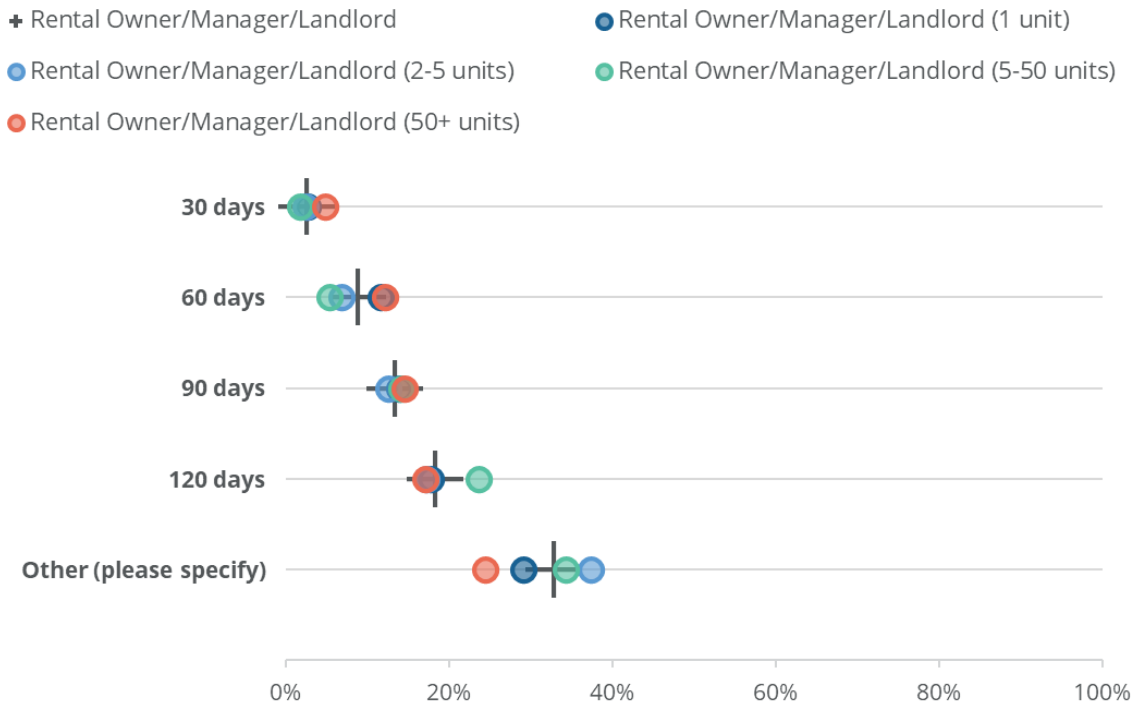
Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Figure A-3. Which of the following are appropriate safe harbors in the city?



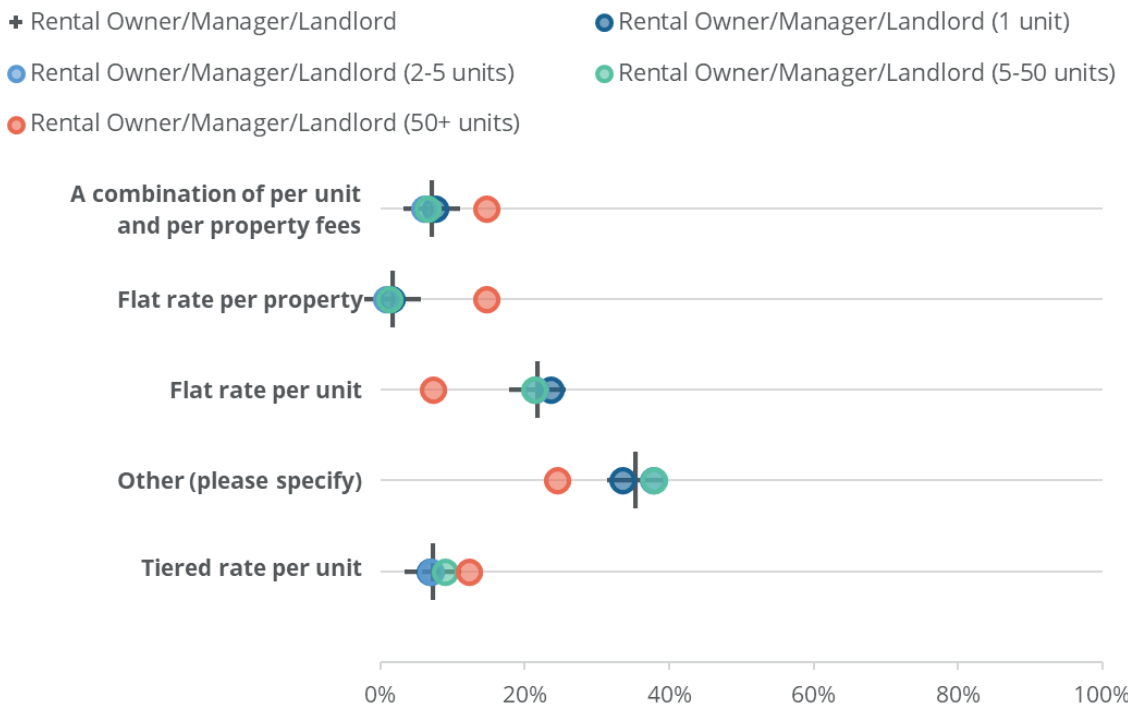
Source: Fort Collins Rental Strategy Industry Survey, Root Policy Research.

Figure A-4. 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.

Figure A-5. From your perspective, which of the following is the most equitable way to structure licensing and inspection fees?



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

Figure A-6. Which timeframe do you prefer for inspection fees?

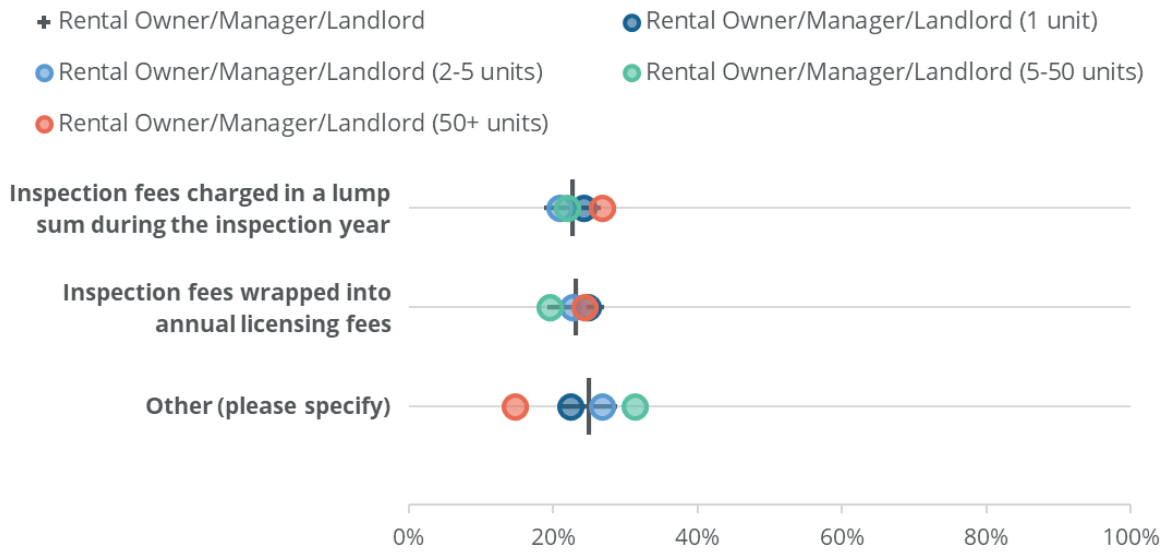
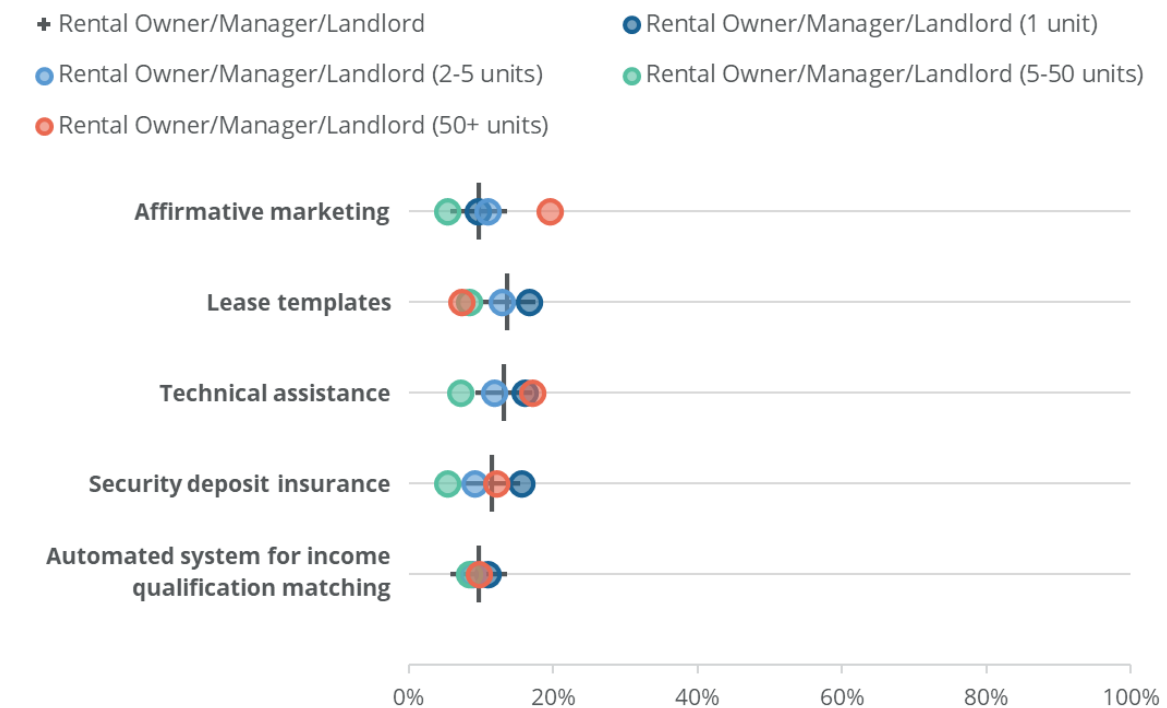


Figure A-7. What incentives or programs could the city offer to offset the costs and other impacts of a licensing and inspection program? Select all that apply.

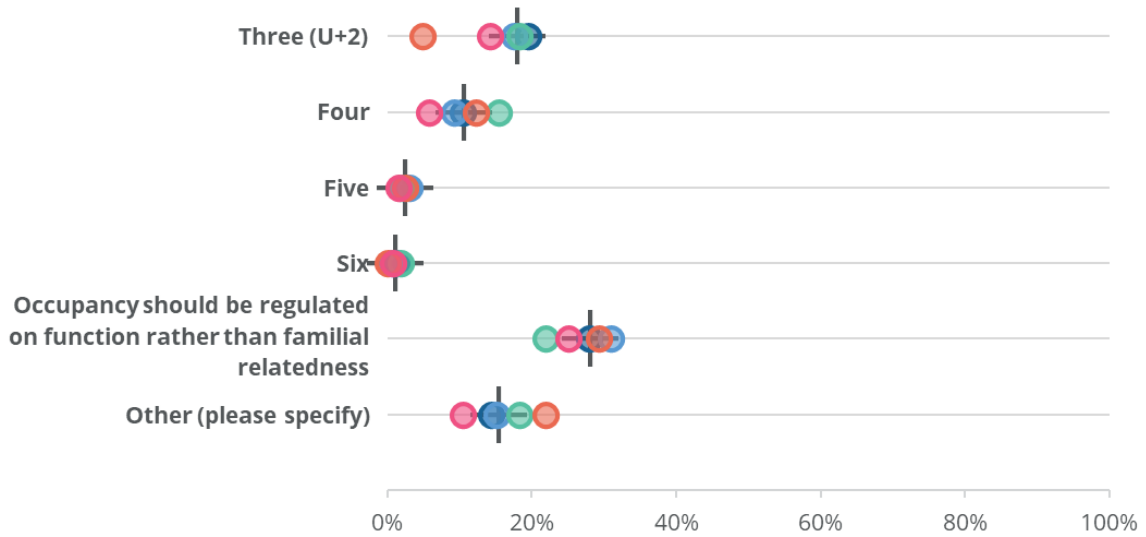


APPENIDIX B. OCCUPANCY REGULATION RESPONSES

The following figures highlight responses on occupancy regulations; figures show responses overall and by the number of units owned/managed by the respondents.

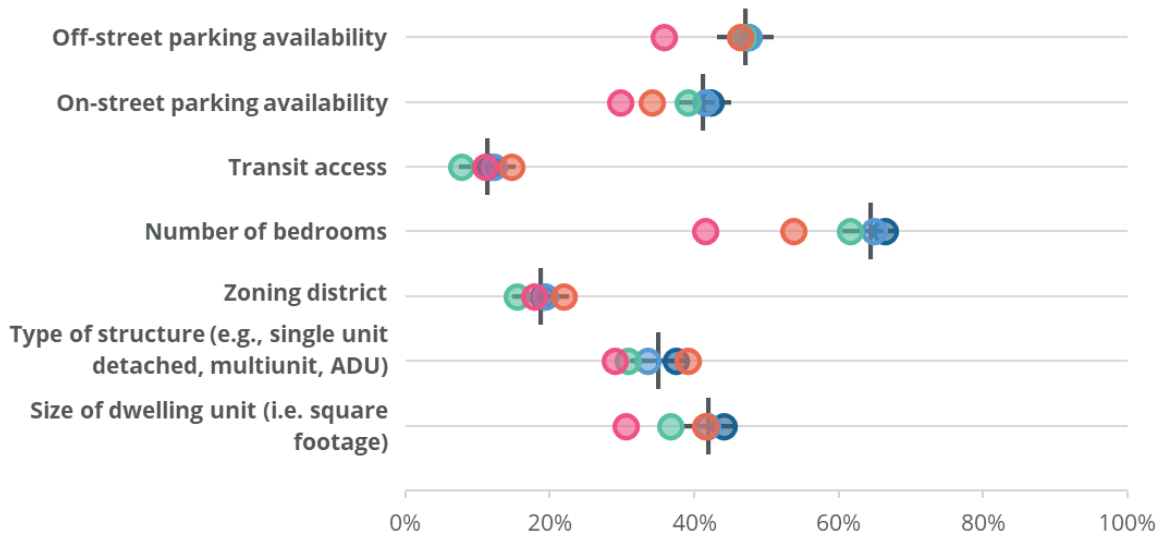
- + Rental Owner/Manager/Landlord
- Rental Owner/Manager/Landlord (1 unit)
- Rental Owner/Manager/Landlord (2-5 units)
- Rental Owner/Manager/Landlord (5-50 units)
- Rental Owner/Manager/Landlord (50+ units)
- Residents and Other Stakeholders

Figure B-1. 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.

Figure B-2. 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.