

**City Council Questions and Answers for
Thursday, November 07, 2013**

These questions and answers are related to the
Austin City Council meeting that will convene at 10:00 AM on
Thursday, November 07, 2013 at Austin City Hall
301 W. Second Street, Austin, TX



**Mayor Lee Leffingwell
Mayor Pro Tem Sheryl Cole
Council Member Chris Riley, Place 1
Council Member Mike Martinez, Place 2
Council Member Kathie Tovo, Place 3
Council Member Laura Morrison, Place 4
Council Member William Spelman, Place 5**

The City Council Questions and Answers Report was derived from a need to provide City Council Members an opportunity to solicit clarifying information from City Departments as it relates to requests for council action. After a City Council Regular Meeting agenda has been published, Council Members will have the opportunity to ask questions of departments via the City Manager's Agenda Office. This process continues until 5:00 p.m. the Tuesday before the Council meeting. The final report is distributed at noon to City Council the Wednesday before the council meeting.

QUESTIONS FROM COUNCIL

1. Agenda Items # 8 and # 9
 - a. QUESTION: Was the independent appraisal amount for more or less than the proposed purchase price? Please explain how this facility is part of the long term plan for the department. What plan is in place to prevent any adverse effects on nearby schools and residents? COUNCIL MEMBER SPELMAN
 - b. REVISED ANSWER: See attachment.
2. Agenda Items # 8, # 9, and # 18
 - a. QUESTION: Will the proposed facility be used as a MRF or transfer station? COUNCIL MEMBER MARTINEZ
 - b. ANSWER: There will be no MRF, no transfer station, and no transfer of waste at this site.
3. Agenda Item # 15
 - a. QUESTION: What has changed since the budget process that necessitates a need to increase fees and staff? COUNCIL MEMBER SPELMAN
 - b. ANSWER: The new FTE request was submitted as an unmet need during the FY14 financial forecast. Funding to cover the cost of this FTE was provided as a result of a revision to the Travis County Public Health ILA cost model calculation for environmental health services. The additional revenue was included in the FY14 financial forecast. There was no "fee" change. Adding the new FTE was contingent on Travis County's approval of the revised costing methodology. Commissioner's Court and City Council approved the Travis County Public Health ILA on September 24 and 26 respectively, which was after the adoption of the FY14 budget.
4. Agenda Item # 16
 - a. QUESTION: Please provide reasoning for funding this item from HHS budget instead of the Law dept budget- specifically, how is this related to Health and Human Services? How are lawsuit expenses typically handled? Please provide a budget for the \$120,000. What exactly is involved in being an "amicus?" COUNCIL MEMBER SPELMAN

b. ANSWER: During the budget process Council allocated \$280,000 for outside counsel to represent the city in the ongoing litigation challenging the voter id law in Texas. Council allocated the money to the Law Department, however during the budget process the money was incorrectly allocated to the HHSD. City staff in both departments communicated about the funding, and all understand how the funds are to be used. Lawsuits against the city are funded through the Liability Reserve Fund. When the City brings a lawsuit, the funding typically comes from the budget of the department involved in the litigation.

5. Agenda Item # 30

a. QUESTION: This contract for publishing/codification services can be awarded to the staff-recommended company or the other qualified offeror. 1) Please provide information on the other qualified offeror and an explanation as to why the recommended company's proposal was deemed "best". 2) In general, when the Council has the option to select the staff recommendation or another qualified offeror for a contract award, what process is in place to ensure that the backup to the agenda item includes all relevant information about the options so that Council can make an informed decision? 3) Has there been any thought given yet to procurement of a smart phone or tablet application to access our code? COUNCIL MEMBER MORRISON

b. ANSWER: See attachment

6. Agenda Items # 34, # 35, and # 36

a. QUESTION: 1) Please describe the each of the substantive differences between these items, or provide a red line for what is different between them. 2) Please provide fiscal notes for each item. 3) Also, please provide an assessment from NHCD about how this will impact housing costs for families in Austin. COUNCIL MEMBER SPELMAN

b. ANSWER: These items are being postponed to the November 21, 2013 Council meeting. Staff will respond to these questions during that time.

7. Agenda Item # 48

a. QUESTION: Please provide some information on approximately how many units in Austin that are over current occupancy limits. What cities, including those in Texas, currently use occupancy limits, and what are their limits? Has there been any data accumulated about what the impacts of these occupancy limits are, including with regard to affordability, "sprawl," and traffic congestion? If the city lowers its occupancy limits, more housing units may be needed, please provide a plan for addressing this. Please have NHCD provide an assessment of how this change would impact affordability in Austin. COUNCIL MEMBER SPELMAN

b. ANSWER: See attachment.

END OF REPORT - ATTACHMENTS TO FOLLOW

 *The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.*

 *For assistance please call (512) 974-2210 OR (512) 974-2445 TDD.*



Council Question and Answer

Related To	Agenda Items # 8 and #9	Meeting Date	November 7, 2013
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Additional Answer Information

QUESTION: 1) Was the independent appraisal amount for more or less than the proposed purchase price? 2) Please explain how this facility is part of the long term plan for the department. 3) What plan is in place to prevent any adverse effects on nearby schools and residents? COUNCIL MEMBER SPELMAN

ANSWER: 1) The independent appraisal amount was \$4,100,000. The owners countered at \$4,500,000. The counter offer was reviewed and found reasonable by the independent appraiser based on the improved market conditions since the effective date of his appraisal.

2) The Austin Resource Recovery Master Plan provides advanced planning for a new North Service Facility (p. 65-67). The North Service Facility will include the following:

- Service vehicle deployment to the northern 60% of ARR service territory (ARR Master Plan p.65)
- ARR North CNG / Diesel Fueling Facility (ARR Master Plan p.58)
- Second Household Hazardous Waste Facility (ARR Master Plan p.15 & p.129)
- Reuse/Recycling Drop-off Center (ARR Master Plan p.80)
- Administrative Offices Consolidation (ARR Master Plan p.65)

3) The Department will meet with the local residents and school principal to establish community needs regarding this site use. The site will be landscaped to prevent neighborhood sight of the operations from the street and any adjoining properties. All vehicle traffic to this site will be routed from the north, with a prohibition of city vehicle traffic near the school to the south of the property. Lighting will face inward and away from neighbors. There will be no MRF, no waste transfer station, and no transfer of waste at this site. The drainage swale in the center of the property will be developed as a green belt for local residents to walk from the neighborhood behind the facility to the city park with a marked crossing across the road. The facility will meet community standards regarding appearance and environmental sustainability. A detailed facility development plan (with community input) will be presented to Council at a later date to request funding for the construction of the facility.



Council Question and Answer

Related To	Agenda Item # 30	Meeting Date	November 7, 2013
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Additional Answer Information

QUESTION: This contract for publishing/codification services can be awarded to the staff-recommended company or the other qualified offeror. 1) Please provide information on the other qualified offeror and an explanation as to why the recommended company's proposal was deemed "best". 2) In general, when the Council has the option to select the staff recommendation or another qualified offeror for a contract award, what process is in place to ensure that the backup to the agenda item includes all relevant information about the options so that Council can make an informed decision? 3) Has there been any thought given yet to procurement of a smart phone or tablet application to access our code? COUNCIL MEMBER MORRISON

ANSWER: 1) Please see the matrix below on the other qualified offerors.

EVALUATION CRITERIA RFP JSD0136		Total Points	Municipal Code Corporation Tallahassee, FL	American Legal Legal Publishing Cincinnati, OH
1	Identification and understanding of the City and the City's requirements for this project.	40	36	36
2	Demonstrated Applicable Experience	20	20	20
3	Total Evaluated Cost	30	30	23
4	Local Business Presence	10	0	0
GRAND TOTAL SCORE		100	86	79

NOTE: As per Section 252.049 of the local government code, contents of a proposal shall remain confidential until a contract is awarded or as directed by the Texas Attorney General's Office. Therefore, the matrix will include points awarded for price but exact pricing will not be disclosed.

2) An evaluation matrix is usually attached in SIRE (the agenda management system). In this case, there was an oversight and the matrix was not attached prior to posting.

3) The interface is compatible with smart phones and tablets. This contract does not procure devices.



Council Question and Answer

Related To	Agenda Item # 48	Meeting Date	November 7, 2013
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Additional Answer Information

QUESTION: 1) Please provide some information on approximately how many units in Austin that are over current occupancy limits. 2) What cities, including those in Texas, currently use occupancy limits, and what are their limits? 3) Has there been any data accumulated about what the impacts of these occupancy limits are, including with regard to affordability, "sprawl," and traffic congestion? 4) If the city lowers its occupancy limits, more housing units may be needed, please provide a plan for addressing this. 5) Please have NHCD provide an assessment of how this change would impact affordability in Austin. COUNCIL MEMBER SPELMAN

ANSWER: 1) The Code Compliance Department investigates complaints of over occupancy as defined in the Austin City Code 25-2-511. However, since the Code Compliance Department is a complaint based program, a query of the complaints in the database would not be accurate.

2) A 2008 list created by the "College Town Life" group that shows occupancy limits for college towns across the nation. See attachment titled [College Town Life □ Occupancy Limits.pdf](#)

This includes a few Texas cities as well as a few other cities nationwide that have reduced occupancy limits. See attachment titled [Rental Occupancy Research LS.pdf](#)

3) Two studies commissioned by the City of Fort Collins, Colorado to analyze the impact of their "Three Unrelated Persons" ordinance. The first study (2005) examines the impacts of the local housing market if the ordinance was to be strictly enforced. The 2009 study is a follow up to the 2005 study. See attachments titled [Corona Report 2005.pdf](#) & [Corona Report 2009.pdf](#). Also, here is a link to a recent article in the Texas Tribune <http://www.texastribune.org/2013/08/20/families-move-out-stealth-dorms-move/>

4) The proposed reduction of the maximum occupancy rate of unrelated adults would, in some cases, decrease the number of tenants allowed to live in a dwelling unit, therefore increasing the amount of rent paid by each tenant, assuming the rental rate remained constant. Development of housing units that allow greater occupancy would become limited to fewer zoning categories, therefore decreasing the opportunities for high-occupancy-based affordable housing and could lead to displacement. If a maximum occupancy limit is set to a number less than 6 (the current limit), there will be some housing units, and tenants, affected. With increasing rents and high occupancy rates in Austin, fewer affordable rental units are available. Sharing units is an affordable option to allow lower income persons to remain within the City Limits.

5) Each year NHCD produces an Action Plan for the U.S. Dept. of Housing and Urban Development that proposes how the City of Austin plans to address this demand for affordable housing given the available federal and local resources. NHCD strategies to address current and future affordable housing needs are summarized in the Action Plan. You can review the most recent 2013-14 Annual Action Plan here: <http://www.austintexas.gov/page/reports-publications#action>. The plan consists of a variety of investment activities and programs that strive to address household affordability and affordable housing production needs in

the community. Some examples of the City's programs are: Rental Housing Development Assistance, Developer Incentive Programs (SMART Housing, etc.), Architectural Barrier Removal and Home Repair, Individual Development Accounts and Financial/Homebuyer Education, and Down Payment Assistance. All of the programs offered by NHCD and AHFC are available to Austin residents making 80% or less of the area median family income.

COLLEGE TOWNS | RETIREMENT | BUSINESS | TRAVEL | NEIGHBORHOODS | NEW URBANISM

ADVERTISE | DIRECTORY |  |  |  | 

Occupancy Limits

College Town Life | College Town News | College Town Issues | Search

Occupancy Limits and Rental Property Licensing/Registration

College towns most often need to enact some form of occupancy limit ordinance for either of two reasons: 1) safety 2) maintaining affordable housing for all community residents. (No [or few] limits on the number of unrelated occupants allowed in a dwelling unit can raise home prices in college towns out of the reach of families and singles/couples, since homes in college towns often sell for ten times the amount of possible yearly rental income.)

The chart below is regularly being added to as information becomes available on other college towns. Information is broken out by state, and color-coded according to the number of unrelated people community ordinances allow to share a dwelling unit (see the color key in the **Occupancy limit for unrelated persons** column.)

City, State University	Occupancy limit for unrelated persons				Different for owner- occupant?	Rental property licensing?
	2	3	4	5>		
Alaska						
Anchorage, AK University of Anchorage			3			
Alabama						
Auburn, AL Auburn University			2		<i>Does not apply</i>	<i>Unregulated</i>
Troy, AL Troy University						
			Specifically prohibits anyone but single families from dwelling in houses located in R-1 zones and more narrowly defines a family as being a single family unit related by blood, marriage or adoption. -effective 8/1/06			
Tuscaloosa, AL University of Alabama			2 (6 Apr 2005)			Implemented (6 Apr 2005)
			5 (in a "University" district)			A second amendment would change occupancy regulations to allow up to five unrelated people to live

together in a University district. It would also change occupancy rules so that only two unrelated people could live together in residences in historic districts with the exception of historic district properties where three unrelated people live together now.

	Formerly 3 (2003)	Exemptions for Owner- Occupants (3 rented rooms or less)	Rental license required
Arizona			
Tempe, AZ Arizona State University	3	Exemptions for Owner- Occupants	Rental housing code (registration required)
Arkansas			
Little Rock, AR University of Arkansas at Little Rock	4	No exemption	Rental property inspection program
California			
Davis, CA University of California, Davis		<i>Does not apply</i>	<i>Unregulated (program no longer in effect)</i>
San Bernardino, CA State University - San Bernardino		Exemptions for Owner- Occupants	Rental inspection ordinance inactive (not currently funded)
San Francisco, CA San Francisco State University	10	No exemption	Rent control ordinance
San Jose, CA San Jose State University	Sole occupancy limit is California's housing code, which uses a square footage formula rather than the number of rooms	<i>Does not apply</i>	Must register as a business owner Requires a Housing Occupancy Permit for tri-plex and larger structures, has a routine and complaint response inspection and has a rent control program for those built before September 7, 1979.
Santa Barbara, CA University of	No	<i>Does not apply</i>	<i>Unregulated</i>

Gainesville, FL University of Florida	3	No exemption (with exception)	Landlord Permit Ordinance (registration required)
Tallahassee, FL Florida State University	3	<i>No response</i>	Rooming House Ordinance
Georgia			
Athens, GA University of Georgia	2	<i>Does not apply</i>	Rental registration policy ruled unconstitutional by Clarke County Superior Court (Feb 2004)
Atlanta, GA Emory University	3	<i>Does not apply</i>	<i>Unregulated</i>
Milledgeville, GA Georgia College & State University	3 (15 Nov 2006)		
Statesboro, GA Georgia Southern University	3	<i>Does not apply</i>	<i>Unregulated</i>
Hawaii			
Honolulu, HI University of Hawaii at Manoa	5	<i>Does not apply</i>	<i>Unregulated</i>
Idaho			
Moscow, ID University of Idaho	6	<i>Does not apply</i>	<i>Unregulated</i>
Illinois			
Evanston, IL Northwestern University	3		
Normal, IL Illinois State University	2	No exemption	International Property Maintenance Code (Housing inspection and licensing)
Urbana- Champaign, IL University of Illinois at Urbana- Champaign	4	<i>Does not apply</i>	<i>Unregulated</i>
Indiana			
Bloomington, IN Indiana University-	3	Exemptions for Owner- Occupants	Rental registration

Bloomington			
West Lafayette, IN Purdue University	3	No exemption	Rental housing inspection program
Iowa			
Ames, IA Iowa State University	3	No exemption	Rental housing code (letter of compliance required)
Cedar Falls, IA University of Northern Iowa	4	Exemptions for Owner-Occupants	Minimum Rental Housing Code
Iowa City, IA University of Iowa	3	Exemptions for Owner-Occupants	Rental housing inspection
Kansas			
Lawrence, KS University of Kansas	3	Exemptions for Owner-Occupants	Rental licensing
Kentucky			
Lexington-Fayette, KY University of Kentucky		<i>Does not apply</i>	<i>Unregulated</i>
Louisville, KY University of Louisville	5	<i>Does not apply</i>	<i>Unregulated</i>
Maine			
Orono, ME University of Maine	5	<i>Does not apply</i>	<i>Unregulated (under discussion)</i>
Portland, ME University of Southern Maine	16	<i>Does not apply</i>	<i>Unregulated</i>
Maryland			
Baltimore, MD Johns Hopkins University	2 (in a single-family house)		In Baltimore County, no more than 2 unrelated people may live together in a single-family dwelling. Houses converted into apartments units are included. In that case, only two per apartment are allowed.
	4		In Baltimore City, the codes are more complex, but in basic, no more than 4 unrelated people may live together in a single-family dwelling.

**College Park,
MD**
Univerity of
Maryland

rent-control plan that would likely limit the rent of single-family homes to a maximum of \$1,800 a month or 1 percent of the house's taxable value, whichever number is greater
(29 Mar 2005)

landlord Alan Tyler, along with several student tenants, are suing the College Park City Council in an attempt to block a rent stabilization ordinance. Enacted in 2005, the ordinance sets a ceiling on rent of 1 percent of a single-family home's value, and Tyler has accused the city of overstepping its jurisdiction. (5 Mar 2007)

Salisbury, MD
Salisbury
University

from 4 to 2 - 2002
from 2 to 3 -
2005

What Does 4-3 Mean For Salisbury Residents?
Three years after lowering the number of unrelated people allowed to live in a housing unit from 4 to 2, this college town is bumping the occupancy limit up from 2 to 3
WMDT - 6 Oct 2005

Massachusetts

Amherst, MA
University of
Massachusetts-
Amherst

4

Does not apply *Unregulated*

Boston, MA
Boston
University and
others

?

**Exemptions for
Owner-
Occupants** **Housing Division
Rental Re-inspection
Ordinance (PDF)**

Michigan

Ann Arbor, MI
University of
Michigan - Ann
Arbor

4

**Exemptions for
Owner-
Occupants** **Housing inspection
(PDF) (applies to rental
and owner-occupied
dwellings)**
*(routine
inspections not
required for
owner-occupied
properties)*

**East Lansing,
MI**
Michigan State
University

2

No exemption **Rental housing
license program**

<p>Mt. Pleasant, MI Central Michigan University</p>	<p>2</p>	<p>Exemptions for Owner-Occupants (except owner-occupied duplexes)</p>	<p>Rental housing license program</p>
<p>Minnesota</p>			
<p>Mankato, MN University of Minnesota - Mankato</p>	<p>2</p>		
<p>Winona, MN Winona State University</p>	<p>3 (reduced from 5)</p>		<p>No more than 30 percent rental properties allowed on any city block (Dec 2005)</p>
<p>Mississippi</p>			
<p>Hattiesburg, MS University of Southern Mississippi</p>	<p>City considering 2 fall 2006</p>		<p><u>Cities struggle with rental regulations</u> American - 15 Sep 2006 ...HATTIESBURG, MS - Probably the most controversial ordinance deals with rental housing and would make it illegal for property owners to rent a home in a single-family residential area to two or more renters who are not related by blood, marriage or living as a couple.</p>
<p>The other two ordinances deal with parking cars on lawns and quiet hours within the city...</p>			
<p>Oxford, MS University of Mississippi</p>	<p>5</p>	<p><i>Does not apply</i></p>	<p><i>Unregulated</i> considering limits of 3 unrelated tenants will be set on houses in areas zoned RA and a limit of 4 unrelated tenants for houses zoned RB, such as duplexes (1 Sep 2004)</p>
<p>Missouri</p>			
<p>Columbia, MO University of Missouri-Columbia</p>	<p>3</p>	<p>No exemption</p>	<p>Rental Unit Conservation Law (regulates licensing of rental properties)</p>

St. Louis, MO University of Missouri - St. Louis	3	<i>Does not apply</i>	<i>Unregulated</i>
Montana			
Bozeman, MT University of Montana	4		
Nevada			
Las Vegas, NV University of Nevada - Las Vegas	4	<i>Does not apply</i>	<i>Unregulated</i>
New Jersey			
New Brunswick, NJ Rutgers University		Exemptions for Owner-Occupants	Rent Control Ordinance
New York			
Binghamton, NY State University of New York at Binghamton	2		
Brockport, NY State University of New York at Brockport	3 (if property built after <u>1993</u>)		inspection every three years
Buffalo, NY SUNY at Buffalo		Exemptions for Owner-Occupants	Rental licensing program
Geneseo, NY State University College at Geneseo	4		require an inspection every three years for rental properties. system for registering landlords (27 Feb 2005)
New Rochelle, NY College of New Rochelle Monroe College Iona College	3		
Oneonta, NY State University of New York at Oneonta	3		
Syracuse, NY Syracuse University	5 currently proposal by the Southeast University Neighborhood Association to reduce the number of unrelated adults	<i>Does not apply</i>	<i>Unregulated</i>

permitted in a rental unit from five people to three -
A Full House Over Housing
University-area Issues draw crowd to City Hall
Post-Standard - 2 Mar 2007

New Mexico			
Albuquerque, NM University of New Mexico - Main Campus	5	<i>Does not apply</i>	<i>Unregulated</i>
North Carolina			
Chapel Hill, NC University of North Carolina at Chapel Hill	4	No exemption	Rental licensing program
Durham, NC Duke University	3		
Greensboro, NC University of North Carolina at Greensboro	4	<i>No response</i>	<i>No response</i>
Greenville, NC East Carolina University	3		<u>City files suits against landlords for violations</u> Daily Reflector - 2 Mar 2007 ... GREENVILLE, NC - The city of Greenville has filed lawsuits against the owners of seven rental properties as part of stepped-up enforcement of a zoning ordinance limiting occupancy to no more than three unrelated people.
Raleigh, NC North Carolina State University	4	<i>Does not apply</i>	<i>Unregulated</i>
North Dakota			
Grand Forks, ND University of North Dakota	4	<i>Does not apply</i>	<i>Unregulated</i>
Ohio			
Athens, OH Ohio University	3 renters per house in R-1		

Bowling Green, OH Bowling Green State University	3		
Kent, OH Kent State University	2		Limit of 2 unrelated unless dwelling is licensed as a boarding house
Oxford, OH Miami University	4	Exemptions for Owner-Occupants eliminated 2004	Rental licensing program
Toledo, OH Toledo of University Oklahoma	3		
Edmond, OK University of Central Oklahoma	5	<i>Does not apply</i>	<i>Unregulated</i>
Oklahoma City, OK Oklahoma City Community College	5	<i>Does not apply</i>	<i>Unregulated</i>
Oregon			
Corvallis, OR Oregon State University	5	No exemption	Rental Housing Program
Eugene, OR University of Oregon	5	<i>Does not apply</i>	<i>Unregulated</i>
Portland, OR Portland State University	6	<i>Does not apply</i>	<i>Unregulated</i>
Pennsylvania			
Annville, PA Lebanon Valley College	5	5 currently proposed rules would lower the number of unrelated people who can live in a house from five to three, require rental licensing and inspections, and impose penalties for tenants' disruptive conduct (2 Mar 2007)	
Kutztown, PA Kutztown University	2	500 linear feet separation required between student homes	§ 225-25.1. Student home. [Added 5-9-1995 by Ord. No. 5-1995])
Lower Merion,	3		

PA Bryn Mawr College			
Philadelphia, PA Temple University	3	Exemptions for Owner-Occupants (licenses are required only for income-producing rental units)	Rental licensing program
Reading, PA Albright College	3 and off-campus student houses to be no closer than 800 feet from each other		
State College, PA Pennsylvania State University	3	restriction does not apply to properties at which three-unrelated people lived before 1979	
Selinsgrove, PA Susquehanna University	3		
York, PA York University	2		
West Chester, PA West Chester University of Pennsylvania	4		considering change to 2 (17 Sep 2004)
South Carolina			
Columbia, SC University of South Carolina	3		
South Dakota			
Brookings, SD South Dakota State University	3	Exemptions for Owner-Occupants	Rental Housing Inspections & Licensing
Sioux Falls, SD U of SD, Augustana College	3		
Tennessee			
Nashville, TN	3	<i>Does not apply</i>	<i>Unregulated</i>
Texas			
Arlington, TX The University of Texas at Arlington		<i>Does not apply</i>	<i>Unregulated</i>
Austin, TX	6	<i>Does not apply</i>	<i>Unregulated</i>

University of Texas at Austin	(10 under special conditions)		
Bryan, TX College Station, TX Texas A&M University	4 <u>Considering 2</u> (10 Oct 2006)		
	<i>Residential Neighborhood Conservation</i> Those who already have more than two unrelated roommates in a neighborhood conservation district are "grandfathered," and can continue living there until the property is sold or leased.		
Lubbock, TX Texas Tech University	2	<i>Does not apply</i>	<i>Unregulated</i>
San Marcos, TX Texas State University - San Marcos	2 (2 Feb 2005)		
Utah			
Logan, UT	3	<i>Does not apply</i>	<i>Unregulated</i>
Provo City, UT	2-3	Exemptions for Owner-Occupants	Rental Dwelling Business Licensing
Salt Lake City, UT University of Utah	3	No exemption	Rental licensing program (3 or more units only)
Virginia			
Blacksburg, VA Virginia Tech	3	Exemptions for Owner-Occupants	Rental permit program
Charlottesville, VA University of Virginia	4		limit the number of unrelated adults living together from four to three in some near-UVA single-family neighborhoods like JPA, Venable, and Lewis Mountain. (<u>19 Mar 2003</u>)
Fairfax, VA	4	Exemptions for Owner-Occupants	Rental Occupancy Program
Williamsburg, VA William and Mary University	3		

		<i>Exemptions for Owner-Occupants (for 1 or 2 rented rooms)</i>	<i>Rental inspection program</i>
Vermont			
Burlington, VT University of Vermont	4		
Washington			
Bellingham, WA	3	<i>Does not apply</i>	<i>Unregulated</i>
Seattle, WA University of Washington	8	<i>Does not apply</i>	<i>Ordinance repeal 1996</i>
Spokane, WA Washington State University Spokane		<i>Does not apply</i>	<i>Unregulated</i>
Wisconsin			
Eau Claire, WI University of Wisconsin-Eau Claire	3-4 , depending on the zoning district, 5 if the property has a rooming house license	<i>Does not apply</i>	<i>Housing maintenance code applies to all residential properties</i>
Madison, WI University of Wisconsin - Madison	2	<i>family plus 4</i>	<i>Housing code applies to all buildings</i>
Milwaukee, WI University of Wisconsin - Milwaukee	4		

SiteMeter



Dwelling Unit Occupancy Limit Research

Occupancy Limit	Ordinance	Source
<p>Bryan-College Station Metro, TX</p> <p>College Station has a citywide ordinance prohibiting more than four unrelated tenants from sharing a home.</p> <p>College Station considered lowering the limit to three or even two in a 2004 task force but voted to keep the limit at four. Bryan created a special zoning classification that would limit occupancy to two unrelated individuals in a neighborhood. To get a subdivision rezoned, 66% of landowners must file a petition. Approximately 2,400 residential lots in Bryan are now under this special zoning.</p>	<p>MAXIMUM OCCUPANCY - "FAMILY" CH 12 Article 11.2</p>	<p>http://library.municode.com/index.aspx?clientId=15047&stateID=43&stateName=Texas</p>
<p>Lubbock, TX</p> <p>Lubbock restricts the number of unrelated tenants to two, but some areas may be zoned for three unrelated occupants.</p> <p>The ordinance was challenged and upheld by the U.S. Fifth Circuit Court of Appeals by a resident who said that the measure prevented group homes for disabled residents.</p>	<p>Sec. 40.01.003 , Definitions (65)</p>	<p>http://z2codes.frankinlegal.net/franklin/Z2Browser2.html?showset=lubbockset</p>
<p>San Marcos, TX</p> <p>San Marcos allows up to two unrelated people in single family and certain designated zoning areas.</p>	<p>Section 4.3.4.5 a-c</p>	<p>http://www.lbjsc.txstate.edu/caso/programs/ocss/resources/ordinances.html http://www.ci.san-marcos.tx.us/index.aspx?page=594</p>
<p>Waco, TX</p> <p>Waco has a citywide ordinance that limits the number of unrelated tenants to four.</p>	<p>Sec. 28-1. - Definitions</p>	<p>http://www.stwnewspress.com/local/x1692751683/Stillwater-not-only-Big-12-community-to-consider-zoning-limits-on-unrelated-occupants/print</p>
<p>Boulder, CO</p> <p>Properties are restricted to three unrelated people for most zoning areas in Boulder, and four unrelated people in an apartment or other multi-family zones. Enforcement is mainly complaint-driven.</p> <p>Boulder does allow for "nonconforming uses" in an area zoned for single family residential. A property can be specially zoned — usually because it existed before zoning was implemented — to allow for more than three unrelated tenants as long as it "does not adversely affect the surrounding area." If a property is given a nonconforming use exception, it is required to have only as many tenants as bedrooms if it houses more than four unrelated people. The property will lose this exemption if it is not used for more than a year.</p>	<p>9-8-5 Occupancy of Dwelling Units. (a)-(c) Ordinance Nos. 7522 (2007); 7724 (2010)</p>	<p>http://www.colocode.com/boulder2/chapter9-8.htm http://www.bouldercolorado.gov/index.php?option=com_content&id=4190&Itemid=1712 http://www.bouldercolorado.gov/index.php?option=com_content&view=article&id=182&Itemid=516#OCCUPY</p>
<p>Lincoln, NE</p> <p>Lincoln has a city ordinance (mid-1970s) that limits occupancy to one family plus two unrelated boarders. This translates to no more than three unrelated tenants. Apartment complexes can apply for a special occupancy license to increase this amount, but few complexes have. In 1997, the ordinance was upheld by the Nebraska Supreme Court in a case filed by a resident who argued that the ordinance was arbitrary and violated the state's due process clause. The ordinance was also opposed in 2002 by the University of Nebraska's student association who argued that sharing rent with more roommates was necessary given the school's rising tuition cost.</p>	<p>27.03.220 Family.</p>	<p>http://www.gpo.gov/fdsys/pkg/USCOURTS-ned-4_04-cv-03272/pdf/USCOURTS-ned-4_04-cv-03272-0.pdf http://caselaw.findlaw.com/ne-supreme-court/1287800.html</p>
<p>Gainseville, FL</p> <p>The Gainesville Code of Ordinances restricts the number of unrelated people living in a residence to no more than three in zoning areas designated as single family.</p>	<p>Sec. 30-57. - Residential leases (a), (5)</p>	<p>http://library.municode.com/index.aspx?clientId=10819</p>



ECONOMIC AND MARKET STUDY

IMPACT ANALYSIS OF “THREE UNRELATED
PERSONS” ORDINANCE ENFORCEMENT IN
THE CITY OF FORT COLLINS

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Economic and Market Study

IMPACT ANALYSIS OF “THREE UNRELATED PERSONS” ORDINANCE ENFORCEMENT IN THE CITY OF FORT COLLINS

INTRODUCTION

In January of 2005, Corona Research was retained by the City of Fort Collins to examine the impacts of a strong enforcement of the City’s “Three Unrelated Persons” ordinance. This ordinance states that no more than three unrelated adults may share one housing unit. The ordinance is currently in place, but has historically been enforced at a very low level, if at all. As a result, a large number of households are currently in violation.

Corona’s goal in this research was to examine the impacts on the local housing market if this ordinance was to be strictly enforced. Those impacts would include:

- The effect on rental vacancy rates;
- The effect on rental prices; and
- The effect on home values.

This report documents these expected impacts.

REPORT ORGANIZATION

The report is divided into four major sections, as follows:

Part 1. Defining the Situation

This section of the report develops estimates of the number of households currently in violation of the “Three Unrelated People” ordinance. These households will henceforth be known as “violating households.” This section of the report also documents the relationship between the presence of violating households and other neighborhood nuisances, as well as the relationship between violating households and general neighborhood satisfaction.

Part 2. A Profile of the Violating Population

This section of the report provides a profile of the people who live in violating households. We provide information on their age, income, work status, student status, sources of income, and other key features.

Part 3. Immediate Impacts

This section of the report develops an extensive impact analysis to identify the impacts of ordinance enforcement, including impacts on rental vacancy rates, rental prices, and home values.

Part 4. Long-Term Impacts

This section of the report examines case studies of other communities that have similar types of household change, and reports on changes in those markets’ rental vacancy rates, rental costs, and home values.

Within each section, an overview of the process and other pertinent information is presented, along with key findings. At the end of most sections, a subsection titled, “Background Information for this Section” includes detailed methodologies and data used to develop findings. The “Background Information” section is not necessary for all readers, but may provide additional insights to interested readers.

THE ORDINANCE

The following language was provided for this report by the City of Fort Collins.

The City of Fort Collins Land Use Code stipulates that any dwelling unit, renter- and owner-occupied alike, cannot be occupied by more than one family. There are three distinct types of “families” that are defined in the Code that are legally permitted to live in one dwelling as a single housekeeping unit. These are:

- Any number of persons related biologically or through marriage, adoption, guardianship, legal custody, etc.
- Any unrelated group of not more than two adults and their (biological or otherwise related as noted above) children.
- Any unrelated group of not more than three persons.

This means that in most cases, if more than three persons occupy a rental dwelling unit, they MUST ALL be related to each other. Conversely, if they were not all related to each other, then such occupancy would be considered to be a zoning violation. The exception to this rule applies ONLY to owner-occupied dwelling units. City Code allows an owner-occupant who is a member of either of the three types of “legal families” defined above to rent rooms to two additional people, provided the owner obtains a Fort Collins “Home Occupation License” from the City Building & Zoning Department. Such licenses cost \$10 and are valid for two years. Additionally, to qualify for the license, one off-street parking space must be provided for each additional person and any bedroom for that use must have an approved emergency escape window.

PART 1. DEFINING THE SITUATION

This section of the report develops estimates of the number of households currently in violation of the “Three Unrelated People” ordinance.

This section of the report also documents the relationship between the presence of violating households and other neighborhood nuisances, as well as the relationship between violating households and general neighborhood satisfaction.

THE NUMBER OF VIOLATING HOUSEHOLDS

As an initial step in examining the impacts of the ordinance, it is first necessary to know the number of households that are currently in violation of the ordinance. There were three methods available to the research team on this project:

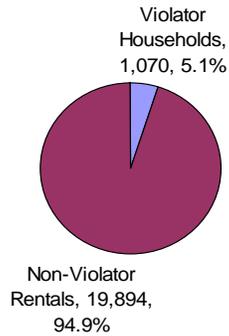
- *Census 2000 Public User Microdata Sample (PUMS) approach.* The PUMS dataset is a specialized dataset from the U.S. Census of Population and Housing. This dataset consists of a sample of individual households’ responses to the Census, and can be used to identify a wide variety of data not available via the more commonly used Census summary data. Using PUMS data, the research team estimated the proportion of violating households with a high degree of confidence. These proportions were applied to current rental housing stock estimates to develop an estimate of the number of violator households.
- *Census 2000 Summary File data.* Similar to the above approach, the research team used Census 2000 summary data, with an augment from PUMS data, to develop estimates in a different manner. Census summary data represent the released files for the 2000 Census, which contain tabulated data statistics. These data report the total number of nonfamily households containing four or more people, and then PUMS data was used to segment out owners from renters.
- *Public survey.* Corona Research conducted a survey of 387 households living in single-family homes in Fort Collins, excluding some of the outlying suburban parts of the city. Each household was asked several questions about the four houses closest to them, including whether that household contained more than three unrelated persons. These figures were used to calculate an estimated number of violating households.

The research team considered several other options as well, including analyzing formal complaints to the City about overcrowded housing and examining water usage records to identify high-occupancy homes. The analysis of complaints is useful, but will likely not include many violator households for which no formal complaint has been filed. The analysis of water records may be quite useful in identifying overcrowded homes, but no mechanism exists to separate violator households from large family households that do not violate the ordinance. In addition, many older housing units that have been legally subdivided into apartments still use only one water meter, which would create difficulties in separating violator households from legal apartments. Both methods hold

value for future consideration, but are not viable for estimating the total number of violator households.

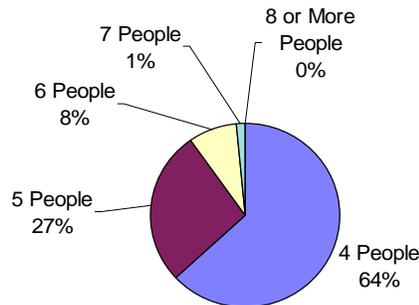
The three methods of estimation produced somewhat similar estimates: 905 for the PUMS-based estimate, 1,038 for the Census summary-based estimate, and 1,266 for the survey based estimate. Because none of the estimates is judged to be a flawless estimator, none takes precedence over the others. As a figure for continuing the impact analysis, the research team chose to average these three estimates, yielding a final estimate of 1,070 violator households.

Exhibit 1-1
Estimated Number and Proportion of Violator Households, 2004



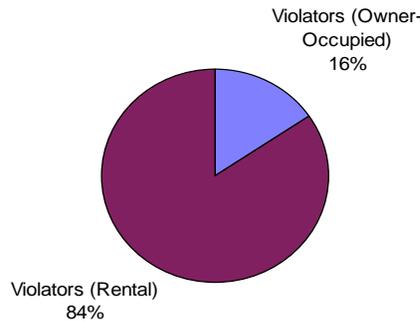
Most violator households are only slightly over the three-person ordinance limit, with four people sharing a housing unit. Only nine percent of violator households have more than six people. At an average of 4.46 people per household, the 1,070 violator households contain approximately 4,773 people.

Exhibit 1-2
Proportion of Violator Households by Household Size



In addition to rental households, there may be a small number of owner-occupied households that are in violation of the ordinance. There is only one means of estimating this population, which is an analysis of Census PUMS data. Those data show that, for every five rental properties that exist, there is one owner-occupied property that also contains more than two additional unrelated people, as specified by the ordinance. Multiplying that ratio by the total estimate for rental households, the research team estimates that 168 owner-occupied units are in violation of the ordinance. These households will most likely remain in place even if the ordinance is strongly enforced, but will become smaller as some tenants re-enter the rental market.

Exhibit 1-3
Proportion of Households Containing More than Three Unrelated People by Ownership



On average, these owner-occupied units will have to reduce their household size by 1.37 people to meet the ordinance requirements. This means that the 168 units will shed a total of 230 renters who will need to find new housing. When this figure is added to the figure for renters currently living in violator households, the total impact of the ordinance will be changes in households among an estimated 5,003 renters.

CONDITIONS ACCOMPANYING ORDINANCE VIOLATION

During the public survey, the research team asked three types of questions after confirming that the resident lived within the city limits and in a single family home.

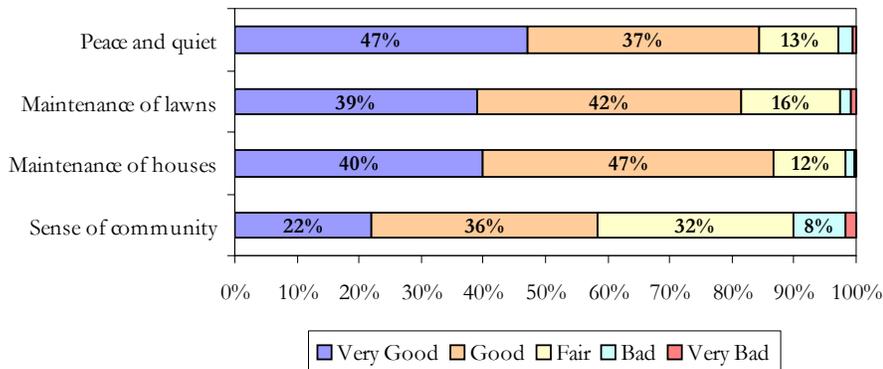
The first question asked the residents' ratings of four neighborhood attributes, as shown below.

How would you rate your neighborhood in terms of the following factors? For each category, please answer Very Good, Good, Fair, Bad, or Very Bad.

	Very Good	Good	Fair	Bad	Very Bad
Peace and quiet					
Maintenance of lawns					
Maintenance of houses					
Sense of community					

When asked to rate these four neighborhood attributes, a majority of respondents gave positive ratings (“very good” and “good”) to all attributes. While “peace and quiet” was rated “very good” by 47 percent of respondents, “sense of community” was rated “very good” by only 22 percent of respondents. Moreover, there were a reasonable proportion of respondents (about ten percent) that rated the sense of community of their neighborhood negatively (“bad” and “very bad”), while this proportion ranged from only two to three percent for the other three attributes.

**Exhibit 1-4
Neighborhood Ratings**

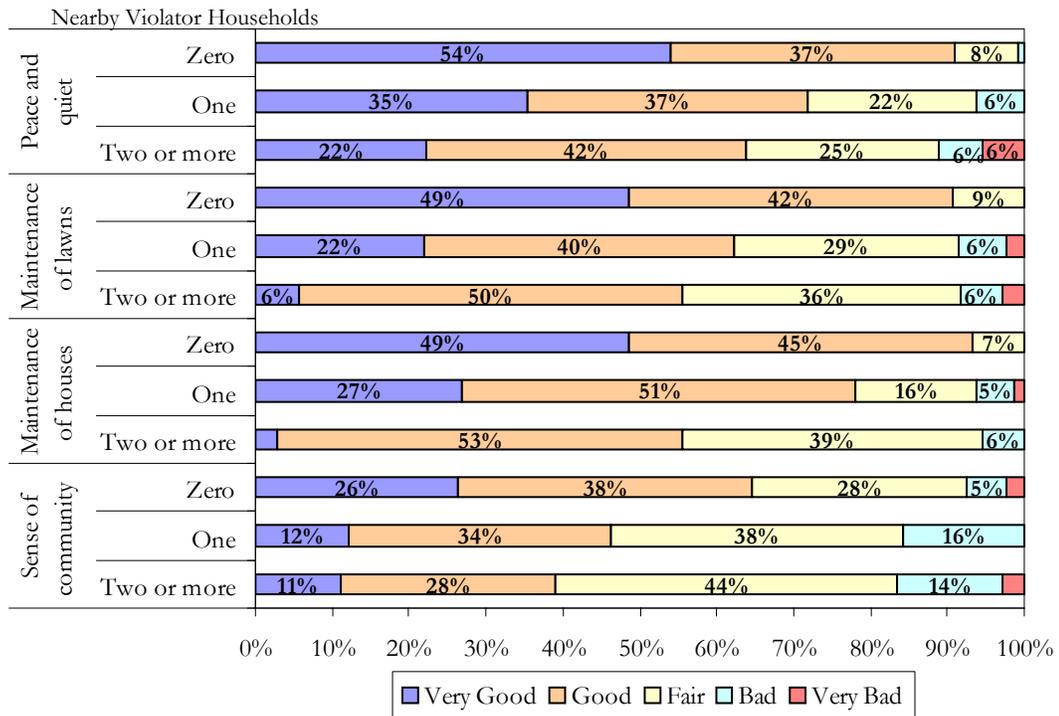


In the following exhibit, respondents' ratings of their neighborhoods were compared to the number of nearby violator households.

Interestingly, respondents' satisfaction with neighborhood attributes is negatively related to the number of violator households near to the respondents' homes. For example, 54 percent of households that do not have a violator household among their four nearest neighbors rated their peace and quiet as "very good." Among those who have two or more violator households among their four nearest neighbors, only 22 percent rated their neighborhood's peace and quiet as "very good."

The presence of violator households cannot be conclusively identified as the causal factor for these patterns in neighborhood ratings, because they are also correlated with other neighborhood problems, as shown later in this section. However, there is a strong correlation between close proximity to violator households and lower perceptions of one's neighborhood.

**Exhibit 1-5
Neighborhood Ratings by Proximity to Violator Households**



The second question asked the respondent to provide information on how many of the four nearest homes had various types of neighborhood issues. That question is provided below.

I'd like for you to take a moment now and think about the four houses that are closest to your home. They can be in any direction. I'll then ask you some questions about those homes. I'll give you a moment to think about it.

(Give the person a moment to think.) Do you have the four nearest houses in mind?

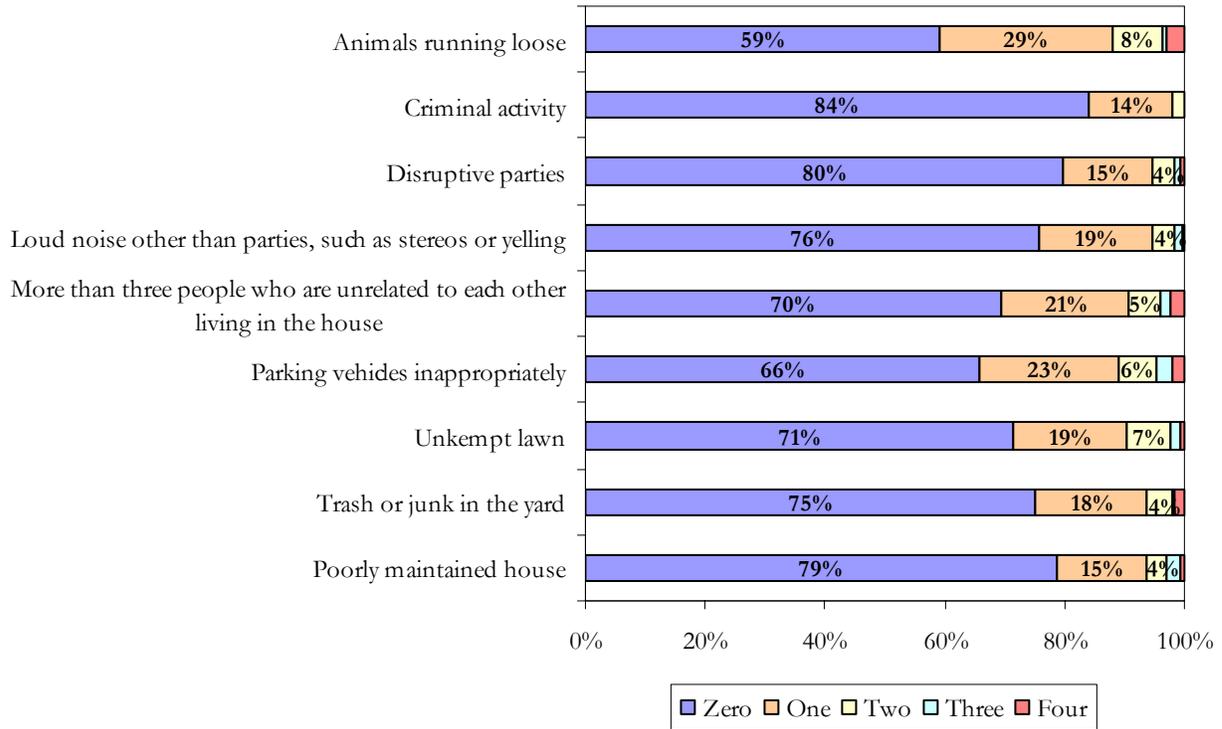
I'm going to read several categories of potential neighborhood problems. Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months? For each category that I read, please answer zero, 1, 2, 3, or 4 houses.

	Zero	1	2	3	4
Animals running loose					
Criminal activity					
Disruptive parties					
Loud noise other than parties, such as stereos or yelling					
More than three people who are unrelated to each other living in the house					
Parking vehicles inappropriately					
Unkempt lawn					
Trash or junk in the yard					
Poorly maintained house					

The exhibit on the following page shows that, when asked to provide information on how many of the four nearest homes had various types of neighborhood issues, respondents were least likely to report that their nearest neighbors were involved in criminal activity, disruptive parties, or had a poorly maintained house. Conversely, a significant proportion of respondents (41 percent) reported that at least one of their nearest neighbors had animals running loose, 34 percent said that at least one of the four homes nearest to theirs had an issue with parking vehicles inappropriately, and 30 percent said that at least one of the four homes nearest to theirs were in violation of the “three unrelated people” ordinance.¹

¹ Note that this does not mean that 30 percent of homes are in violation of the ordinance. Several mathematical adjustments must be made, and the proper figures (significantly smaller) were calculated from these data in the previous subsection of the report. Nonetheless, it does illustrate the fact that neighborhood problems are magnified beyond the actual number of homes that are engaging in negative activities.

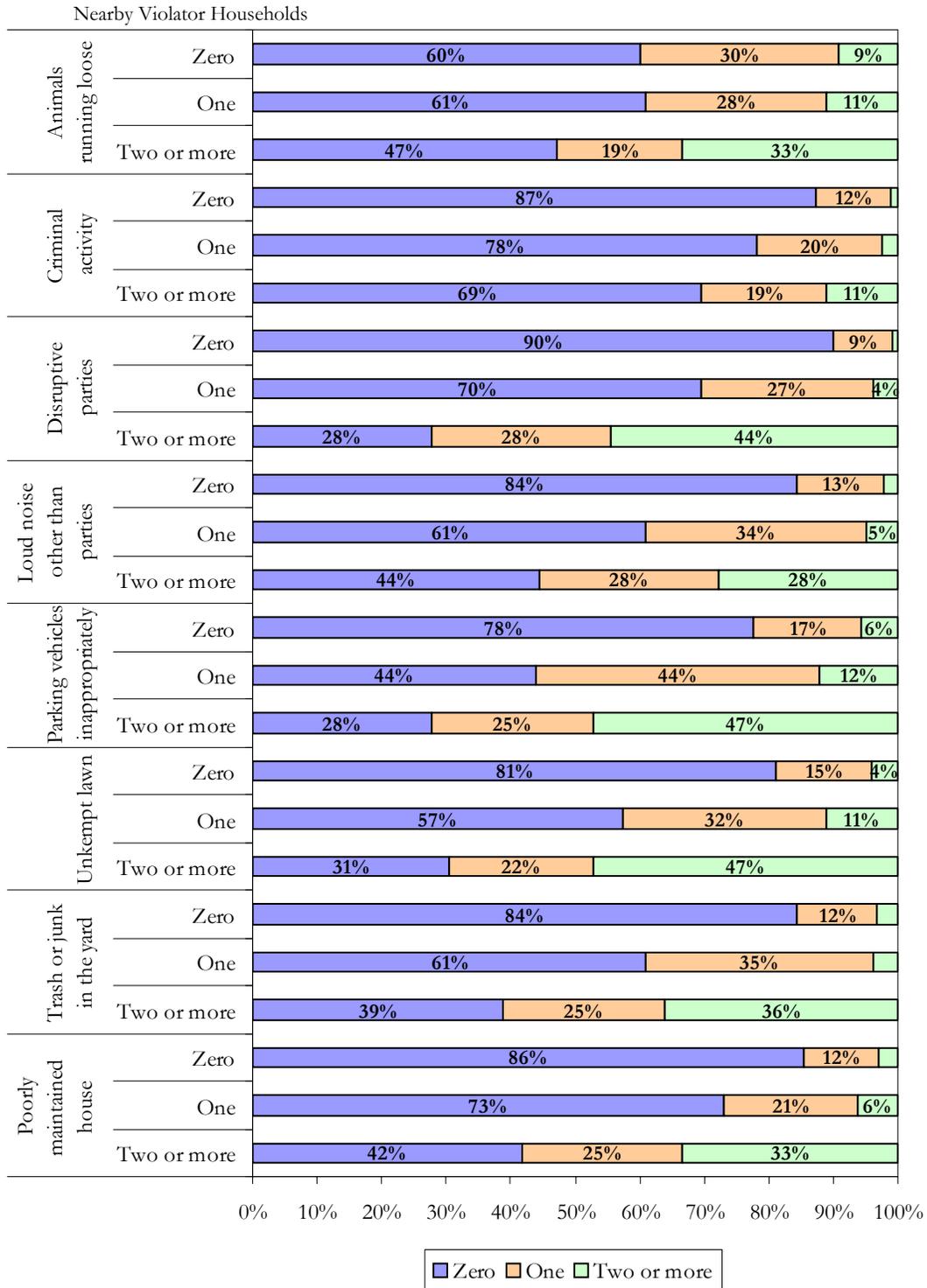
**Exhibit 1-6
Number of Four Nearest Neighbors Engaging in Negative Activities**



A clear and interesting pattern again emerges when neighborhood problems are analyzed by proximity to overcrowding. For nearly every type of neighborhood issue that was examined, respondents were more likely to report problems if they also reported living near households that are in violation of the “three unrelated persons” ordinance. For example, 84 percent of the respondents who do not live near a household in violation of the ordinance also reported that none of their neighbors engage in disruptive parties. Among those who live near one such house, 61 percent reported not having a problem with disruptive parties. Among those who live near two or more such houses, only 28 percent reported not having a problem with disruptive parties.

Again, this correlation does not necessarily prove that violator households are responsible for these other problems, because respondents were not asked to link specific problems to specific houses. (This was an intentional decision to protect citizen privacy.) It is possible that violator households are most common in areas where these other neighborhood problems already exist. However, the strong correlation seen below certainly supports a theory that violator households are responsible at least in part for some of these problems.

Exhibit 1-7
Number of Four Nearest Neighbors Engaging in Negative Activities, by Proximity to Violator Households



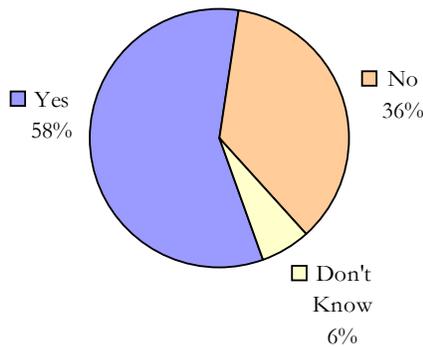
The final question asked whether the respondent would support a stronger enforcement of the ordinance, as shown below.

As my last question, would you support stronger enforcement of an existing city ordinance that limits the number of unrelated adults who can share a house to three people?

Yes
 No
 Don't Know

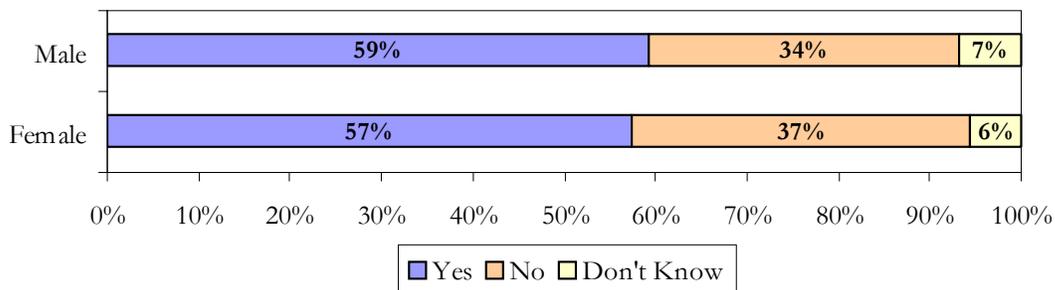
More than half of respondents (58 percent) would support stronger enforcement of an existing city ordinance that limits the number of unrelated adults who can share a house to three people. However, a significant proportion of respondents (36 percent) were opposed to stronger enforcement. It should be noted that this is an unweighted survey of residents and does not differentiate between registered voters and non-voters.

Exhibit 1-8
Support on Stronger Enforcement of an Existing City Ordinance



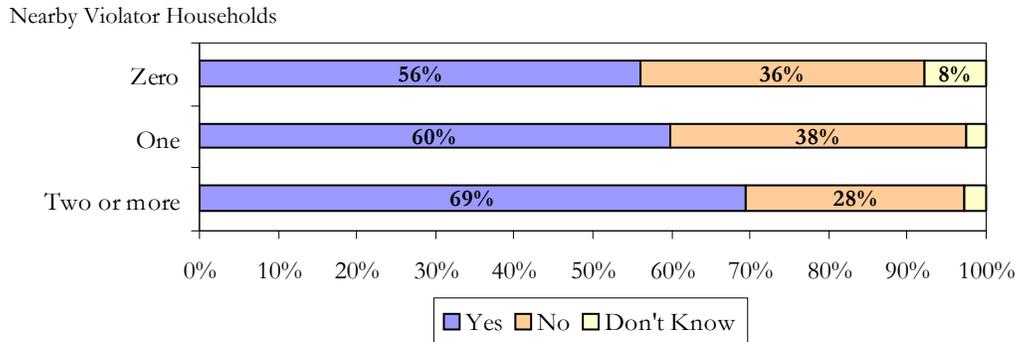
The exhibit below implies that, males and females seemed to have the same opinion on supporting/not supporting stronger enforcement of the existing city ordinance.

Exhibit 1-9
Support on Stronger Enforcement of an Existing City Ordinance by Gender



Furthermore, when analyzed by proximity to overcrowding, it is indicated that the more houses in their nearest neighborhood that were in violation of ordinance, the more likely they were to support stronger enforcement of an existing city ordinance regarding number of unrelated people living in the same house.

Exhibit 1-10
Support on Stronger Enforcement of an Existing City Ordinance by Proximity to Overcrowding



KEY FINDINGS

The key findings of this section include the following list.

- According to the research team, there are an estimated 1,070 violator households in Fort Collins.
- Overall, 5,003 renters will be affected by the enforcement of the ordinance that calls for no more than three unrelated adults per household, either by moving or by downsizing their household.
- Residents living in close proximity to violator households are significantly more likely to identify problems with their neighbors in numerous areas, such as disruptive parties, noise, parking issues and other neighbor-to-neighbor problems. Residents living in close proximity to violator households are also more likely to have negative perceptions of their neighborhood on specific issues.
- The majority of respondents (58 percent) would support stronger enforcement of the ordinance. Support increases to 69 percent among households that live near two or more violator households.

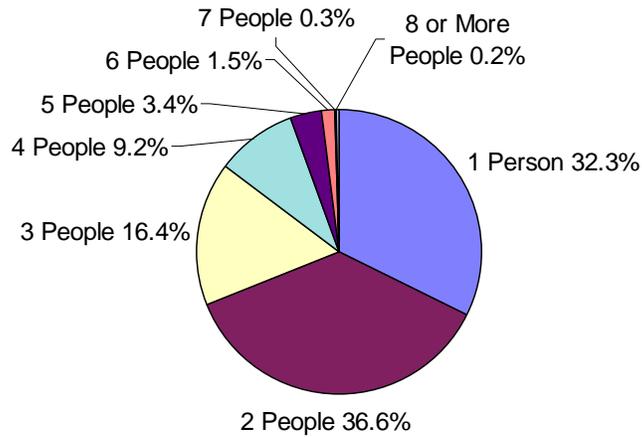
BACKGROUND INFORMATION FOR THIS SECTION

This portion of the report documents the three methodologies used to estimate the total number of violator households. Readers interested in the data used to develop the estimates may read this, while readers interested only in the key findings can skip to the next section of the report.

CENSUS 2000 PUMS DATA APPROACH

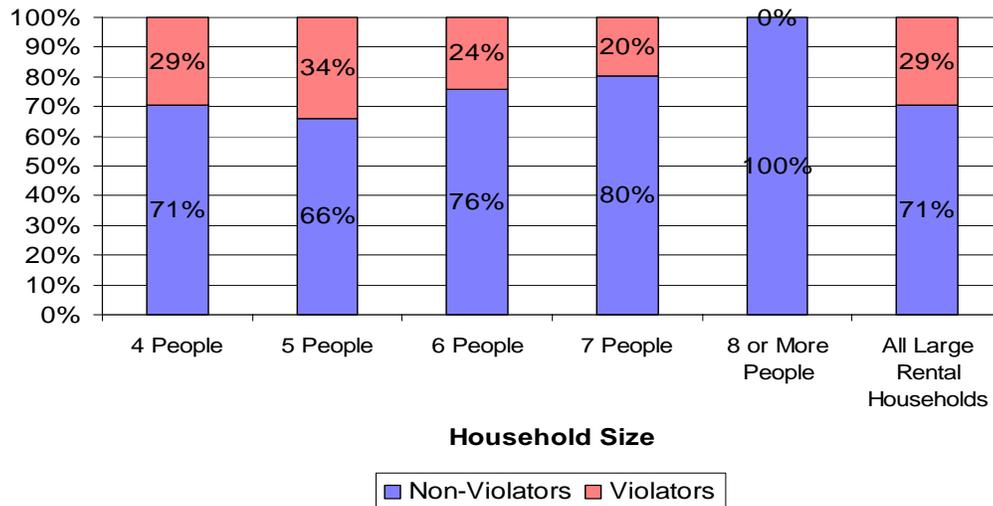
The exhibit below describes the makeup of households in Fort Collins as of the Year 2000. While raw numbers of households may have changed in the past four years, these proportional profiles will still be quite accurate. These figures show that 14.6 percent of rental households consist of four or more people. Note that these figures include violator households and non-violator (family) households.

**Exhibit 1-11
Total Rental Market by Household Size**



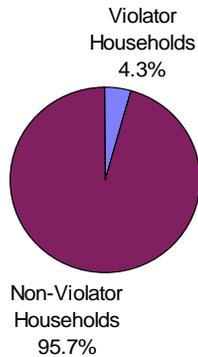
When large households are examined specifically, we see that violator households make up a significant portion of large rental households. Roughly three of every 10 rental households with four or more people are composed of unrelated parties who are in violation of the ordinance.

Exhibit 1-12
Proportion of Violator Households by Household Size



Combining these figures, it can be seen that, in the Year 2000, 4.3 percent of all rental households in Fort Collins were violator households.²

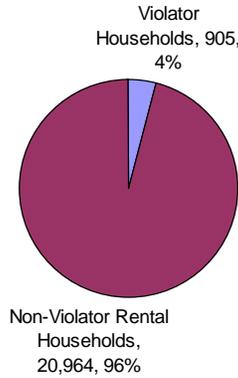
Exhibit 1-13
Proportion of Rental Households in Violation of the Ordinance



² For the purposes of this study, all rental households with no cash rent are excluded from the analysis, as are any group quarters or institutional housing.

These figures can be combined with rental housing supply and vacancy data from the Colorado Division of Housing to produce an estimate of the total number of households that are currently in violation of the ordinance. This method produces an estimate that 905 households in Fort Collins are in violation of the ordinance.

Exhibit 1-14
Number of Rental Households in Violation of the Ordinance
Census PUMS Data Estimation



CENSUS 2000 SUMMARY DATA APPROACH

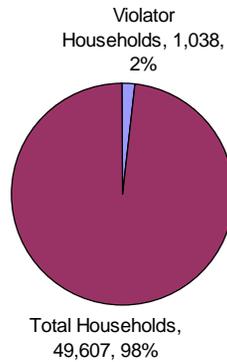
In this approach, the study team first examined the number of large non-family households in Fort Collins, according to the Year 2000 Census. The raw figures are provided below.

Exhibit 1-15
Household Makeup in the City of Fort Collins, Year 2000

Total Households		45,769	
Family households:	25,925	Nonfamily households:	19,844
		1-person household	11,981
2-person household	11,168	2-person household	5,070
3-person household	5,762	3-person household	1,658
4-person household	5,620	<i>4-person household</i>	<i>904</i>
5-person household	2,499	<i>5-person household</i>	<i>171</i>
6-person household	603	<i>6-person household</i>	<i>50</i>
7-or-more-person household	273	<i>7-or-more-person household</i>	<i>10</i>

These raw figures indicate that a total of 1,135 households contain no related members (per the Census definition of 'Nonfamily'), and have four or more people. Using an estimate of 10.4 percent household growth since 2000 as defined in section three of this report, that estimate would rise to 1,253 households. However, as discussed later, an estimated 15.6 percent of large non-family households are actually owner-occupied homes that do not fall under the ordinance. This then lowers the estimate of violator households to 1,038.

Exhibit 1-16
Number of Rental Households in Violation of the Ordinance
Census Summary Data Estimation



PUBLIC SURVEY APPROACH

In contrast to the Census approach, a public survey was conducted to gather data from the public about the presence of violator households. This survey was conducted on a random basis with 387 residents of single-family homes. Each resident was asked to answer several questions about the four houses nearest to theirs, yielding data on 1,548 homes in the city.

Particular elements of the survey that bear discussion include:

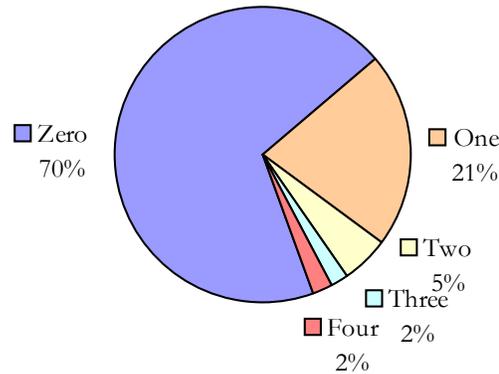
- This survey was originally intended to exclude some newer suburban parts of the city where single-family rental units are known by City staff to be very uncommon. A “survey area” was drawn that encompassed approximately 91 percent of the city’s population. However, for sampling reasons, the survey boundaries actually extended outside those boundaries and for all practical purposes captured the entire city population.
- This survey acquired information only from dwellers of single-family units, and so will not include data on violator households who live in multi-family units. Using Census PUMS data, multi-family violators can be calculated as a function of the survey’s findings for single-family homes.

Calculation of Number of Households in Violation of the Ordinance

The proportion of households in violation of the ordinance in the survey area was directly obtained from the survey response. Respondents were asked to think about the four homes nearest to theirs, and to estimate how many of those homes, during the past six months, have had more than three people who are unrelated to each other living in the house. A majority of respondents (70 percent) stated that none of those houses were in violation of the ordinance, while 21 percent said

that one of those houses were in violation, and nine percent stated that at two or more of the four homes nearest to theirs were in violation of ordinance.

Exhibit 1-17
“How Many of Four Homes Nearest to Yours Have More than Three People Who Are Unrelated to Each Other Living in the House?”

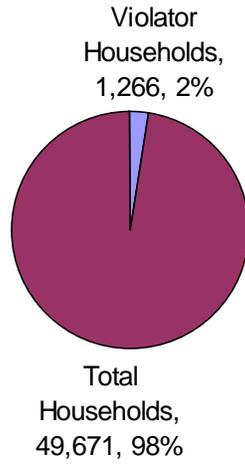


The estimate of violator households was calculated via the following steps:

1. The team totaled the number of reported violator households and divided it by the total number of houses for which data was collected (387 x 4).
2. Because of selection statistics, the total number of identified violator households will be four times higher than the actual number, because each violator household could be identified by four nearby homes. This is corrected by merely dividing the reported rate by four.
3. A correction factor was applied to account for only rental violator households, since owner-occupied units will likely not dissolve as a result of ordinance enforcement.
4. An adjustment was made to account for the fact that survey respondents could be identifying owned units that are exempt from the ordinance.
5. These figures address violator household rates in single-family homes, but an additional figure must be used to estimate violator households in multi-family units. This was accomplished by using the PUMS-define ratio of single-family home violators versus multi-family home violators.

Using this methodology, the survey shows that a total of 1,266 violator households exist in the city, which is a slightly higher estimate than the other two methods.

Proportion of Rental Units in Violation of Ordinance based on Public Survey



PART 2. A PROFILE OF THE VIOLATOR POPULATION

This section of the report provides a profile of violator households and tenants. The first subsection examines the households as a whole, while the second subsection examines the individuals who live in these households.

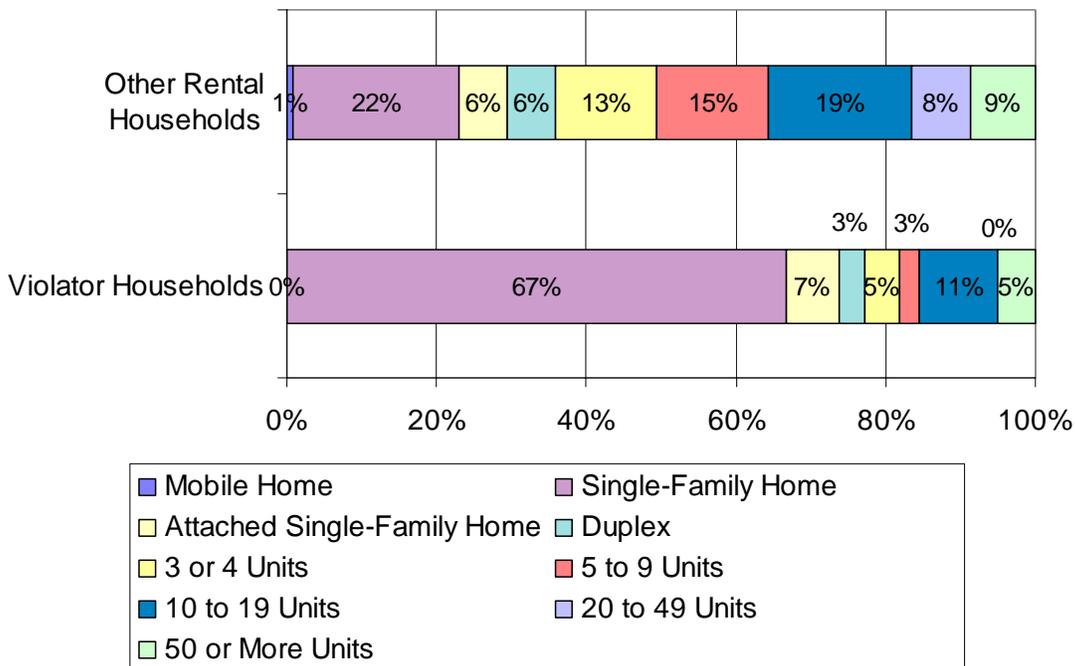
This section focuses on the rental violator population, which makes up over 95 percent of the tenants who will be affected by the ordinance. The available data on tenants in owner-occupied units is too small to be relied upon to develop a distinct profile for that group, but it is presumed that the tenant population in owner-occupied housing will be similar demographically to those in rental units. This assumption is supported by the data available for that population.

A PROFILE OF VIOLATOR HOUSEHOLDS

HOUSING TYPES

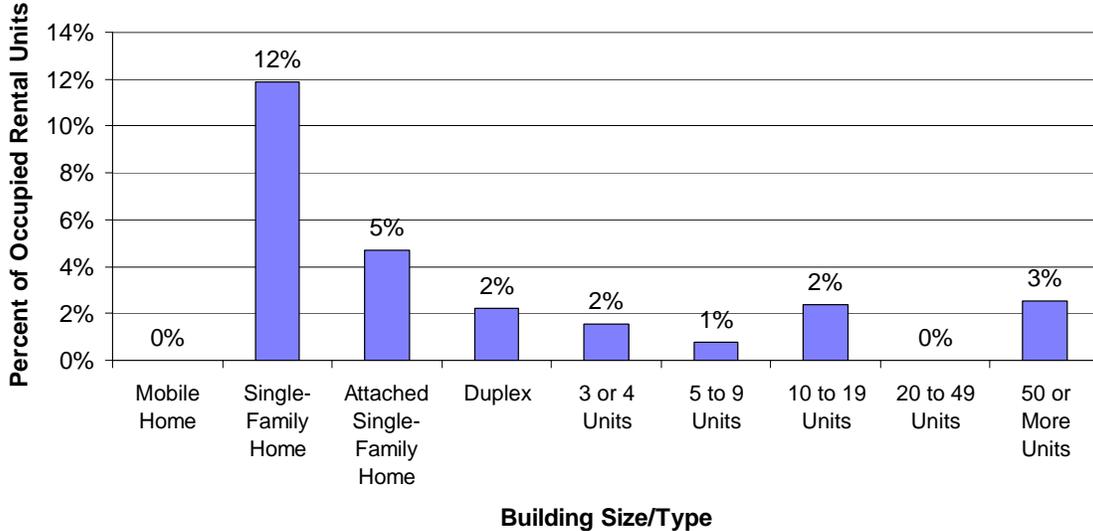
One striking difference between violator households and other rental households is their choice of housing units. Single-family homes occupy two-thirds of violator households, compared to only 22 percent of non-violator households.

**Exhibit 2-1
Proportion of Households Containing More than Three Unrelated People**



Violator households make up one-eighth of all single-family home rentals in Fort Collins, and lesser proportions of other types of rental housing.

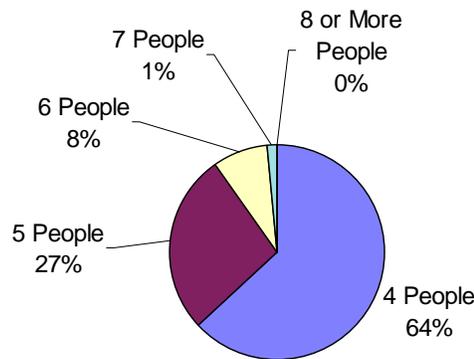
Exhibit 2-2
Proportion of Violator Households by Building Size/Type



HOUSEHOLD SIZES

Most violator households are only slightly over the three-person ordinance limit, with four people sharing a housing unit. Only nine percent of violator households have more than six people.

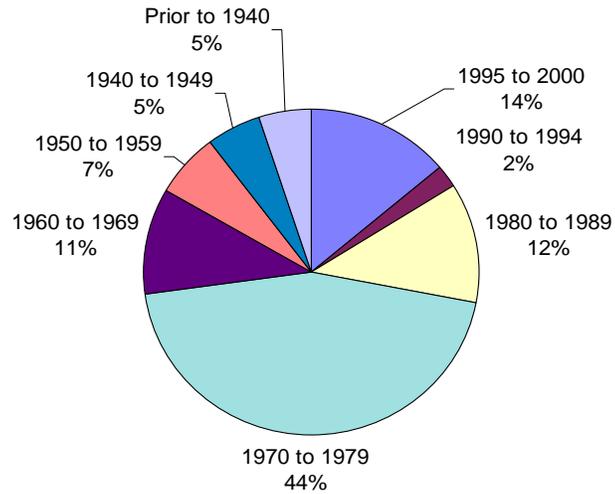
Exhibit 2-3
Proportion of Violator Households by Household Size



AGE OF HOUSING UNITS

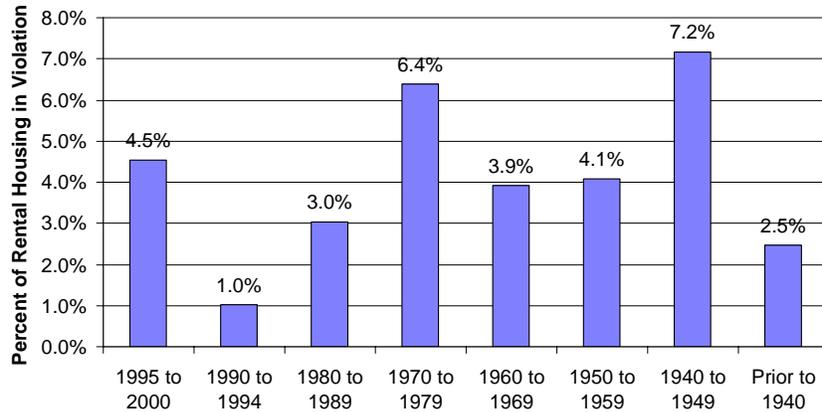
Nearly half (44 percent) of violator households live in housing that was built during the 1970's. However, all housing age ranges are represented among violator households. (Note that this profile is based on Year 2000 data, so new construction is not represented.)

Exhibit 2-4
Proportion of Violator Households by Age of Housing Unit



The prevalence of violators living in 1970's-era housing is somewhat offset by the fact that rental housing from that era is disproportionately common compared to rental housing from other eras. Nonetheless, violator households are more common in rental housing of that era than any other area other than 1940's-era rental housing. Over seven percent of rental housing that was built in the 1940s is currently in violation of the ordinance, and over six percent of rental housing that was built in the 1970s is in violation.³ Overall, though, the data does not show a strong and recognizable pattern by housing age.

**Exhibit 2-5
Percent of Housing Units in Violation, by Age of Housing Unit**

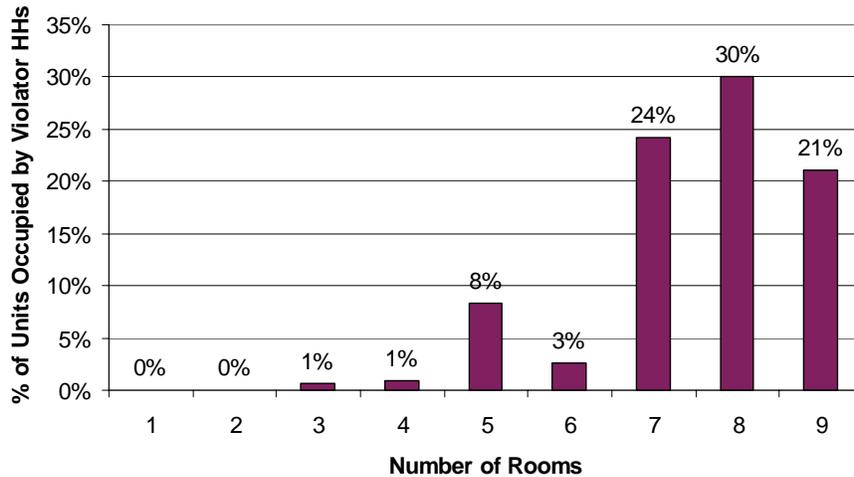


³ Note that these figures include housing that is currently rental housing, and does not reflect the original purpose of the housing unit in terms of ownership/rental.

PHYSICAL SIZE OF HOUSING UNITS

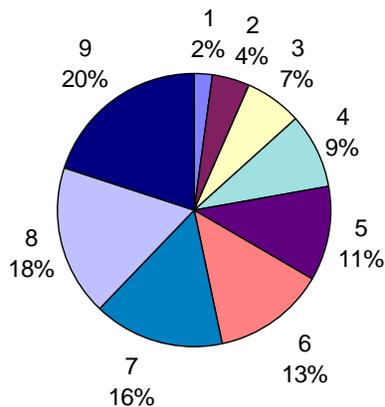
Violator households make up roughly one-fourth of the demand for rental units that are seven rooms or larger.

Exhibit 2-6
Violator Households as a Proportion of Rental Demand, by Unit Size (Rooms)



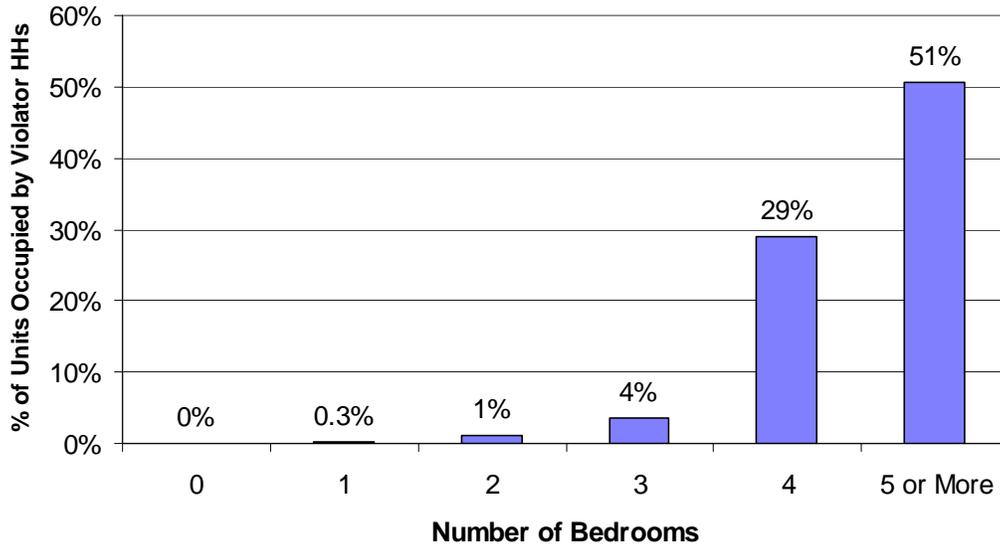
Despite the fact that smaller units are more common in the city, violator households are predominantly located in larger rental units of seven rooms or more. Over half of violator households are in units of this size, though it is notable to observe that nearly one-quarter of violator households are conversely situated in small rentals of four rooms or less.

Exhibit 2-7
Violator Households' Housing Preferences by Unit Size (Rooms)



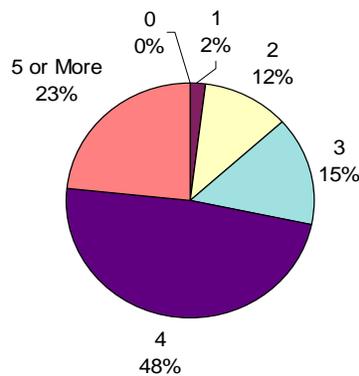
A more common descriptor of housing unit size is the number of bedrooms. In this measure, a strong pattern emerges. Over half of rentals with five or more bedrooms are occupied by violator households, along with 29 percent of four-bedroom units.

Exhibit 2-8
Violator Households as a Proportion of Rental Demand, by Unit Size (Bedrooms)



While violator households make up more than half the market for five or more bedroom rentals, those units are less common than smaller units. Only 23 percent of violator households actually occupy five or more bedroom rentals, compared to 48 percent in four-bedroom units and 15 percent in three-bedroom units. Another 14 percent live in one- or two-bedroom units.

Exhibit 2-9
Violator Households' Housing Preferences by Unit Size (Bedrooms)



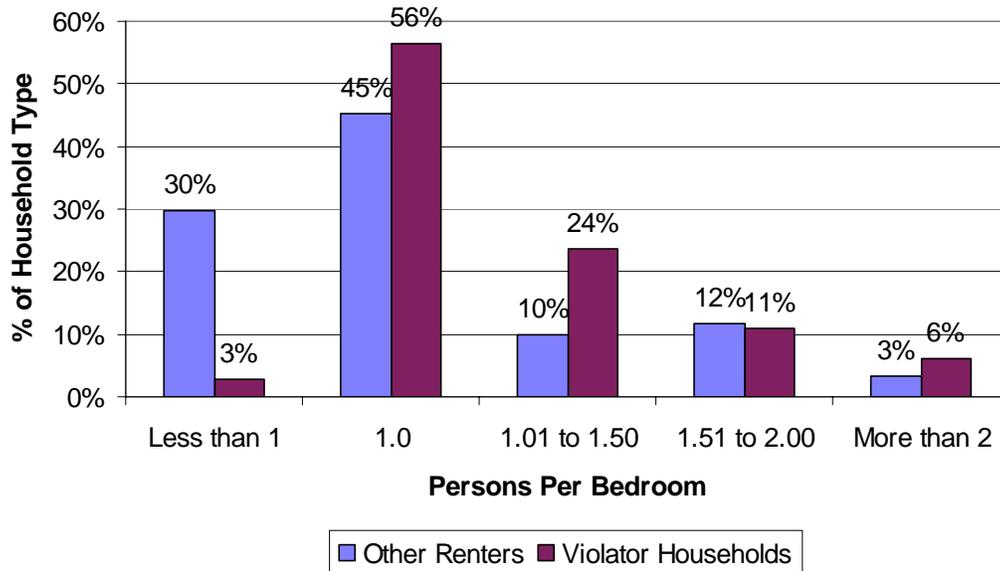
MEASURES OF OVERCROWDING

The following exhibits provide measures of overcrowding. If violator households are merely renting larger units in proportion to their household size, they will have a similar ratio of persons per bedroom and persons per room as do other renters.

The pattern differs between violator households and other renters, in that other renters are far more likely to be in the lowest category of less than one person per bedroom. However, the portions of highly overcrowded households (more than 1.5 persons per bedroom) are similar between violator households and other households.

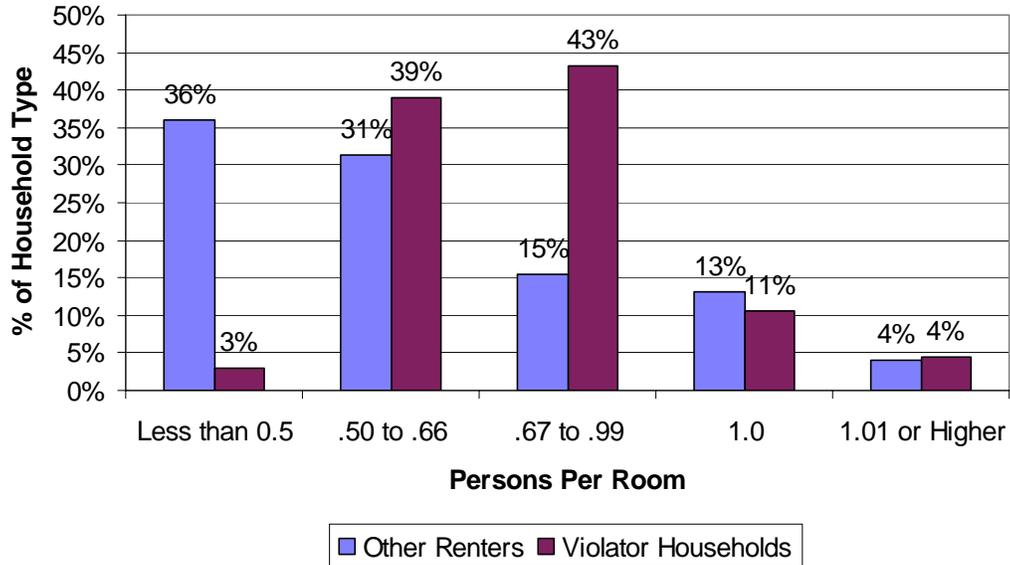
It should be noted that married renters may have more people per bedroom because the husband and wife most likely share a bedroom. By definition, violator households do not contain married couples, while other rental households will have married couples along with other household types.

Exhibit 2-10
Average Number of Tenants Per Bedroom



When the analysis is expanded to persons per room, rather than persons per bedroom, a stronger difference emerges between the two types of households. Proportions of highly overcrowded housing (more than one person per room) remain similar, but violator households are far more likely to have .67 to .99 persons per room, and are far less likely to have fewer than 0.5 persons per room. A household with .67 persons per room is equivalent to a house with three bedrooms, a kitchen, a living room, and a dining room having between four and six people.

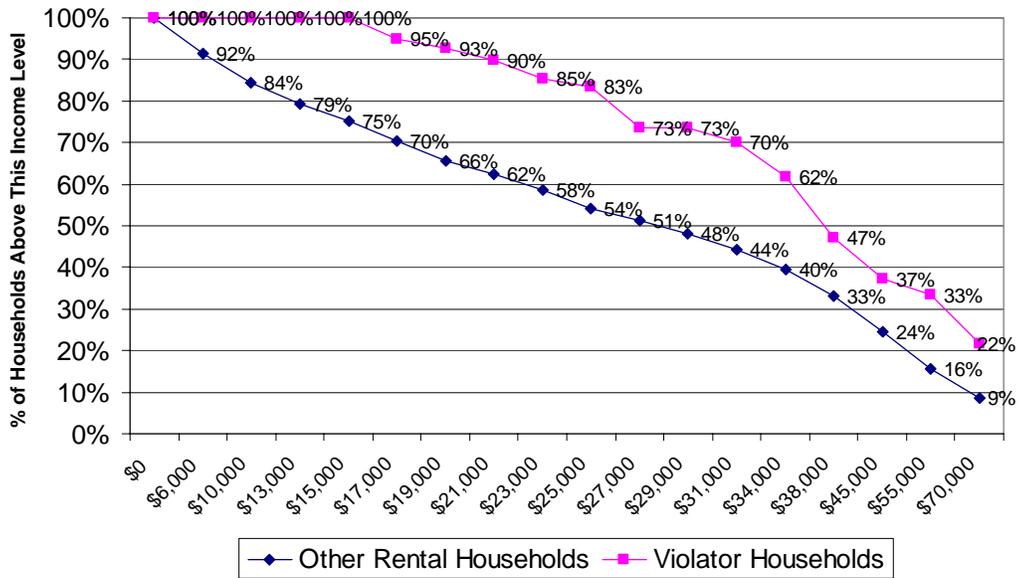
Exhibit 2-11
Average Number of Tenants Per Bedroom



HOUSEHOLD INCOMES

Violator households tend to have higher incomes than other rental households, in large part because they have more people generating income. Over 60 percent have household incomes above \$34,000, in comparison to only 40 percent of other rental households.

Exhibit 2-12
Household Income Levels of Violator Households and Other Rental Households

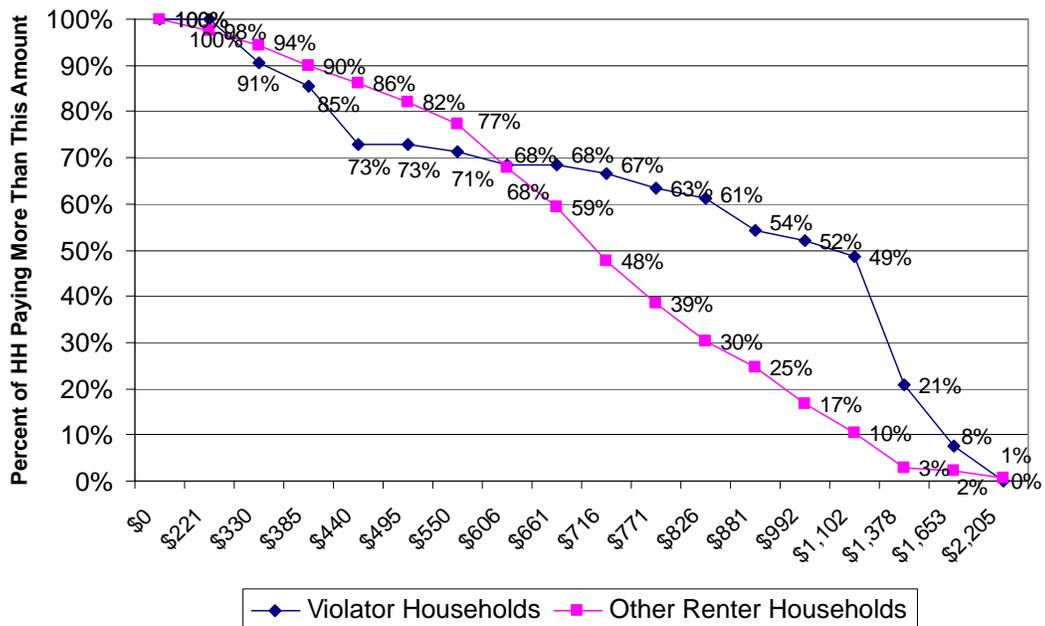


HOUSEHOLD RENTS

When examining rent levels, violator households tend to pay higher rent levels. Nearly half (49 percent) of violator households pay rents of \$1,102 per month or more, compared to only 10 percent of non-violator rental households.

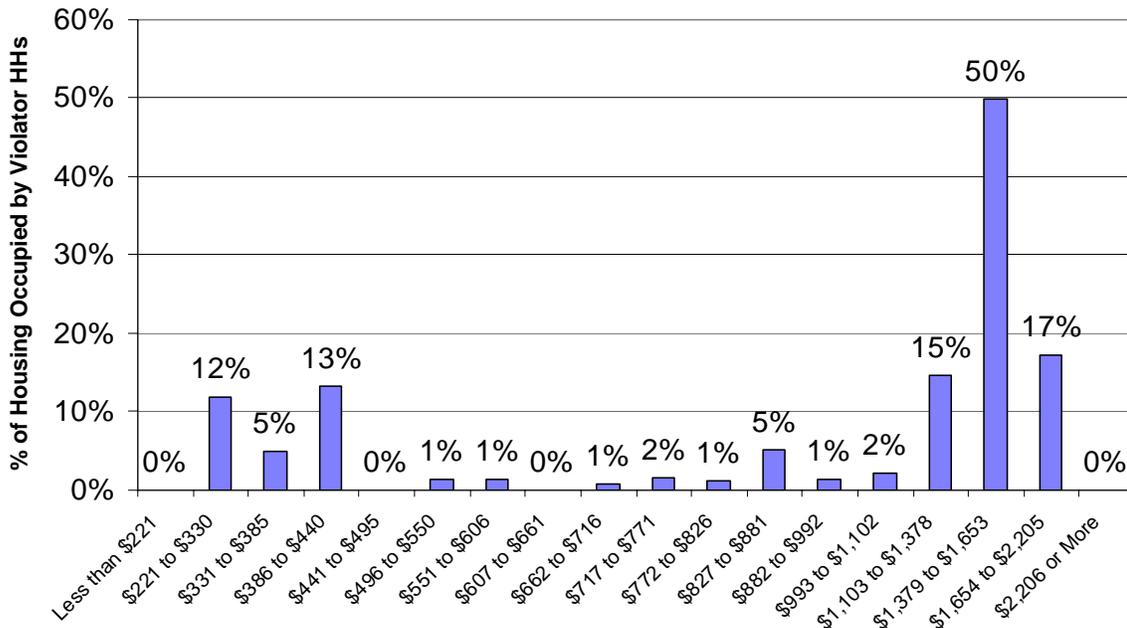
Interestingly, a significant subset of violator households pay low rent levels as well. Violator households are actually less likely than other households to pay rents of more than \$550, but far more likely to pay rents of more than \$1,102.

Exhibit 2-13
Household Rent Levels of Violator Households and Other Rental Households



The following exhibit shows the prevalence of violator households within various rental price ranges. Within the rental market, violator households are an insignificant share of rentals in most mid-price ranges. They make up a significant proportion of low-cost rentals (under \$440) and of high-end rentals (\$1,103 or more).

Exhibit 2-14
Violator Households as a Proportion of Rental Demand, by Rent Amount



It might be expected that a large proportion of the violator market inhabits upper-price housing, presumably because the rental costs are divided among a larger number of tenants. One unusual feature of this renter profile is the secondary market at the very low end of the housing spectrum, with over one-fourth of violator households occupying housing at prices under \$400 per month in the Year 2000. Potential explanations include:

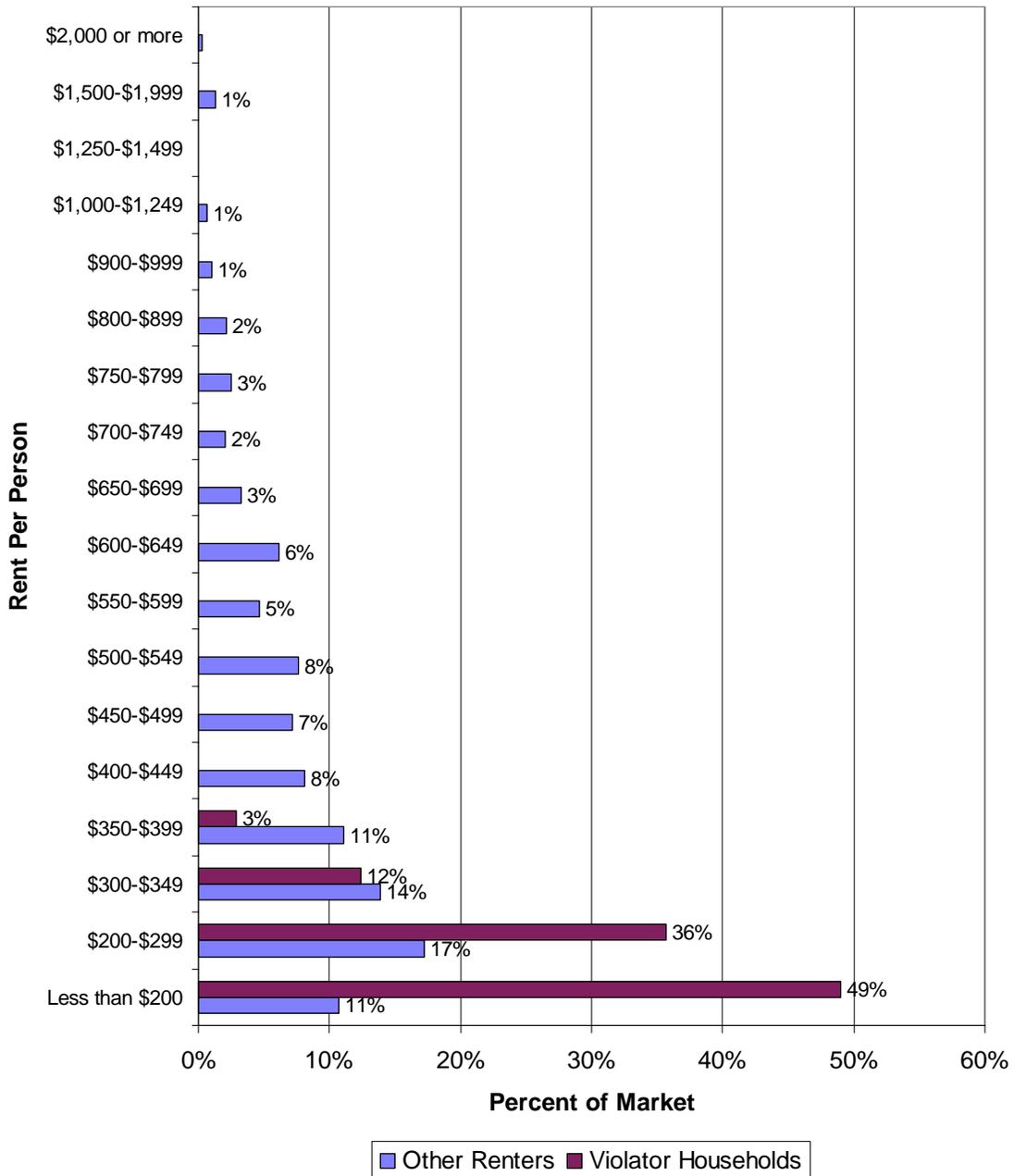
- the possibility that a significant portion of households have obtained very low-rent housing, though that appears unlikely because the data show that they are living in large (four or more bedroom units);
- the possibility that these violator households have obtained small units and “converted” them to larger units by making basements, closets, or other nontraditional spaces into makeshift bedrooms;
- the possibility that the householder incorrectly entered on Census forms only his or her share of the total rent, as opposed to the full household rent; or
- the possibility that certain types of housing may lend themselves to inappropriate reporting. For example, Ram Village in Fort Collins offers group housing to

individuals via large apartments, with each individual paying on an individual basis. It is possible that individuals in these units would report their rent payment as an independent household within an apartment, and then provide information on the apartment and the roommates. In this case, they would have correctly answered all questions, but merely have a housing situation that does not match the typical payment/roommate structure.

The bottom line is that this market bulge, while somewhat mysterious, cannot be confirmed or refuted, despite the fact that the data appear to be contradictory within these households. For this reason, the profile will be used just as it is reported.

While violator households may pay more total rent, they have more adults who are contributing to that rental payment. The exhibit on the following page describes the rent obligation per person (adult) for violator households versus other rental households. While nearly half of other renters have payment obligations of \$400 per month or more (in the Year 2000), nearly half of violator households paid less than \$200 per month. On the whole, the median rent obligation of a tenant in a violator household is almost exactly half that of a person living in a non-violator household.

Exhibit 2-15
Household Rent Levels Per Adult Tenant of Violator Households and Other Rental Households



A PROFILE OF TENANTS WITHIN VIOLATOR HOUSEHOLDS

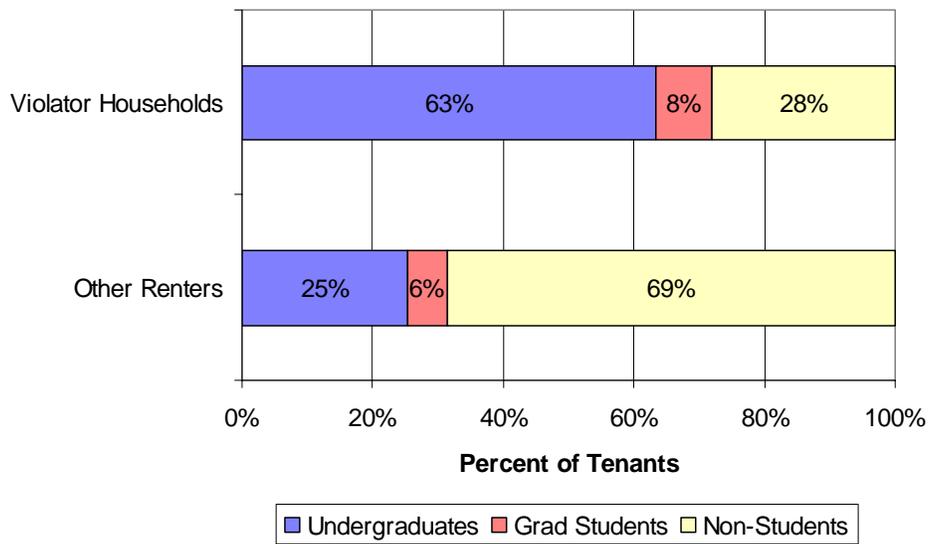
Within the violator households are four or more distinct, unrelated individuals. The following exhibits provide a profile of those individuals.

STUDENT STATUS

Student status is of course a significant identifier in Fort Collins. A majority of tenants in violator households are college students, and particularly undergraduate college students. Even so, nearly three in ten are not college students. On the other hand, only three in ten tenants in non-violator households are college students.

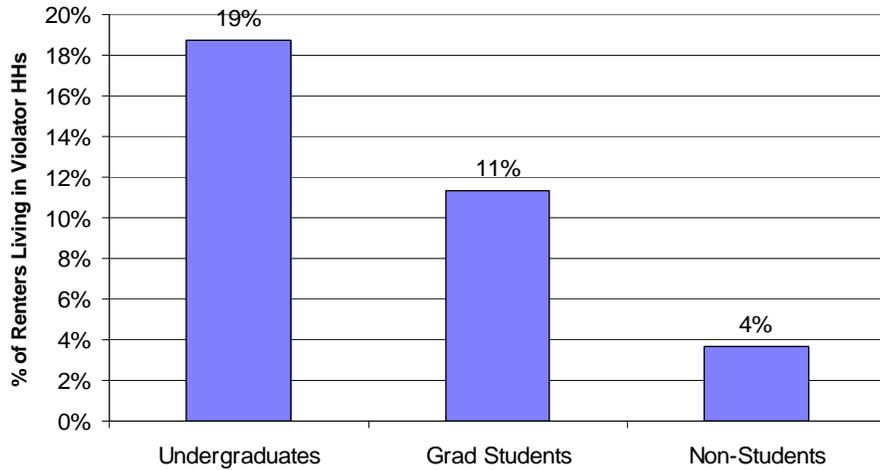
Note that while the majority of these students are probably Colorado State University students, they represent students at all universities who happen to live in Fort Collins.

Exhibit 2-16
Student Status of Tenants in Violator Households



Combining these figures with total rental populations, it appears that nearly 20 percent of undergraduate college students who are renting housing units in Fort Collins are living in violator households, compared to 11 percent of graduate students, and only four percent of non-students. Note that these figures include only people renting housing, and do not include homeowners, people living in group quarters such as dormitories, or people who pay no cash rent.

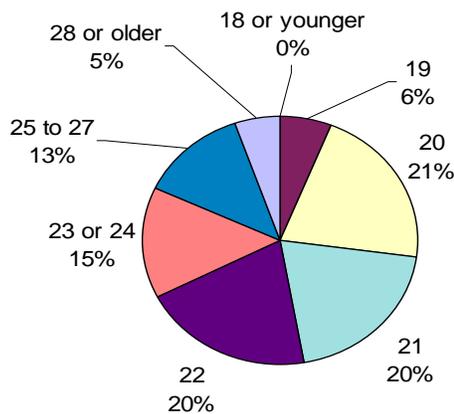
Exhibit 2-17
Proportion of Various Populations in Violation of Ordinance



AGE AND GENDER

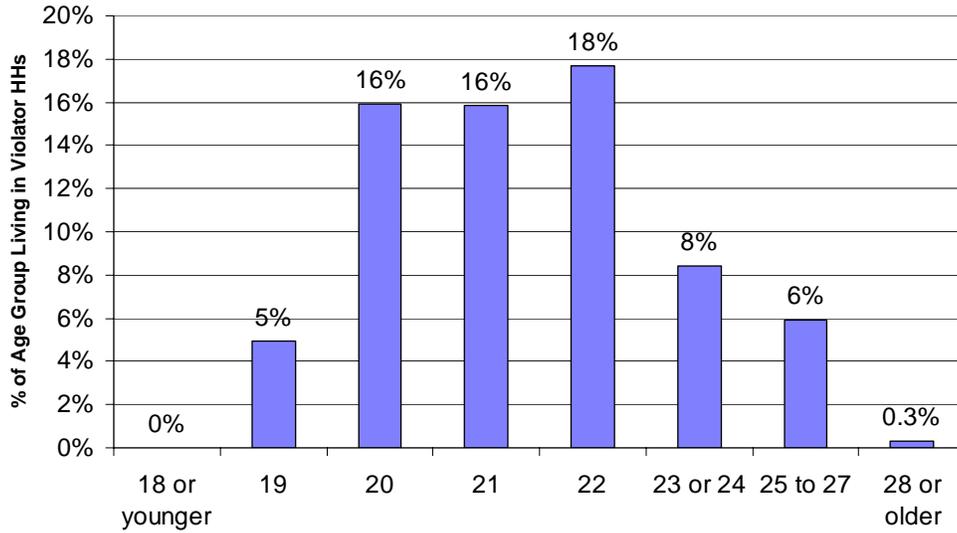
Regardless of their student status, tenants in violator households are young. Only five percent of these tenants are over the age of 27, and 82 percent are between the ages of 19 and 24, inclusive.

Exhibit 2-18
Age Distribution of Tenants in Violator Households



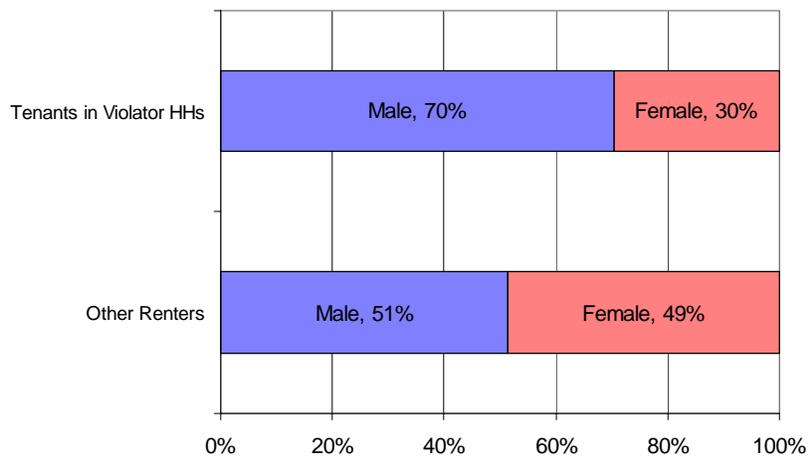
Roughly one in six city residents between the ages of 20 and 22 are living in violator households. The figures decrease rapidly for younger and older age groups, and are almost non-existent among adults over the age of 27.

Exhibit 2-19
Percent of People by Age Who are Tenants in Violator Households



Tenants in violating households are disproportionately male, with more than twice as many males as females in this population. This skewing is not true for other renters, who are evenly divided between males and females.

Exhibit 2-20
Proportions of Renters by Gender

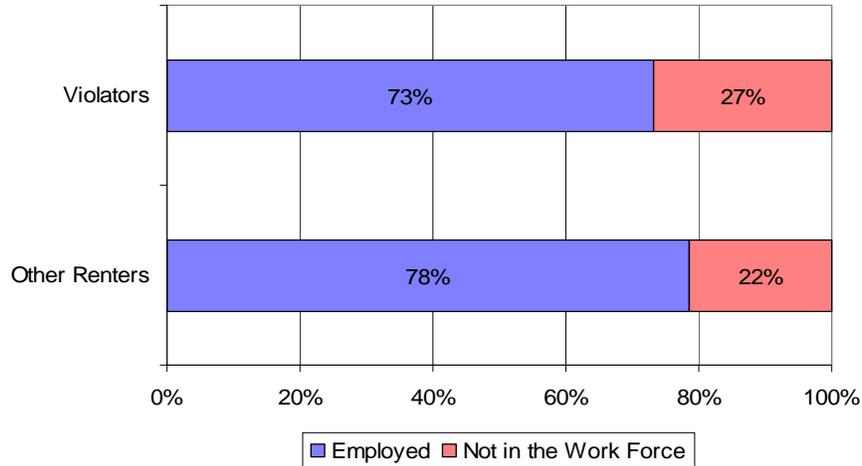


EMPLOYMENT STATUS

Tenants in violator households are only slightly less likely to work than are tenants in non-violator households. Employment figures include both people who are employed and those who are seeking employment or on temporary layoff.

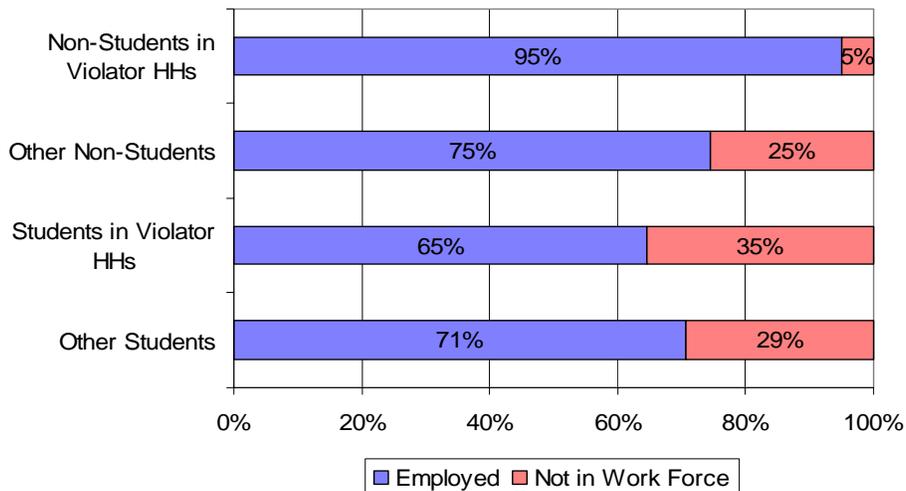
Note that these figures count only people age 16 or older.

Exhibit 2-21
Employment Status of Rental Populations



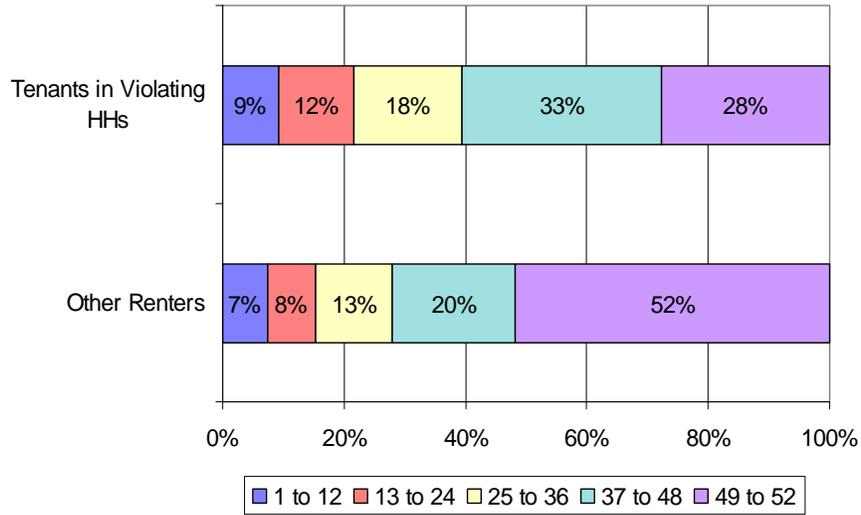
Students who are living in violator households are slightly less likely to work than other college students in the city (including those who rent, own, and living in group quarters). Non-students in violator households are more likely to work than are their counterparts in other types of housing.

Exhibit 2-22
Employment Status by Student Status



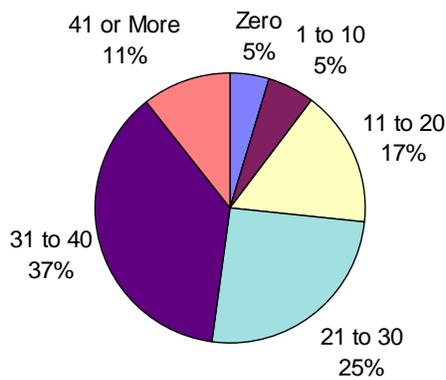
Of those who work, tenants in violating households are less likely to work year-round than are other renters, though 61 percent work more than 36 weeks per year. A total of 21 percent of working tenants in violating households work less than approximately half a year.

Exhibit 2-23
Weeks Worked in Previous Year (Working People Only)



Of those tenants in violator households that work, almost half (48 percent) are working more than 30 hours per week. Only 27 percent work 20 hours per week or less, which includes five percent that sought employment but did not work.

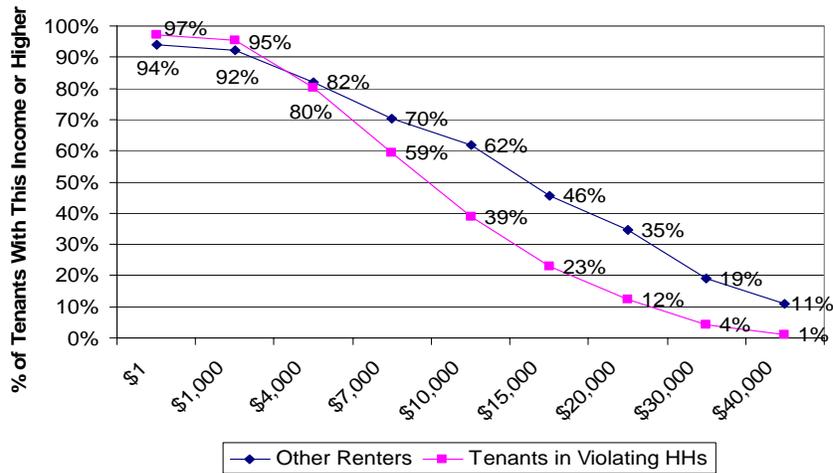
Exhibit 2-24
Hours Worked Per Week, Tenants in Violator Households Who Worked



PERSONAL INCOME AND INCOME SOURCES

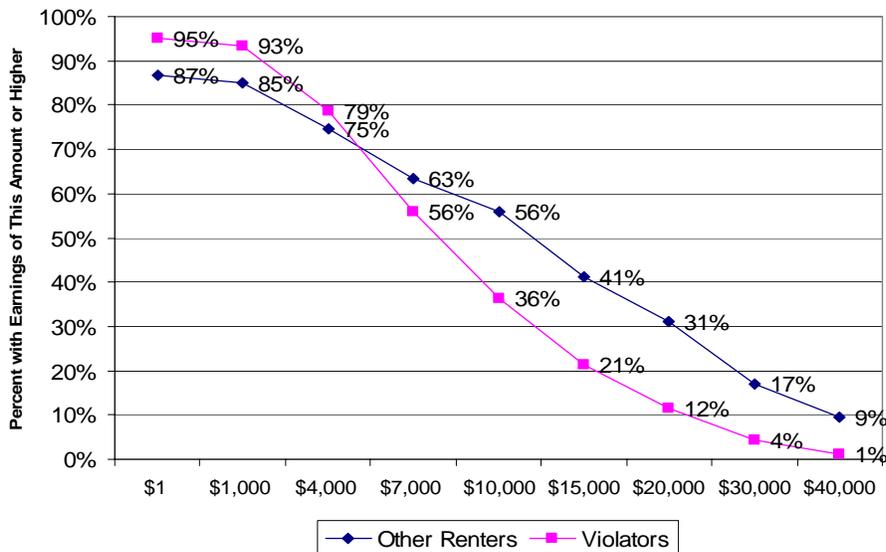
Tenants in violating households tend to have lower total incomes than other renters. These tenants are half as likely to have incomes of \$15,000 or more on a personal basis, and one-fifth as likely to have a total personal income of \$30,000 or more.

**Exhibit 2-25
Total Incomes of Renters**



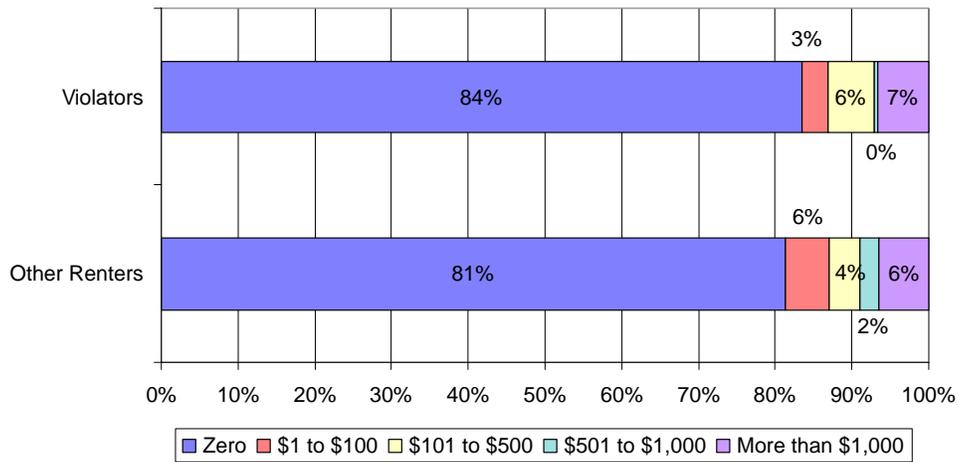
Tenants in violating households also tend to have lower earned incomes than other renters, though they are less likely to have extremely low earned incomes of \$4,000 or less. Only 21 percent of violating tenants have earned incomes of \$15,000 or more.

**Exhibit 2-26
Total Earnings of Renters (Excluding Self-Employment Income)**



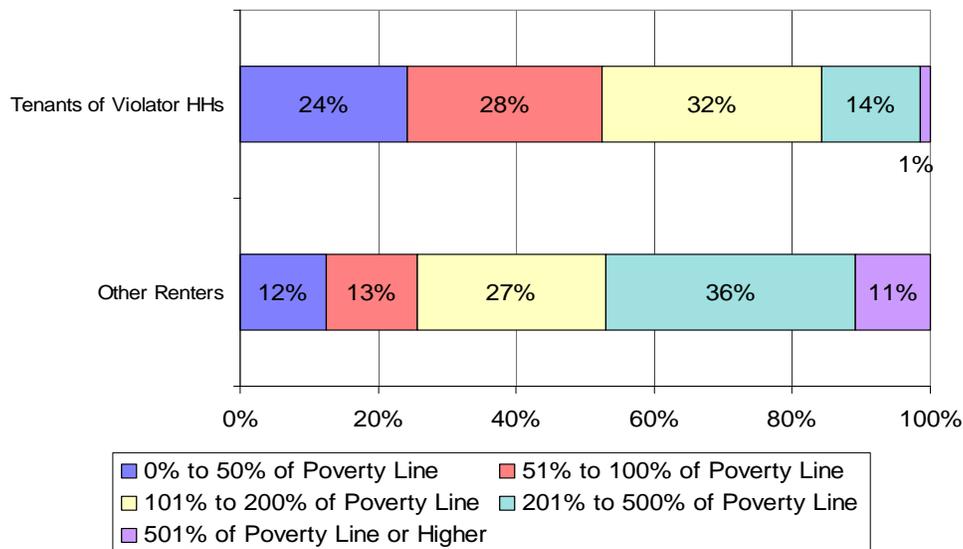
An examination of incomes derived from investments, rents, interest, and dividends reveals no significant differences between tenants of violator households and other renters. The vast majority of both groups have no appreciable savings or investments. However, it should be noted that some college students may receive significant unearned income from parents that does not factor into their personal incomes.

Exhibit 2-27
Investment Income Among Renters



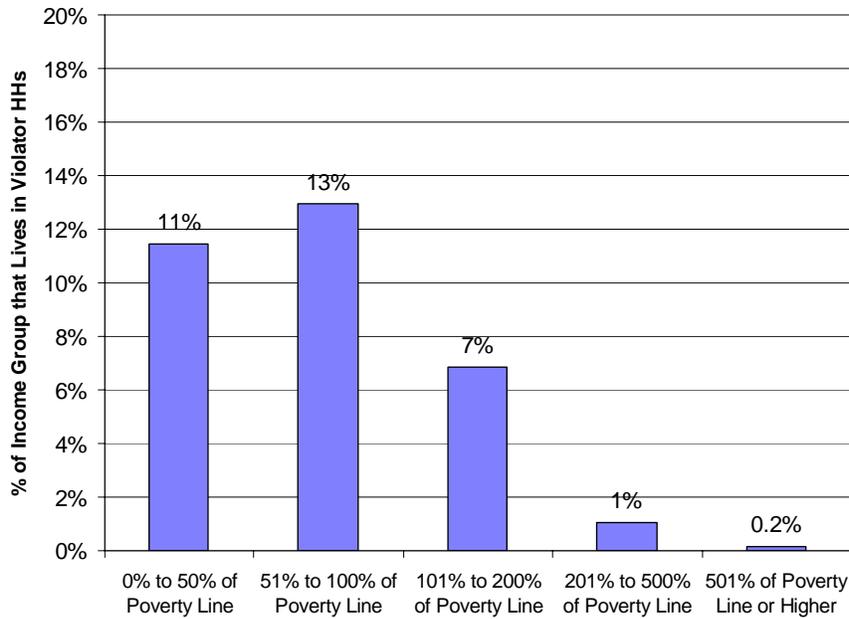
Despite their propensity to work, tenants in violator households are much more likely to be below the poverty line than are other renters. Over half of the tenants in violator households are living below the poverty line, compared with 25 percent of other renters.

Exhibit 2-28
Poverty Status of Renters



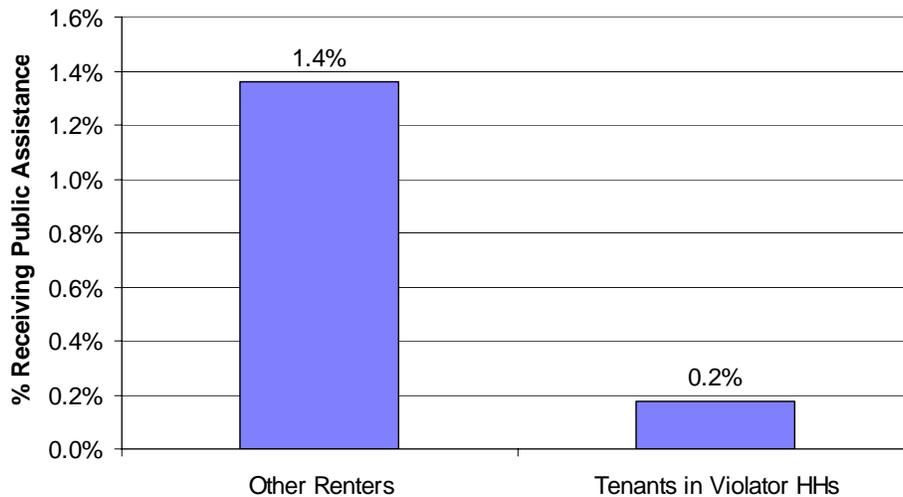
Nearly one in eight people living below the poverty line live in violator households.

Exhibit 2-29
Tenants in Violator Households as a Proportion of Income Groups



While tenants in violator households are more likely than other renters to live in poverty, they are less likely to seek public assistance. Only 0.2 percent had received public assistance during the previous year, compared with 1.4 percent of other renters.

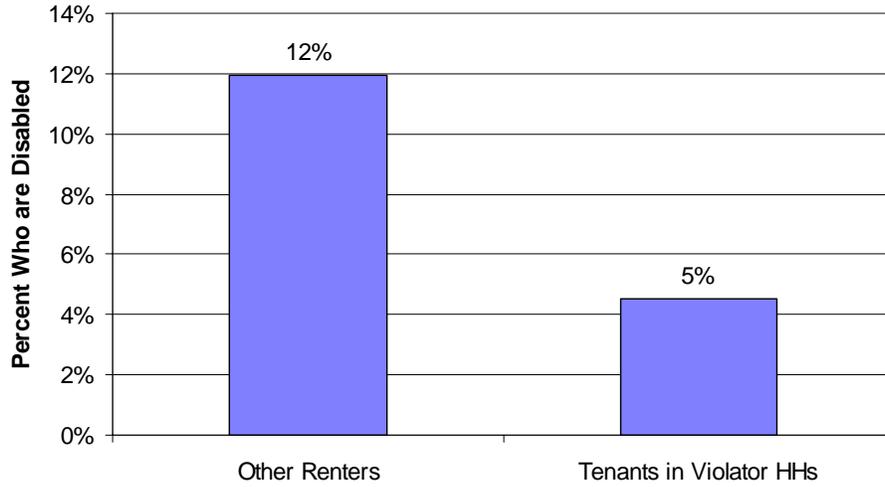
Exhibit 2-30
Proportions of Renters Receiving Public Assistance in 2000



DISABILITY STATUS

Perhaps in part due to their young age, tenants in violator households are much less likely to be disabled than are other renters.

Exhibit 2-31
Disability Status of Renters



KEY FINDINGS

The key findings of this section are divided into two sections, violator households and tenants within violator households.

VIOLATOR HOUSEHOLDS

- Approximately two-thirds of violator households occupy single family homes.
- Most violator households (64 percent) are only slightly over the three-person ordinance limit, with four people sharing a housing unit.
- The average household incomes of violator household are generally higher than those of other renters, despite the fact that individual tenants' incomes are lower and individual tenants in violator households are more likely to be below the poverty line.
- Violator households are significant shares of the housing market in both low-cost rentals (under \$440) and high-cost rentals (\$1,103), and are very minor market participants in mid-range units.
- The rent per person in violator households is nearly 50 percent less than that paid by other renters, on a per-adult basis.
- The majority of violators (86 percent) live in three-bedroom units or larger. Violator households make up a significant portion of the market for four-bedroom units and larger.

TENANTS WITHIN VIOLATOR HOUSEHOLDS

- Overall, 71 percent of violator household tenants are college students.
- Seventy percent of the tenants in violator households are males and 82 percent of the tenants are under the age of 25.
- The majority of tenants within violator households do not work year round.

PART 3. IMMEDIATE IMPACTS OF ORDINANCE ENFORCEMENT

This section of the report develops an extensive impact analysis to identify the impacts of ordinance enforcement, including impacts on rental vacancy rates, rental prices, and home values.

Having defined the situation regarding the number and nature of violator households, the next step is to actually identify the impacts that a strict ordinance enforcement would have on the various interested parties. We will address several key questions in this research, such as:

- What will be the impact of ordinance enforcement on rental vacancy rates?
- What will be the impact of ordinance enforcement on rental pricing?
- What will be the impact of ordinance enforcement on property values?

These will be addressed from the standpoint of key populations.

This section of the report will address those questions. In order to do so, seven distinct steps will be undertaken.

1. Corona will develop a profile of the rental market as it existed during the 2000 Census. The Census provides a very comprehensive portrait of the rental market.
2. Corona will develop an updated estimate of the rental market as it exists today, using a variety of sources and techniques.
3. Corona will use the profiles previous developed to identify the presence of violator households within the rental market.
4. Corona will develop estimates for how violator households will reform if broken up by the ordinance, and what the housing preferences will be for the newly formed (and smaller) households that will result.
5. Corona will alter the profile of the rental market to reflect the loss of violator households and the addition of newly formed non-violator households.
6. Corona will assess the rental market's reaction to these shifts in demand.
7. Corona will examine the impacts of these shifts on rental vacancy rates, pricing, and property values.

Each step in the process is described in the background documentation at the end of the section. The following discussion focuses on key findings and implications.

A SUMMARY OF RENTAL MARKET IMPACTS

After taking into account the number of violator households, their demographics, the supply of rental housing, and the rental preferences of households at various income levels, the research team determined that a strong enforcement of the “three unrelated people” ordinance will have the following impact on the rental market.

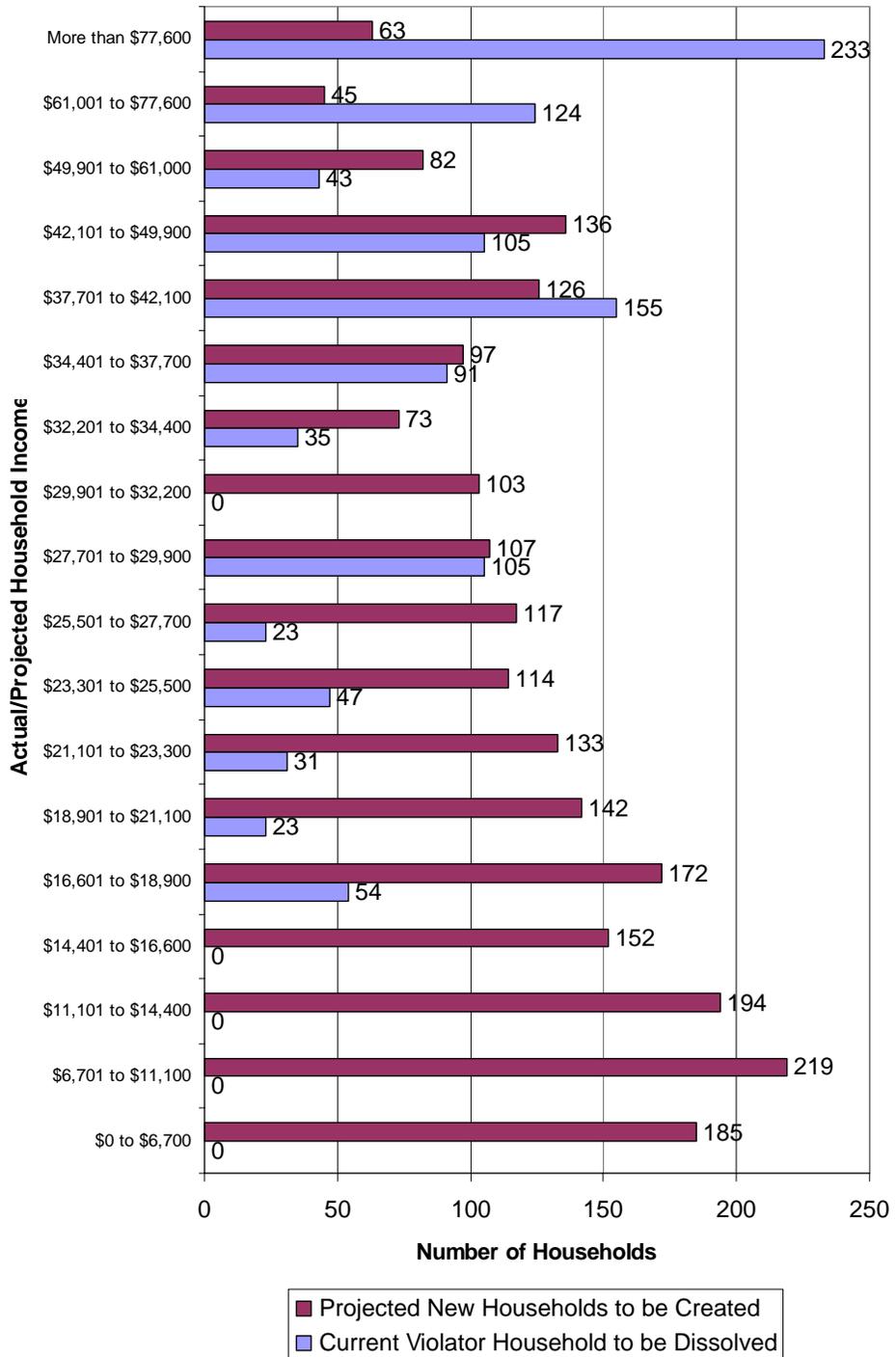
- A total of 1,070 rental units are in violation of the ordinance and would be forced to downsize or dissolve.
- These households contain a total of 4,773 renters. In addition, another 230 tenants would be forced to vacate owner-occupied housing so that those homes would satisfy the ordinance. A total of 5,003 renters would need to change their living arrangements.
- These 5,003 renters would reform into 1, 2, or 3-person households. The research team estimates that the ratio will be as follows:
 - 260 of these people will form new one-person households, for a total of 260 new one-person households.
 - 2,518 of these people will form new two-person households, for a total of 1,259 new two-person households
 - 2,225 of these people will form new three-person households, for a total of 742 new households.

In essence, 1,070 large households will disappear from the Fort Collins housing market, and 2,261 new smaller households will appear, for a net gain of 1,191 households (with no change in total population).

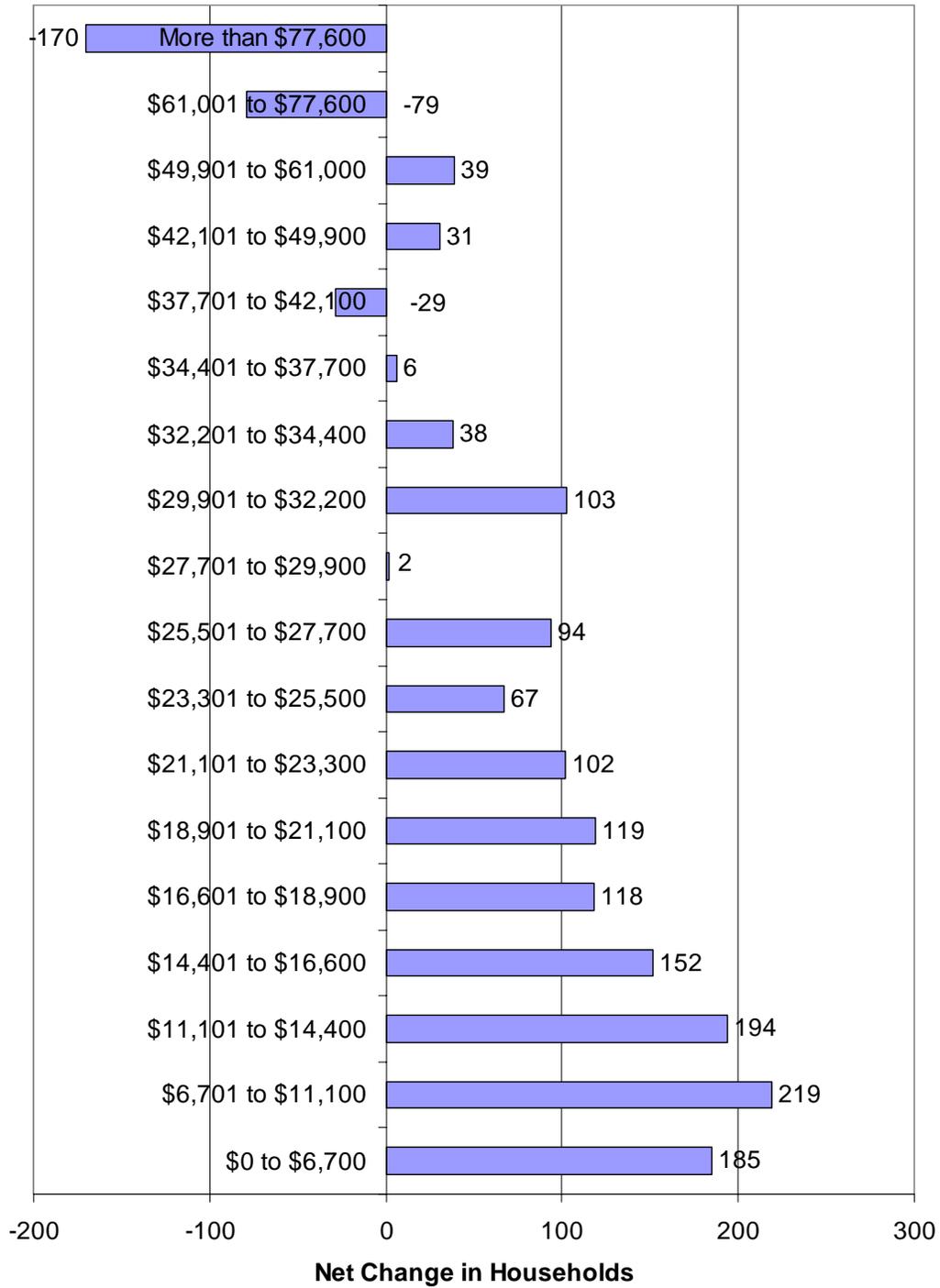
- When examined by income, strong ordinance enforcement will result in the net loss of nearly 250 households with incomes over approximately \$60,000 per year, and the net creation of approximately 190 new households with incomes from \$30,000 to \$60,000 per year. The number of households with incomes below \$30,000 will increase by over 1,250.

As a means of comparison, the total city’s number of households with incomes below approximately \$22,000 per year will increase by approximately 10 percent. The city’s total number of households with incomes between \$22,00 and \$33,000 will increase by approximately 5 percent. The change in the number of households with incomes over \$33,000 will decrease by approximately 1 percent. However, the change on the rental market will be much larger.

Exhibit 3-1
Household Income Profiles – New Households Versus Dissolved Violator Households



**Exhibit 3-2
Net Change in Households with Ordinance Enforcement**



- When translated to rental demand, these changes in households will produce a significant increase in demand for units in the \$550 to \$775 price range, and a decrease in demand among units priced above \$1,100.

Exhibit 3-3
Net Change in Rental Demand by Price Level

Rental Price	Rental Unit Demand of New Households	Lost Rental Unit Demand of Violator Households	Net Change in Demand
Under \$222	68	0	68
\$222 to \$332	103	101	2
\$333 to \$387	115	54	61
\$388 to \$442	130	136	-6
\$443 to \$498	117	0	117
\$499 to \$553	120	16	104
\$554 to \$609	252	31	221
\$610 to \$664	187	0	187
\$665 to \$720	270	19	251
\$721 to \$775	202	35	167
\$776 to \$831	165	23	142
\$832 to \$886	103	74	29
\$887 to \$997	135	25	110
\$998 to \$1,108	105	35	70
\$1,109 to \$1,385	124	299	-175
\$1,386 to \$1,662	19	140	-121
\$1,663 to \$2,217	36	82	-46
\$2,218 and Up	10	0	10
	2,261	1,070	1,191

When these changes in rental demand are entered into the current Fort Collins rental market, the impacts will be quite significant. The overall rental vacancy rate will drop by five percentage points, and the initial impact will produce negative vacancy rates in several market segments, which of course are not possible. The various market scenarios to deal with this situation are discussed later in the analysis of affected parties.

**Exhibit 3-4
Impact of Ordinance on Rental Market**

Rental Rate	Baseline Scenario		Scenario with Ordinance				
	Vacancy Rates	2004 Supply	2004 Baseline Occupied Units	Change in Demand (Units)	Change in Demand (Percent)	2004 Occupied Units with Ordinance	2004 Renter-Preferred Vacancy Rate with Ordinance
Under \$222	11.0%	636	566	68	12%	634	0.3%
\$222 to \$332	10.2%	794	713	2	0%	715	9.9%
\$333 to \$387	6.9%	1,061	988	61	6%	1,049	1.1%
\$388 to \$442	6.4%	814	762	-6	-1%	756	7.1%
\$443 to \$498	9.6%	959	867	117	13%	984	-2.6%
\$499 to \$553	4.3%	1,270	1,216	104	9%	1,320	-3.9%
\$554 to \$609	4.5%	1,840	1,756	221	13%	1,977	-7.4%
\$610 to \$664	9.2%	1,943	1,764	187	11%	1,951	-0.4%
\$665 to \$720	10.3%	2,499	2,242	251	11%	2,493	0.2%
\$721 to \$775	4.8%	2,630	2,504	167	7%	2,671	-1.6%
\$776 to \$831	5.3%	1,452	1,375	142	10%	1,517	-4.5%
\$832 to \$886	12.0%	1,244	1,095	29	3%	1,124	9.6%
\$887 to \$997	17.3%	1,613	1,333	110	8%	1,443	10.5%
\$998 to \$1,108	13.4%	1,456	1,261	70	6%	1,331	8.6%
\$1,109 to \$1,385	11.7%	1,966	1,735	-175	-10%	1,560	20.7%
\$1,386 to \$1,662	7.0%	377	351	-121	-34%	230	39.0%
\$1,663 to \$2,217	7.6%	401	370	-36	-10%	334	16.7%
\$2,218 and Up	0.0%	66	66	0	0%	66	0.0%
Total Rental Market	8.9%	23,021	20,964	1,191	5.7%	22,155	3.8%

IMPACTS ON AFFECTED POPULATIONS

The impacts of this market shift will now be discussed for each of several affected parties, including:

- Low-range rental market – Renters and landlords in the price range under \$440
- Mid-range rental market – Renters and landlords in the \$440 to \$830 range
- Upper-middle market – Renters and landlords in the \$830 to \$1,100 range
- Upper-end market – Renters and landlords in the \$1,100 range and up
- Tenants in Dissolved Violator Households
- Owners in Owner-occupied Violator Households
- Non-Violator Households
- Local Companies
- Housing Construction Industry

KEY MARKET 1: RENTERS AND LANDLORDS IN THE LOW-RANGE MARKET (UNDER \$440)

Default Market Size: 3,300 housing units, 3,150 rental households (before market shifting)

Landlords in the low-rent market will gain immensely in the short-term from ordinance enforcement. On the other hand, renters in this price range will suffer from extreme competition for housing and higher prices even to stay in their current units.

These units typically have a high vacancy rate as they are generally less desirable units, and most rental households can afford to pay a higher price for a nicer or larger unit.

In a post-ordinance environment, three strong factors will change this market:

- First, the large increase in demand will create a net increase in demand at this price level, reducing natural vacancy rates for the group from over 8 percent to the 4 to 5 percent range even before a secondary market reaction (below).
- Second, the price levels above this market range will face huge supply shortages. As a result, the best units in this price range will be able to increase into the price range above \$440, with a subsequent shift upward in price through the entire supply of low-market rentals. The research team predicts that approximately 15 percent of this low-cost housing supply will move up to the medium-range market and the supply will be lost to low-range renters, and pricing levels for these units will increase by a minimum of 5 to 20 percent.
- Third, the pricing movement of housing supply out of this market will cause even greater shortages at the lowest end of the low-range market. This change in supply will essentially lower the vacancy rate to zero, with more supply than demand. It is likely that approximately 150 to 250 households at this extreme low end of the market will be unable to compete for housing, requiring either public assistance or creating a market for “non-standard” housing or illegal overcrowding. Another option, albeit unlikely for this income group, is that the lowest-income households will simply leave the city.

In the long run, increased construction in the mid-range market will almost certainly push back the units that priced themselves out of this market. However, with the increased demand and the likelihood that few new units will be built in this price range, the long-term return of these units will merely return vacancy rates to a healthy level in the 4 to 5 percent range. This segment will most likely not be directly served by new market-level construction, but will benefit only indirectly by increases in supply in the mid-market range.

KEY MARKET 2: RENTERS AND LANDLORDS IN THE MID-RANGE MARKET (\$440 TO \$830)

Default Market Size: 12,600 housing units, 12,900 rental households (before market shifting)

Landlords in the mid-range rental market will gain somewhat in the short-term from ordinance enforcement, though to a lesser extent than landlords of low-rent properties. Once again, the situation will be detrimental to renters, due to extreme competition for housing. However, pricing for these units may not increase dramatically due to downward price pressure from upper-end rentals.

In this price range, pre-ordinance vacancy levels were somewhat high in some price segments and were moderately healthy in others. However, the addition of over 1,100 new households into this market range alone will completely swamp the housing supply, with demand for units outstripping supply throughout the range.

Aside from competing fiercely to find units, renters in this price range will have four options:

- Pay more money to rent larger units, an option that is only available to those at the top end of this price range. This will happen to some extent, since the vacancy rate for units in the \$830 to \$1,100 range will be higher than a healthy rate. However, vacancy rates at those levels are not high enough to provoke a full-scale downsizing, so price cutting of upper-middle units into the mid-range market will be limited. Similarly, relatively few renters will venture out of the competitive mid-range market into the somewhat stagnant upper-middle market.
- Another option is to move down and rent cheaper units that are less desirable, and which typically have high vacancy rates for that reason. However, the competition for those units will be even more fierce, and a significant part of that supply will have already risen to mid-range prices. As a result, this will not happen.
- Move out of the area, either permanently or on a commuting basis. This may actually be an attractive option for some of these households, particularly if there is an overstock of mid-range rentals in other nearby communities. Depending on other factors such as the availability of rental housing in the unincorporated county and/or nearby communities, one to two percent of the market could relocate out of the city, equating to 100 to 300 mid-range renters. We caution that this is merely a rough estimate.
- One- and two-person households can double up and obtain roommates, while staying under the limit set by the ordinance. This is a probable scenario as well, and has the potential to create overcrowding to some extent in one- and two-bedroom rental units where two or three renters share a unit.

On the positive side, price pressure from upper mid-range units may dampen the price increases that will be prevalent in the low-range market. Units in the \$800 range cannot significantly increase prices without running into competition from the upper mid-range market, which will still have a relatively high vacancy rate. Therefore, landlords will benefit from extremely low vacancy rates (on the order of 0 to 1 percent), but will not be able to use that to price units up significantly. Even so, some price increases are likely, perhaps in the five to ten percent range, as the entire market shifts upward in response to competition.

In the long term, the housing construction market will almost certainly correct for this intense shortage of housing by increasing new construction. In the short term, some additional low-end owner-occupied units could be converted to rentals as well.

KEY MARKET 3: RENTERS AND LANDLORDS IN THE UPPER MIDDLE MARKET (\$830 TO \$1,100)

Default Market Size: 4,300 housing units, 3,900 rental households (before market shifting)

Landlords and tenants in this price range will exist somewhat on the tipping point of the market, between the high vacancies and lost demand at the upper end of the market and the saturated market and increased demand in the mid-range market. As a result, the impact on this market segment will be relatively small.

Vacancy rates at this price range are currently high, estimated in the 14 to 15 percent range. With the breakup of larger households formerly renting upper-end housing, this market segment will benefit as some of those households downsize and move down into the upper middle market. Even so, most of the demand will bypass them and move further down the price scale, so rental rates will remain somewhat high, in the 8 to 10 percent range.

This market will be impacted by two key factors that cannot be predicted with great confidence:

1. Landlords' willingness to discount pricing at the lower end of the scale will be an important factor. A move down into the \$800 price range will produce large demand and low vacancies. However, history shows that landlords in this price range are hesitant to discount prices, while renters in the \$800 range are hesitant to move up. The research team predicts some crossover, but history indicates that landlords in this price range are willing to tolerate vacancies in the ten percent range in exchange for keeping their rental rates high.
2. A threat to this market exists from above. Upper-end rentals will be facing extraordinarily high vacancy rates, and landlords will be facing decisions about whether to sell their units, wait until demand increases again, or lower their prices. If they lower their prices, they then transfer that market stress to the upper middle market. However, the upper middle market is approximately 50 percent larger than the upper end market (4,300 units versus 2,800 units), and the upper end landlords may have little interest in dropping their prices to compete in a market that already has high vacancy rates.
3. A third potential factor is that the research team assumed that roughly 5 percent of the tenants in the dissolved households will reform as one-person households, 50 percent as two-person households, and 45 percent as three-person households, based on existing patterns among other renters (with adjustments to denote this population's propensity for having roommates). It is possible that some of those one- and two-person households will merge to escape the competition at the mid-market and low-rent levels, and will, in combination, have enough household income to afford upper middle range housing. This would be a positive in many respects, as it would ease the demand pressures at the lower and middle price levels. However, it may lead to overcrowding to some degree as three renters move into two-bedroom units.

Overall, this market will probably not be impacted significantly by the ordinance. Demand will increase, which will aid landlords, but vacancy rates will remain high enough that renters who can afford this price range will have an ample opportunity to rent at stable prices.

KEY MARKET 4: RENTERS AND LANDLORDS IN THE UPPER-END MARKET (\$1,100 AND UP)

Default Market Size: 2,800 housing units, 2,200 rental households (before market shifting)

This market will essentially see exactly the opposite effect of the low-end market. The breakup of violator households will disproportionately impact the upper end rental market, and most of the reformed smaller households will not be able to afford these larger, more expensive properties. Enforcement of the ordinance would be expected to more than double vacancy rates in this market segment, from a current level in the 10 percent range to an expected 22 percent level. Housing in the \$1,400 to \$1,700 range would be particularly hard-hit, with vacancies approaching 40 percent.

Landlords in this market segment will have three primary choices:

1. *They can hold on to their properties and attempt to “wait out” the housing glut created by the ordinance enforcement.* In order to consider this option, it is important to estimate how long it will take for the vacancy rate in that sector to fall back to a reasonable level. For this analysis, a reasonable level is assumed to be 10 percent. Assuming constant growth in the city that is proportionate by owner/renter households and price demand, and assuming that the number of rental units in the higher end of the market remains the same (i.e., no new construction or conversion takes place), it will take approximately 7.4 years to reach a 10 percent vacancy rate. The following exhibit provides the actual values used to estimate this period.

**Exhibit 3-5
Estimated Time to Reduce Vacancy Rate in Upper End of Market**

Total Rental Units (\$1100+)	Occupied Units (\$1100+)	Occupied Units at 10% Vacancy (\$1100+)	Household Growth Rate	Years to Market Recovery
2,810	2,190	2,529	1.97%	7.38

2. *They can lower their rental price.* This may not be an option to some landlords who have to cover mortgage costs. However, for others who have held their properties for some time, it may be feasible. In considering the mechanics of price dynamics at this end of the market, one can consider the various property levels and their “natural” vacancy rate if the ordinance is passed.

For landlords at the low end of the upper end market, there is significant potential for lowering their rental prices, because that would move them into the \$998 to \$1,108 category, which has an acceptable (if slightly high) vacancy rate. Since their unit was previously priced higher, it is presumably a larger or higher quality unit and could compete well in that range. On median, though, this would represent a 16 percent price discount.

At higher rent levels, the same mechanism holds true: a discounted unit of higher quality should be more desirable than a non-discounted unit of lower quality. However, the dynamics are made difficult by the high vacancy rates at higher levels. For example,

discounting a \$1,900 per month rental down to \$1,525 will certainly make it desirable, but at the same time it is difficult even to lease desirable units in an atmosphere with a 39 percent vacancy rate. In summary, lowering prices is an option, particularly to landlords on the lower end of the market, but it may not be feasible from a business perspective.

Exhibit 3-6
Vacancy Rate in Upper End of Market (and Top of Upper Middle Market)

Rental Rate	Housing Supply	2004 Occupied Units	
		with Ordinance	Vacancy Rate
\$998 to \$1,108	1,456	1,331	8.6%
\$1,109 to \$1,385	1,966	1,560	20.7%
\$1,386 to \$1,662	377	230	39.0%
\$1,663 to \$2,217	401	334	16.7%
\$2,218 and Up	66	66	0.0%

3. *They can sell their property.* Obviously, this is not a preferred approach for a person who has invested in a rental property, but it remains a feasible option. As a rental property, these large units will lose value as a result of the ordinance, because their market size will drop significantly. As seen above, decreases of 15 to 25 percent may be necessary to lease an upper-end unit, with a proportional decrease in property value.

However, this does not reflect the true picture. Most rental units at this price range are single-family homes, and single family homes were originally built to be owner-occupied units. In most cases, a conversion back from rental to single-family home would be painless, and the ownership market is much larger than the rental market for houses in this value range. Additionally, the impacts of ordinance enforcement on the owner-occupied housing market will be negligible, so it is likely that the home could be sold for its pre-ordinance value as an owner-occupied home. (Of course, this depends on some property-specific attributes such as location, condition, and home layout.)

Another bonus for sellers would be the potential impact of the sale of multiple single-family rentals in a neighborhood. According to the research team’s analysis (described later in this section), it appears that a neighborhood’s median home value declines by \$391 for every percent of the single-family home inventory that is a rental property. In other words, a house in a neighborhood where all single-family homes are rentals can be estimated to be valued at \$39,100 less than a house in a neighborhood where no single-family homes are rentals.⁴ If multiple landlords opt to sell their properties, those who sell later may reap the benefits of the neighborhood’s return to single-family occupant status.

The above impacts all relate to landlords. As a closing note, it should be observed that renters in this price category will benefit from ordinance enforcement, as they will have many more homes to choose from, and potentially lower pricing.

⁴ Note that the model used to develop the figure of \$391 explains only 58 percent of the variation in median home values across neighborhoods. This figure should be considered a “ballpark estimate” rather than a firm figure.

KEY MARKET 5: DISPLACED TENANTS FROM VIOLATOR HOUSEHOLDS

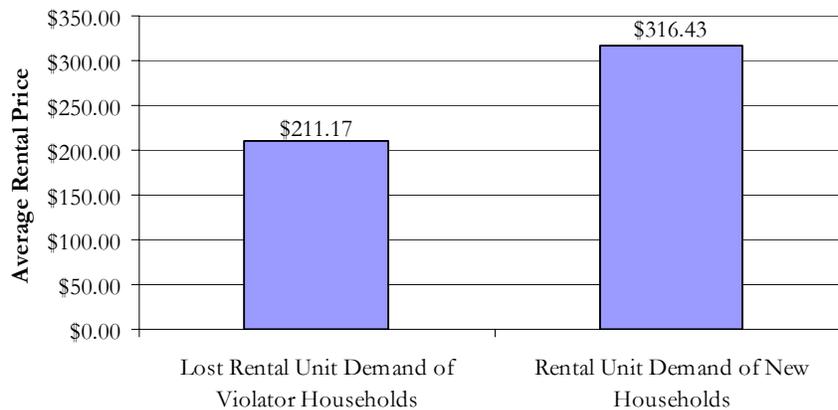
Market Size: 5,003 individuals

This market consists of the 5,003 individuals who will have to change their housing situations as a result of the ordinance. While they are included in the rental markets that have already been discussed in Key Markets 1 through 4, but they warrant additional analysis because of their nature as the focal point of the ordinance.

From a game theory perspective, these individuals are by definition losers in the ordinance enforcement, because they will be banned from pursuing a housing arrangement that they have decided to be in their best interest. They have already decided that living in a household with three or more other people is their best housing option, and will be forced to abandon that option if the ordinance is enforced.

Not only is this true in theory, but it is also true in practice. The exhibit below shows that the tenants in violator households currently average approximately \$211 per person in rental costs. In their new living situations after ordinance enforcement, it is estimates that their rental costs will increase by over \$100 per month as they relocate to smaller households. These figures do not include any “new market” rent changes as described in Key Markets 1 through 4, which could further increase rents and will affect low-income individuals more than high-income individuals. Keeping in mind that a significant portion of current tenants in violator households have incomes that would place them below the poverty line, the ordinance will have a strong negative impact on housing for some portions of this population.

Exhibit 3-7
Per-Person Rental Costs for Tenants in Violator Households, Pre- and Post-Ordinance



In addition to ongoing rental costs, these households will face increased costs in other ways as well. For example, some fixed household expenses such as cable television, Internet access, and telephone service will be split among a smaller number of people. Further, the individual will have to absorb the cost of moving their household.

In summary, enforcement of the ordinance would produce strong negative outcomes for the tenants currently residing in violator households.

KEY MARKET 6: OWNERS IN OWNER-OCCUPIED VIOLATOR HOUSEHOLDS

Market Size: 168 individuals

Less than 200 housing units are owner-occupied, but take on renters in a number that is in violation of the ordinance. It is unlikely that these households would dissolve, but they would have to shed one or more tenants to satisfy the ordinance.

Because this is such a small population, little data is available through which to draw conclusions about the impact of the ordinance. Certainly, the ejection of one or more renters will reduce cash flow to the owner, but it is not clear whether that loss of income will also result in the owner not being able to maintain the mortgage. The impact of the ordinance on this population is therefore limited to stating that the owner will generally lose at a minimum 25 percent of his or her rental income.

In the limited data that are available, it should be pointed out that the stated owners of these properties may be predominantly college students themselves. In the few data records that are available, the majority of property owners were undergraduate college students.

KEY MARKET 7: NON-VIOLATOR HOUSEHOLDS

Market Size: City households

This market consists of all city households other than violator households.

Aside from the impacts on rental markets discussed earlier, this group will receive two primary benefits from ordinance enforcement, at the cost of one potential risk.

The first benefit is that there may be an increase in “peace and quiet” in neighborhoods that currently host violator households, and a decrease in negative activities that cause problems for neighbors, such as inappropriate parking, loud noise, disruptive parties, and poor lawn and home maintenance. While the data from the public survey in Section 1 of this report cannot definitively identify violator households as the cause of neighborhood problems, there is a strong correlation between neighborhood problems and proximity to violator households.

The second benefit is in property values. As noted earlier, the research team has identified a potential relationship between median home values in a neighborhood and the presence of single-family rental units. For each percentage point of single-family housing that is rented out, the median value of homes in the neighborhood drops by \$391. If the number of single-family rentals declines, the value of homes in the neighborhood will increase by a like amount. Citywide, it is estimated that about two-thirds of violator households live in single-family homes, which means that about 800 such homes exist. This represents less than three percent of all single-family homes. While impacts would vary greatly by neighborhood, the model suggests that, on a citywide average, home values are diminished by about \$1,200 per home due to the presence of single-family rental units.

The potential risk involves the transition of violator households to new households. The individuals in violator households will reform new households of three people or less, and will move to different housing units in many cases. With the expected increase in their costs, they may be more

likely to overcrowd small housing units as long as the overcrowding involves only two or three people. With the increase in demand for those smaller units, a neighborhood could conceivably end up with more overcrowded units than were present before the ordinance enforcement took place. Those units will merely be smaller and hold fewer people.

KEY MARKET 8: LOCAL COMPANIES

The local economy will be impacted by the ordinance as well. While a quantification of the impact is beyond the scope of this study, it can be easily noted that companies that sell household products will benefit from the spontaneous creation of over 1,100 new households. Companies that provide services such as Internet connections, telephone service, and television services will benefit as more households come into being to purchase their services.

On the other hand, many tenants from violator households will face increasing demands for their limited funds. This will cut their discretionary spending, which will impact firms that provide discretionary goods and services.

KEY MARKET 9: HOUSING CONSTRUCTION INDUSTRY

The enforcement of this ordinance will be a boon to the local housing construction industry. The creation of nearly 1,200 new households in a short period of time will have profound implications on vacancy rates, as noted earlier, with strong housing shortages in all price ranges below \$830 where no such shortage existed before. In order to bring the housing supply in those price ranges back up to a healthy level, new construction of over 970 rental units would be needed. This equates to nearly two years of multi-family unit construction above and beyond the normal construction growth. If the multi-family construction industry ramps up 50 percent above current capacity, it would then take four years to bring vacancy rates in the low-end and mid-range price levels back to healthy levels.

Of course, this new construction would generate significant additional economic benefits to the community in terms of jobs, spending, and taxes.

BACKGROUND INFORMATION FOR THIS SECTION

This portion of the report documents the methodology used to develop the impact model. Readers interested in the data and approach used to develop the model may wish to read this, while readers interested only in the key findings can skip to the next section of the report.

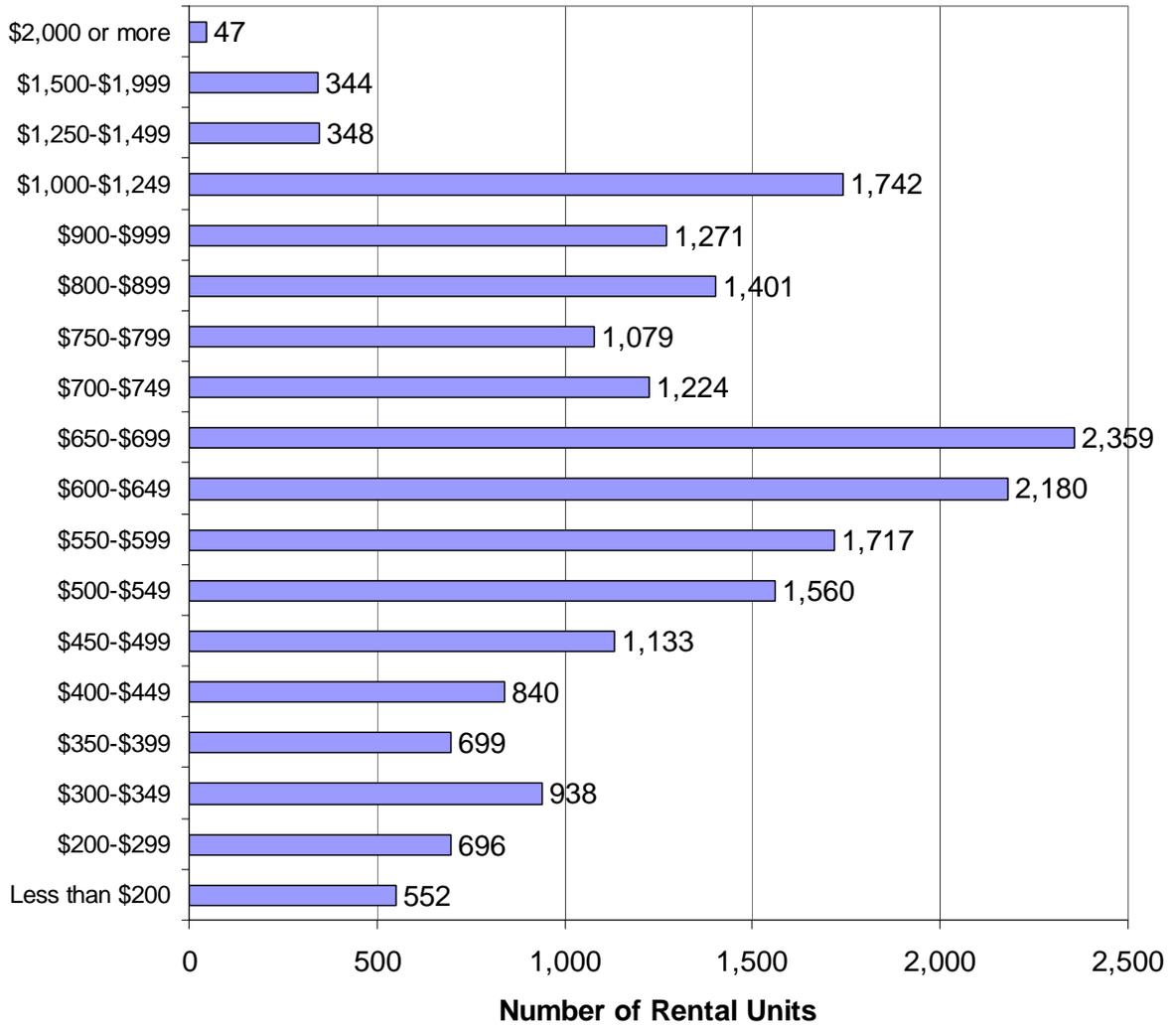
STEP 1. YEAR 2000 RENTAL PROFILE

The 2000 Census offers data that can be used to develop a vacancy profile of the rental market in Fort Collins. That profile is presented below.

First, the 2000 Census provides strong information about the rental stock in Fort Collins. The exhibit below provides information about the number of units in a variety of price ranges. These figures include all units that are vacant or occupied, with the exception of units for which the occupants are paying no cash rent.

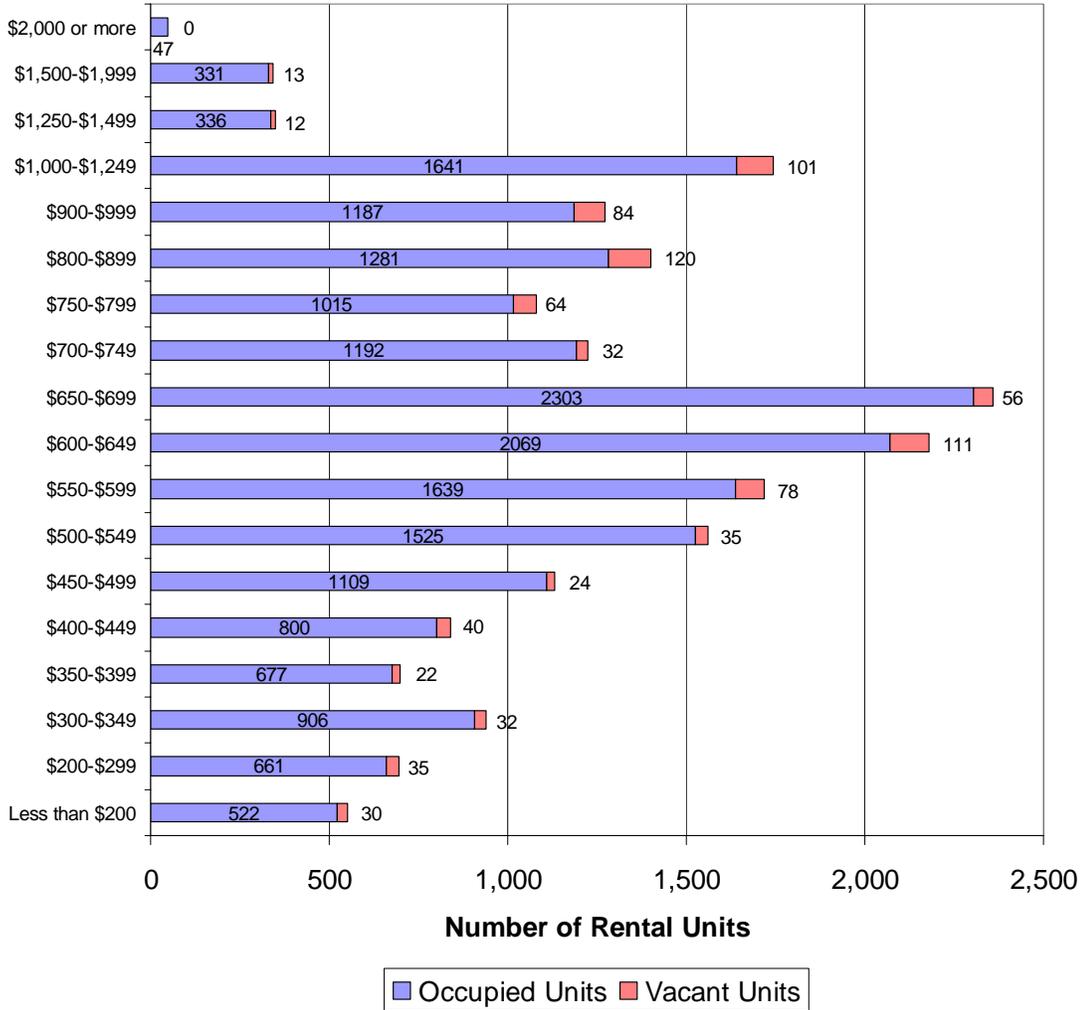
This exhibit shows that the core of the local rental market in 2000 was in the \$550 to \$699 per month income range. Another spike occurred in the \$1,000 to \$1,249 range, and above that price point the inventory drops off considerably. The supply of rental housing priced at \$1,250 and above was less than half of that within the \$1,000 to \$1,249 range.

**Exhibit 3-8
Fort Collins Rental Housing Stock, Year 2000**



The exhibit on the following page provides the same data, but divides the housing stock into occupied and vacant housing. That data can be used to calculate vacancy rates by price level. Vacancy rates include homes that are vacant for any reason, whether the home is actively for rent or not.

**Exhibit 3-9
Fort Collins Rental Housing Stock, Occupied and Vacant, Year 2000**



The following exhibit documents the vacancy rates by price level in 2000. Vacancies were relatively consistent in the 2 to 5 percent range at most price levels. Vacancies were slightly higher in the \$800 to \$1,249 range and in the price ranges below \$300.

Exhibit 3-10
Year 2000 Vacancy Rates by Price

Price Level	Vacancy Rate
Less than \$200	5.4%
\$200-\$299	5.0%
\$300-\$349	3.4%
\$350-\$399	3.1%
\$400-\$449	4.8%
\$450-\$499	2.1%
\$500-\$549	2.2%
\$550-\$599	4.5%
\$600-\$649	5.1%
\$650-\$699	2.4%
\$700-\$749	2.6%
\$750-\$799	5.9%
\$800-\$899	8.6%
\$900-\$999	6.6%
\$1,000-\$1,249	5.8%
\$1,250-\$1,499	3.4%
\$1,500-\$1,999	3.8%
\$2,000 or more	0.0%

STEP 2. UPDATES TO 2004 CONDITIONS

The second step in the modeling process is the updating of housing conditions to 2004 levels. This will be accomplished by examining data sources that provided updates to key data elements.

Reader Note: Much of this step documents background data that were used to develop the 2004 rental market profile. Readers who are interested only in the final result may wish to skip to the final exhibit in Step 2.

The main components of this step are to update housing supply and vacancy rate figures, as well as pricing. A useful tool for this update is the quarterly Multi-Family Rental Survey sponsored by the Colorado Division of Housing, and Building Permit records as recorded by the Department of Commerce. The latest report in the Division of Housing data collection provides an insight into multi-family rental supply since the 2000 Census was taken, as described in the table below.

Exhibit 3-11
Multi-Family Rental Housing Supply and Vacancy Rates

	Units Added Since Last Survey	Total Units Available This Time Period	Quarterly Vacancy Rate	Units Rented	Units Vacant
2004Q3	0	18,143	11.0	16,151	1,992
2004Q1	251	18,143	13.9	15,621	2,522
2003Q3	107	17,892	12.5	15,650	2,242
2003Q1	206	17,785	16.1	14,922	2,863
2002Q3	392	17,579	13.1	15,276	2,303
2002Q1	343	17,187	7.0	15,984	1,203
2001Q3	216	16,844	3.3	16,288	556
2001Q1	481	16,628	2.6	16,196	432
2000Q3	381	16,147	1.8	15,856	291
2000Q1	367	15,766	3.4	15,230	536

These figures show a significant increase in the rental vacancy rate during the time period when since the 2000 Census was conducted in the first quarter of 2000. They also show a significant increase in multi-family rental units during that time, with 2,377 net new units becoming available. The methodology for developing those figures was not reported by the Division of Housing.

Building permit records recorded with the Department of Commerce show a similar increase in multi-family units from 2000, estimated at 2,273 units. Since these multi-family permit figures would normally include owned units such as condominiums, and also include units not yet under construction and 4th quarter figures for 2004, one would expect that the building permit figures would be higher than those of the Division of Housing estimates. However, there are enough differences in timing and other factors that these differences are not significant.

Exhibit 3-12
Building Permits Issues in Fort Collins, 2000 to 2004

	Single-Family Units	Multi-Family Units
2000 Census	26,706	21,060
Census Adjustment	-351	-165
2000	984	597
2001	1,116	735
2002	1,210	310
2003	960	424
2004 (Estimated)	994	402
Estimated Total	31,619	23,363

Note: the Census adjustment is an estimate used to offset the fact that construction in the first quarter of 2000 is included in both the 2000 Permit figures and in the 2000 Census figures.

Assuming that 2,377 multi-family rental properties were added to the market since 2004, and assuming that the ratio between multi-family and single-family rentals have remained relatively consistent, this would imply that a net increase of 515 single-family home rentals were also generated during this time period. While it is unlikely that these would represent new construction, they would represent conversions from single-family owned housing to rental housing during the 2000 to 2004 time period.

As part of the update, the additional units were apportioned to price ranges. New multi-family units were apportioned by size according to construction patterns during the past five years. Those units were then cross-referenced with existing rental prices by size to develop a profile of pricing for new construction.

Construction patterns were derived from U.S. Census data construction reports, while existing rental patterns were derived through analysis of PUMS data. Note that all pricing in these tables is for the Year 2000, and will be updated to 2005.

Exhibit 3-13
Rental Construction Patterns by Unit Size, Western U.S. 1999-2003

Size (Bedrooms)	Percent of New Construction
Efficiency	3.7%
1 BR	36.3%
2 BR	44.3%
3 BR+	15.7%

Exhibit 3-14
Distribution of Rental Pricing by Unit Size, Multifamily Units

2000 Price Level	Efficiency	1 BR	2 BR	3+ BR
Less than \$200	2.3%	5.7%	1.7%	1.1%
\$200-\$299	11.6%	5.2%	2.3%	1.9%
\$300-\$349	6.6%	6.6%	2.2%	5.4%
\$350-\$399	0.0%	5.6%	2.5%	6.0%
\$400-\$449	13.4%	5.7%	2.8%	3.2%
\$450-\$499	9.6%	9.9%	2.8%	1.2%
\$500-\$549	21.2%	15.6%	9.2%	1.9%
\$550-\$599	9.1%	8.1%	10.9%	3.2%
\$600-\$649	5.3%	10.4%	16.5%	5.0%
\$650-\$699	5.3%	11.0%	11.8%	2.7%
\$700-\$749	4.3%	4.5%	12.8%	3.5%
\$750-\$799	0.0%	4.2%	7.0%	6.4%
\$800-\$899	8.3%	1.9%	7.9%	11.8%
\$900-\$999	0.0%	1.0%	5.4%	14.6%
\$1,000-\$1,249	0.0%	0.0%	3.6%	24.6%
\$1,250-\$1,499	0.0%	0.0%	0.0%	4.5%
\$1,500-\$1,999	3.0%	3.3%	0.9%	1.8%
\$2,000 or more	0.0%	1.1%	0.0%	1.3%
	100.0%	100.0%	100.0%	100.0%

New single-family home rentals were apportioned by price using a similar context. Since these new units are most likely not new construction, Census PUMS data were used to develop a profile of rental costs for single-family homes in Fort Collins. The 515 new rental properties were then apportioned to those price levels using the same profile.

Exhibit 3-15
Distribution of Rental Pricing by Unit Size, Single Family Units

2000 Price Level	Single-Family Rental Home Prices
Less than \$200	2.0%
\$200-\$299	2.3%
\$300-\$349	3.3%
\$350-\$399	3.6%
\$400-\$449	3.2%
\$450-\$499	1.9%
\$500-\$549	4.5%
\$550-\$599	4.3%
\$600-\$649	6.2%
\$650-\$699	7.3%
\$700-\$749	7.4%
\$750-\$799	6.1%
\$800-\$899	11.9%
\$900-\$999	12.6%
\$1,000-\$1,249	18.4%
\$1,250-\$1,499	2.3%
\$1,500-\$1,999	1.7%
\$2,000 or more	0.9%
	100.0%

Two other updates involve price and vacancy rates. The best available data on rental pricing arises from the Division of Housing’s multi-family rental surveys, which provide median rent levels for units. The pricing since 2000 is shown below. Since pricing shows some variability from quarter to quarter, a basic trend analysis is presented at right to model the expected change in pricing on a term to term basis. These changes translate into an expected 10.9 percent increase in price over the past four years (recognizing of course that changes in rental pricing are not linear in the short term).

Exhibit 3-16
Distribution of Rental Pricing by Unit Size, Single Family Units

	Observed Rents	Smoothed Trend
2000Q1	\$690.06	\$690.06
2000Q3	\$657.64	\$698.40
2001Q1	\$726.72	\$706.74
2001Q3	\$710.20	\$715.08
2002Q1	\$752.54	\$723.42
2002Q3	\$729.51	\$731.76
2003Q1	\$743.27	\$740.10
2003Q3	\$832.50	\$748.44
2004Q1	\$725.90	\$756.79
2004Q3	\$722.65	\$765.13
Trended Increase, 2000-2004		10.9%

Vacancy rate projections are available from the Division of Housing, both in total and by price range. However, the data by price range relies on small sample sizes and the margins of error are apparently large, as vacancy rates have very strong variance by price. An example is shown below in the latest survey for the third quarter of 2004.

Exhibit 3-17
Rental Vacancy Rates During the Third Quarter of 2004, City of Fort Collins

Rental Group	Vacant Units	Total Units	Vacancy Rate
\$276 to \$300	0	42	0.00%
\$301 to \$325	0	1	0.00%
\$401 to \$425	4	66	6.10%
\$501 to \$525	0	1	0.00%
\$526 to \$550	0	14	0.00%
\$576 to \$600	0	70	0.00%
\$601 to \$625	0	1	0.00%
\$626 to \$650	31	100	31.00%
\$676 to \$700	67	169	39.60%
\$701 to \$725	5	68	7.40%
\$726 to \$750	7	52	13.50%
\$751 to \$775	9	79	11.40%
\$776 to \$800	0	5	0.00%
\$826 to \$850	14	77	18.20%
\$851 to \$875	6	51	11.80%
\$876 to \$900	0	24	0.00%
TOTALS	143	820	17.40%

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Because vacancy rates vary significantly, the research team elected to examine only the overall vacancy rate updates and simply scale the known 2000 vacancy rates by the overall change since 2000, with an adjustment to account for the fact that the Division of Housing vacancy rates do not include single-family units.

The most recent reported vacancy rate figure for the Fort Collins/Loveland area is 11.0 percent, according to the Division of Housing. This figure does not include single-family rentals, which constitute approximately 39 percent of local rental units and have a vacancy rate that in 2000 was only about 51 percent of the multi-family vacancy rate.⁵ Combining these calculations, the research team will use a total vacancy rate of 8.9 percent for modeling purposes.

Combining all of the above price, vacancy, and supply changes, the research team developed the following estimate for the current rental environment in Fort Collins.

Exhibit 3-18
Estimated 2004 Rental Environment, Fort Collins

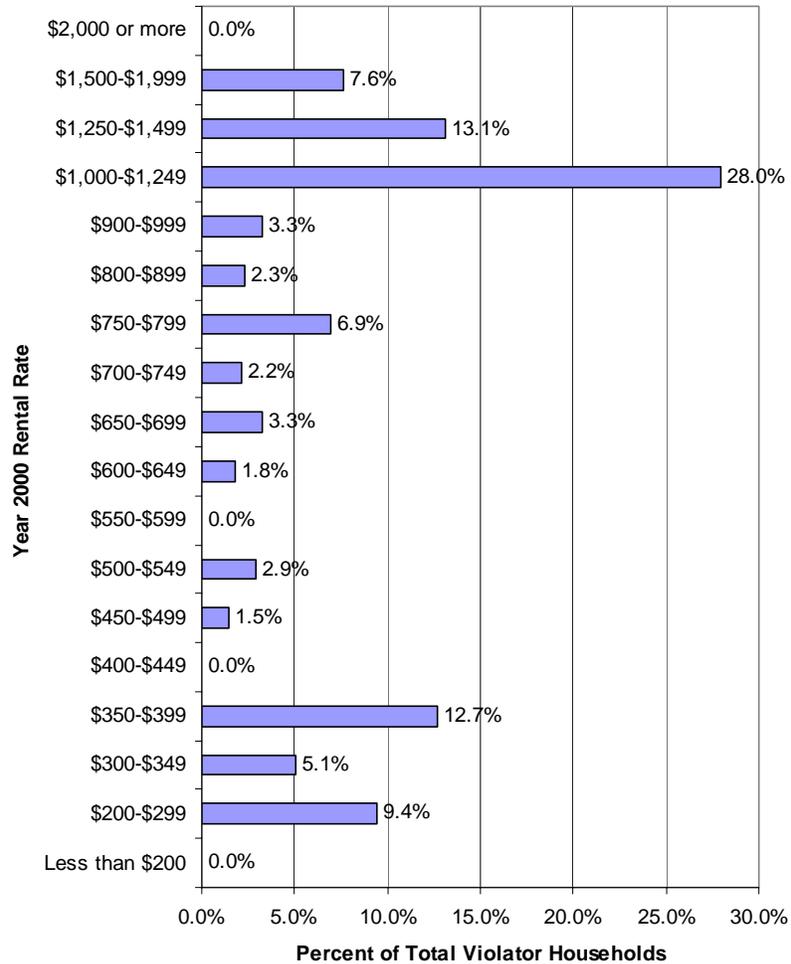
Monthly Rent	2004 Vacancy Rate	2004 Rental Supply	2004 Occupied Units
Under \$222	11.0%	636	566
\$222 to \$332	10.2%	794	713
\$333 to \$387	6.9%	1,061	988
\$388 to \$442	6.4%	814	762
\$443 to \$498	9.6%	959	867
\$499 to \$553	4.3%	1,270	1,216
\$554 to \$609	4.5%	1,840	1,756
\$610 to \$664	9.2%	1,943	1,764
\$665 to \$720	10.3%	2,499	2,242
\$721 to \$775	4.8%	2,630	2,504
\$776 to \$831	5.3%	1,452	1,375
\$832 to \$886	12.0%	1,244	1,095
\$887 to \$997	17.3%	1,613	1,333
\$998 to \$1,108	13.4%	1,456	1,261
\$1,109 to \$1,385	11.7%	1,966	1,735
\$1,386 to \$1,662	7.0%	377	351
\$1,663 to \$2,217	7.6%	401	370
\$2,218 and Up	0.0%	66	66
Total	8.9%	23,021	20,964

STEP 3. IDENTIFY VIOLATOR HOUSEHOLD MARKET SHARES BY PRICE POINT

The third step in the impact model is to determine the market profile of violator households by price point in the market. An initial profile of violator households can be developed using Census PUMS data, as shown in the exhibit on the following page.

⁵ This figure represents all units rather than just rental units, since rental data were not available on a summary basis.

**Exhibit 3-19
Price Segmentation of Violator Households**



As expected, a large proportion of the violator market inhabits upper-price housing, presumably because the rental costs are divided among a larger number of tenants. One unusual feature of this profile is the secondary market at the very low end of the housing spectrum, with over one-fourth of violator households occupying housing at prices under \$400 per month in the Year 2000. Potential explanations include:

- the possibility that a significant portion of households have obtained very low-rent housing, though that appears unlikely because the data show that they are living in large (4+ bedroom units)

- the possibility that these violator households have obtained small units and “converted” them to larger units by making basements, closets, or other nontraditional spaces into makeshift bedrooms
- the possibility that the householder incorrectly entered only his or her share of the total rent, as opposed to the full household rent; or
- the possibility that certain types of housing may lend themselves to inappropriate reporting. For example, Ram Village in Fort Collins offers group housing to individuals via large apartments, with each individual paying on an individual basis. It is possible that individuals in these units would report their rent payment as an independent household within an apartment, and then provide information on the apartment and the roommates.

The bottom line is that this market bulge, while somewhat mysterious, cannot be confirmed or refuted, despite the fact that the data appear to be contradictory within these households. For this reason, the profile will be used just as it is reported.

Using the updated 2004 estimate of 1,070 violator households, and assuming that the market breakdown of violator households has not changed significantly, an updated market profile of violator households can be developed. The following exhibit provides that profile. The violator household profile is compared to the rental supply and the occupied households to examine the “market share” of violator households in each price range.

Exhibit 3-20
Market Profile of Violator Households, 2004

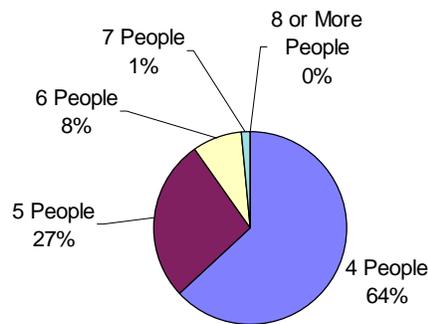
Monthly Rent	2004 Violator Households	2004 Rental Supply	2004 Occupied Households	Percent of Rental Households in Violation
Under \$222	0	636	566	0.0%
\$222 to \$332	101	794	713	14.2%
\$333 to \$387	54	1,061	988	5.5%
\$388 to \$442	136	814	762	17.8%
\$443 to \$498	0	959	867	0.0%
\$499 to \$553	16	1,270	1,216	1.3%
\$554 to \$609	31	1,840	1,756	1.8%
\$610 to \$664	0	1,943	1,764	0.0%
\$665 to \$720	19	2,499	2,242	0.8%
\$721 to \$775	35	2,630	2,504	1.4%
\$776 to \$831	23	1,452	1,375	1.7%
\$832 to \$886	74	1,244	1,095	6.8%
\$887 to \$997	25	1,613	1,333	1.9%
\$998 to \$1,108	35	1,456	1,261	2.8%
\$1,109 to \$1,385	299	1,966	1,735	17.2%
\$1,386 to \$1,662	140	377	351	39.9%
\$1,663 to \$2,217	82	401	370	22.2%
\$2,218 and Up	0	66	66	0.0%
Total	1070	23,021	20,964	5.1%

STEP 4. ESTIMATE REFORMATION OF HOUSEHOLDS IF VIOLATOR HOUSEHOLDS ARE DISBANDED

If the ordinance is enforced, the violator households will be forced to partially or completely disband, since the current combination of tenants will not be allowed to share the same housing unit. This means that these large households will cease to exist, and will be replaced by a larger number of smaller households.

The means in which this would occur cannot be predicted with certainty. As seen in Section 2, the bulk of violator households consist of four people. (See exhibit below for review.) Will each household split up into two two-person households, or one three-person household and one one-person household? And would that individual then find another one-person household as a roommate?

Exhibit 3-21
Proportion of Violator Households by Household Size



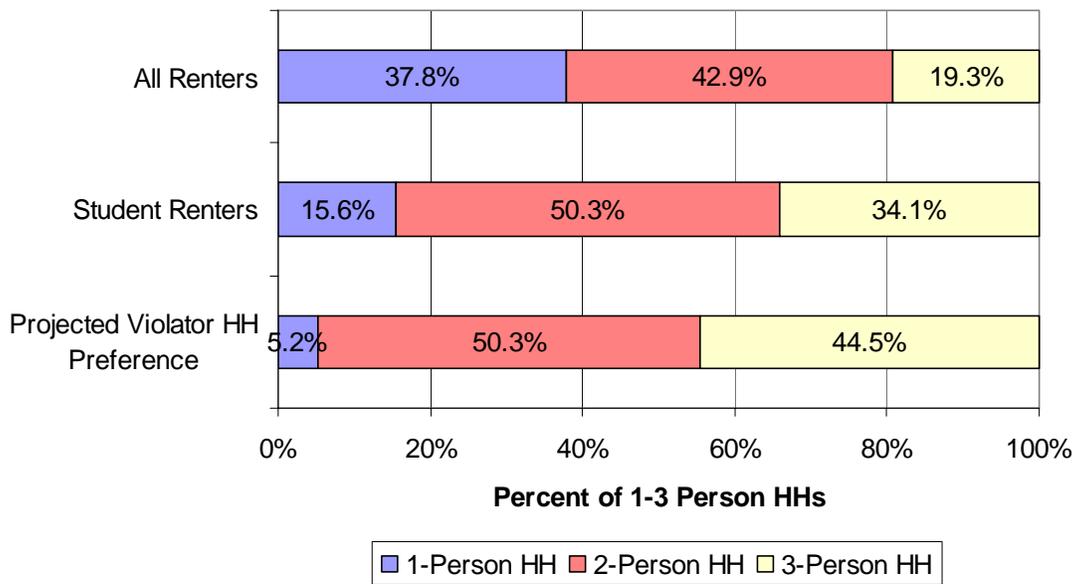
In terms of defining potential actions, there are two key elements that define this population: they have a predisposition to having roommates, and on average they are accustomed to low individual housing costs. This implies that they will have a predisposition to develop a new roommate arrangement that is keeping with the ordinance, i.e., having one or two roommates instead of three to six roommates, and that they may have a predisposition to have more roommates.

The study team developed a profile of the housing patterns of other renters, and of renters who are college students, excluding those who live in large family situations of four or more people (which are legal under the ordinance, but are not options for the current violator population). Those profiles are shown in the following exhibit.

This profile shows that approximately 38 percent of small-household renters live alone, with 43 percent in two-person households and 19 percent in three-person households. In contrast, college student renters are much more likely to have roommates. Only 15.6 percent of these small-household student renters live in one-person households, 50.3 percent live in two-person households, and 34.1 percent live in three-person households.

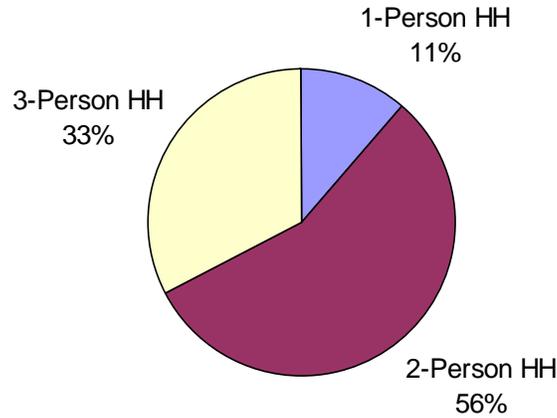
Because of the propensity of the violator population to have roommates, and because the people in those households already have easy and risk-free access to roommates, the research team made an assumption that the proportion of single-person households would be lower than that for the general population or for students, and that those students would instead form three-person households. The team scaled down the proportion of one-person renters by two-thirds relative to the general rental population, and assumed that those renter would instead form three-person households. While this is a somewhat arbitrary assumption, the research team felt that it would more reasonably reflect the decision process of tenants in violator households.

Exhibit 3-22
Small Household Renter Profiles



The above figures reflect individual renters, as opposed to rental households. When adjusted for the number of people who would be in each household, the proportion of new households created would be as shown in the following exhibit.

**Exhibit 3-23
New Household Creation Profile**



The number of new households in each size category can now be estimated from the available information, as follows:

1. The estimated 1,070 existing violator households contain a total of 4,773 people, or 4.46 people per household. Another 230 tenants in owner-occupied households will need to find new housing as those households downsize to satisfy the ordinance.
2. 260 of these people will form new one-person households, for a total of 260 new one-person households.
3. 2,518 of these people will form new two-person households, for a total of 1,259 new two-person households
4. 2,225 of these people will form new three-person households, for a total of 742 new households.

In essence, 1,070 large households will disappear from the Fort Collins housing market, and 2,261 new smaller households will appear.

**Exhibit 3-24
Impact of Ordinance on Number of Households in Fort Collins**

Existing Violator Households Dissolved by the Ordinance	1,070
New Households Formed by Tenants from Dissolved Households	2,261
Net Increase in City Households	1,191

STEP 5. IDENTIFY RAW RENTAL DEMAND OF NEWLY FORMED HOUSEHOLDS

The 2,261 new households formed as a result of the ordinance will have a different demand profile than the 1,070 violator households that previously existed. In large part, this will vary due to their differing income levels.

The research team prepared a simulation model to develop an income profile of the 2,261 new households. This was accomplished by segmenting the income profiles of individuals in violator housing (See Section 2 of this report) and then developing a large number of random combinations of those individuals in the household sizes projected in Step 4.

The result of this process is shown in the following two exhibits, which provide the total numbers of households by income level and the net change in households by income, respectively.

As seen, strong ordinance enforcement will result in the net loss of nearly 250 households with incomes over approximately \$60,000 per year, and the net creation of approximately 190 new households with incomes from \$30,000 to \$60,000 per year. The number of households with incomes below \$30,000 will increase by over 1,250.

As a means of comparison, the total city's number of households with incomes below approximately \$22,000 per year will increase by approximately 10 percent. The city's total number of households with incomes between \$22,00 and \$33,000 will increase by approximately 5 percent. The change in the number of households with incomes over \$33,000 will decrease by approximately 1 percent. However, the change on the rental market will be much larger.

Exhibit 3-25
Household Income Profiles – New Households Versus Dissolved Violator Households

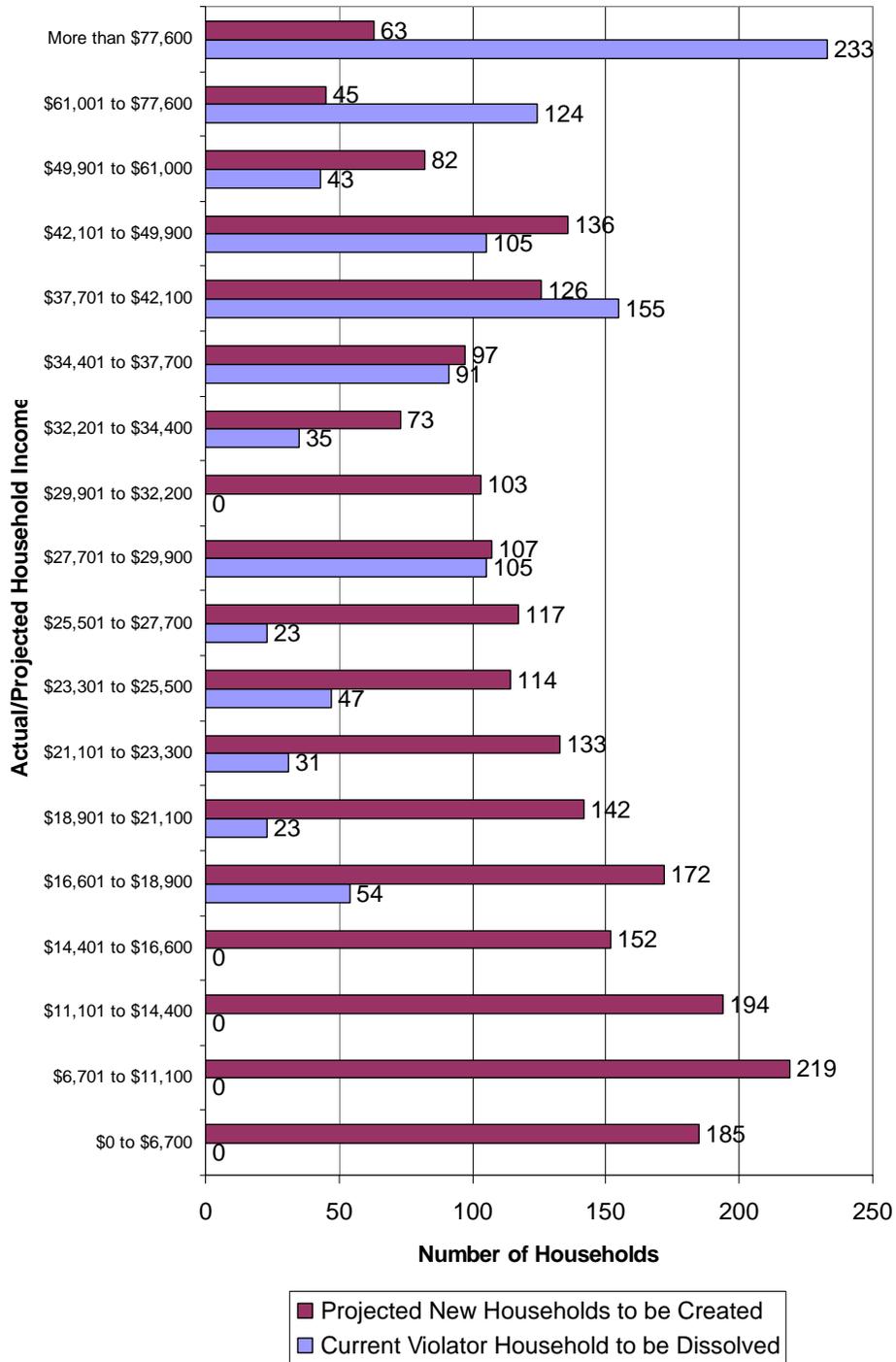
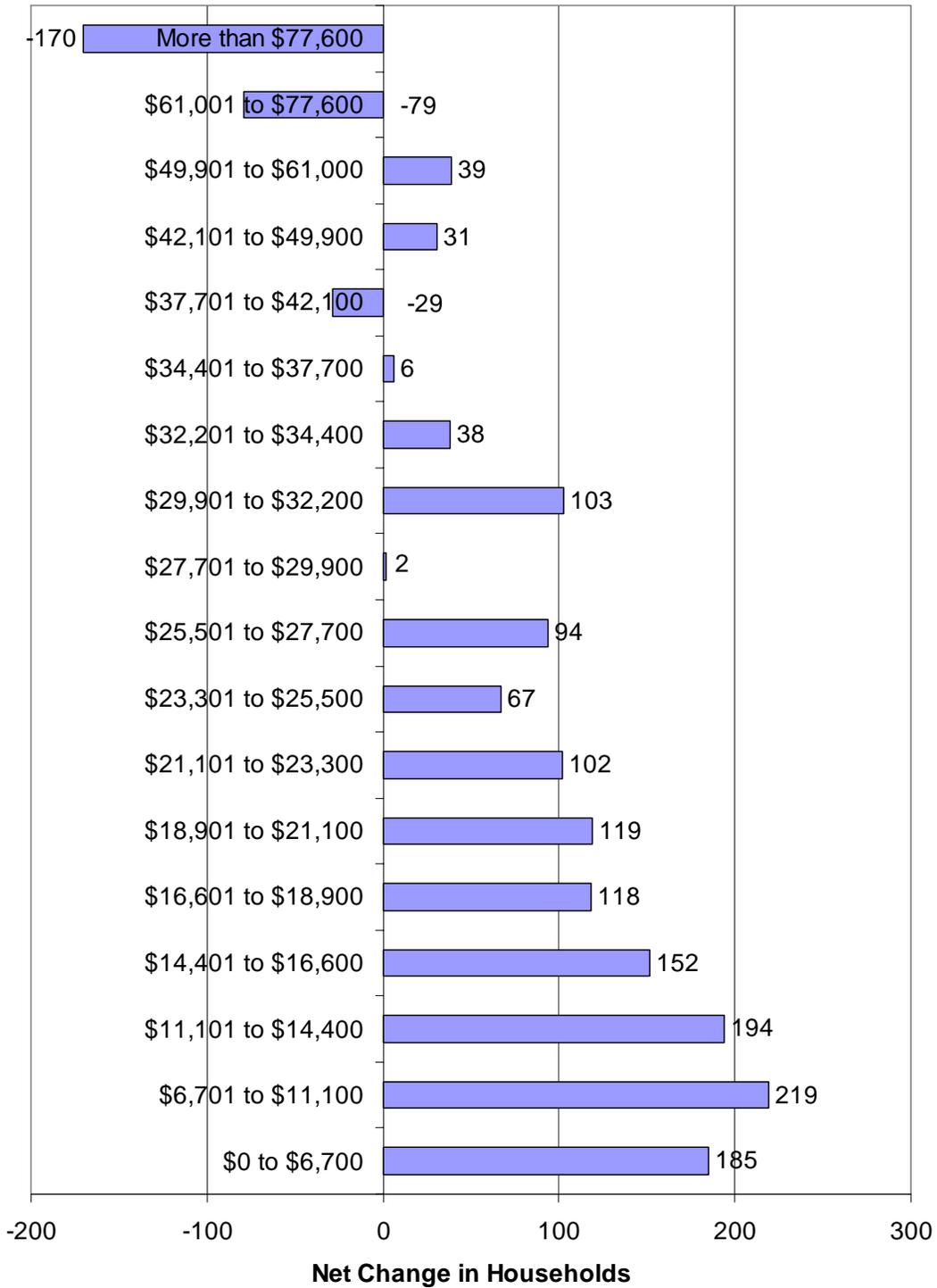


Exhibit 3-26
Net Change in Households with Ordinance Enforcement



STEP 6. ASSESS MARKET REACTION TO DISSOLUTION AND REFORMATION OF VIOLATOR HOUSEHOLDS

After estimating the number of new households that will be created by the ordinance, the next task is to determine the housing preferences of those households. This can be done by developing a profile of housing preferences by income for Fort Collins, and then applying those preferences to the income profiles of the newly created households.

The following exhibit describes the housing profile by price range of rental households by income level in Fort Collins. This data is based on Census PUMS analysis, with updates to reflect 2004 incomes and rental prices. To read this table, one can read across to identify the rent levels paid by households within a certain income range. For example, 3.7 percent of households with incomes from \$29,901 to \$32,200 pay a monthly rent between \$222 and \$332, while another 4.8 percent pay rents between \$333 and \$387. Each row represents one income range, and therefore each row adds up to 100 percent of households in that income range. (Because these figures are based on sample data, the curves are not completely smooth; however, when considered over the entire range of the housing market they will produce an acceptable model of the housing market.)

**Exhibit 3-27
Rent Profiles by Income Level**

Rental Profile										
Household Income	Under \$222	\$222 to \$332	\$333 to \$387	\$388 to \$442	\$443 to \$498	\$499 to \$553	\$554 to \$609	\$610 to \$664	\$665 to \$720	
\$0 to \$6,700	5.5%	2.3%	8.4%	2.0%	5.5%	2.9%	11.9%	10.5%	14.4%	
\$6,701 to \$11,100	9.6%	8.6%	10.2%	13.4%	7.6%	1.8%	10.4%	6.6%	14.1%	
\$11,101 to \$14,400	3.9%	2.6%	4.8%	2.9%	10.6%	8.4%	12.8%	9.4%	12.8%	
\$14,401 to \$16,600	10.7%	12.2%	3.2%	8.7%	0.0%	7.9%	19.9%	9.9%	0.0%	
\$16,601 to \$18,900	0.0%	10.0%	2.3%	12.3%	7.3%	11.7%	10.3%	7.3%	13.7%	
\$18,901 to \$21,100	0.0%	2.4%	5.9%	7.0%	2.4%	5.2%	16.4%	4.3%	27.6%	
\$21,101 to \$23,300	2.8%	10.9%	6.6%	16.6%	12.9%	0.0%	16.6%	3.3%	3.8%	
\$23,301 to \$25,500	3.5%	3.9%	2.4%	2.0%	2.8%	10.2%	3.2%	16.6%	23.8%	
\$25,501 to \$27,700	0.0%	0.0%	7.4%	3.7%	5.9%	5.1%	20.2%	11.0%	9.2%	
\$27,701 to \$29,900	0.0%	0.0%	8.3%	2.9%	13.7%	7.4%	25.5%	6.4%	0.0%	
\$29,901 to \$32,200	0.0%	3.7%	4.8%	5.8%	0.0%	8.5%	5.3%	8.5%	8.5%	
\$32,201 to \$34,400	0.0%	3.4%	2.1%	4.7%	2.6%	6.0%	0.0%	6.8%	9.8%	
\$34,401 to \$37,700	2.2%	0.0%	2.5%	0.0%	2.8%	4.7%	2.5%	16.3%	16.0%	
\$37,701 to \$42,100	1.1%	7.2%	7.2%	4.1%	1.8%	4.5%	2.9%	7.0%	10.2%	
\$42,101 to \$49,900	0.0%	0.0%	1.5%	0.0%	1.1%	2.0%	8.8%	4.2%	18.3%	
\$49,901 to \$61,000	0.0%	0.0%	0.0%	0.0%	4.7%	0.0%	5.3%	13.5%	9.9%	
\$61,001 to \$77,600	1.3%	1.8%	1.1%	0.0%	0.0%	4.4%	4.4%	4.6%	2.2%	
More than \$77,600	1.7%	0.0%	1.0%	2.1%	0.0%	2.2%	5.5%	1.2%	4.8%	

Household Income	\$721 to \$775	\$776 to \$831	\$832 to \$886	\$887 to \$997	\$998 to \$1,108	\$1,109 to \$1,385	\$1,386 to \$1,662	\$1,663 to \$2,217	\$2,218 and Up	Total
\$0 to \$6,700	7.1%	7.1%	5.9%	4.6%	6.1%	3.6%	1.1%	1.1%	0.0%	100%
\$6,701 to \$11,100	10.2%	3.9%	1.8%	0.0%	0.0%	1.8%	0.0%	0.0%	0.0%	100%
\$11,101 to \$14,400	13.5%	4.8%	0.0%	7.4%	0.0%	3.2%	0.0%	2.9%	0.0%	100%
\$14,401 to \$16,600	1.6%	8.3%	3.2%	11.1%	0.0%	0.0%	0.0%	3.6%	0.0%	100%
\$16,601 to \$18,900	7.8%	0.0%	3.3%	5.0%	9.0%	0.0%	0.0%	0.0%	0.0%	100%
\$18,901 to \$21,100	7.1%	5.2%	7.0%	0.0%	2.8%	3.8%	2.8%	0.0%	0.0%	100%
\$21,101 to \$23,300	3.3%	13.7%	6.2%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	100%
\$23,301 to \$25,500	2.8%	7.6%	0.0%	8.7%	4.3%	2.0%	2.8%	3.5%	0.0%	100%
\$25,501 to \$27,700	14.3%	2.9%	4.0%	0.0%	3.7%	12.5%	0.0%	0.0%	0.0%	100%
\$27,701 to \$29,900	0.0%	9.8%	0.0%	6.4%	0.0%	13.2%	0.0%	6.4%	0.0%	100%
\$29,901 to \$32,200	18.1%	9.0%	4.8%	9.0%	4.8%	0.0%	4.2%	0.0%	5.3%	100%
\$32,201 to \$34,400	18.3%	0.0%	7.3%	15.5%	15.8%	4.3%	0.0%	0.0%	3.4%	100%
\$34,401 to \$37,700	10.7%	14.4%	4.7%	5.8%	0.0%	17.4%	0.0%	0.0%	0.0%	100%
\$37,701 to \$42,100	14.7%	10.2%	7.5%	10.0%	4.1%	5.6%	0.0%	1.8%	0.0%	100%
\$42,101 to \$49,900	13.1%	14.5%	9.5%	3.7%	13.4%	5.7%	0.9%	3.3%	0.0%	100%
\$49,901 to \$61,000	6.4%	13.8%	9.3%	12.1%	7.5%	17.5%	0.0%	0.0%	0.0%	100%
\$61,001 to \$77,600	8.9%	5.5%	6.9%	17.8%	18.0%	16.1%	4.4%	0.0%	2.6%	100%
More than \$77,600	3.4%	5.5%	10.7%	13.4%	11.3%	22.8%	4.1%	8.1%	1.9%	100%

When this profile matrix is multiplied by the income profiles of the new households to be created by the ordinance, the following demand profiles emerge (see following exhibit). These

demand profiles are then compared to the existing housing demand of violator households to determine the net changes in demand by rental price. Recall that the demand generated by violator households will disappear, and will be replaced by demand from the new households.

These data show that there will be a significant increase in demand for units in the \$554 to \$775 price range, and a decrease in demand among units priced above \$1,109.

Exhibit 3-28
Net Change in Rental Demand by Price Level

Rental Price	Rental Unit Demand of New Households	Lost Rental Unit Demand of Violator Households	Net Change in Demand
Under \$222	68	0	68
\$222 to \$332	103	101	2
\$333 to \$387	115	54	61
\$388 to \$442	130	136	-6
\$443 to \$498	117	0	117
\$499 to \$553	120	16	104
\$554 to \$609	252	31	221
\$610 to \$664	187	0	187
\$665 to \$720	270	19	251
\$721 to \$775	202	35	167
\$776 to \$831	165	23	142
\$832 to \$886	103	74	29
\$887 to \$997	135	25	110
\$998 to \$1,108	105	35	70
\$1,109 to \$1,385	124	299	-175
\$1,386 to \$1,662	19	140	-121
\$1,663 to \$2,217	36	82	-46
\$2,218 and Up	10	0	10
	2,261	1,070	1,191

STEP 7. QUANTIFY IMPACTS ON RENTAL VACANCY RATES, RENTAL PRICING, AND PROPERTY VALUES

This step includes three specific types of analyses.

- First, the rental market analysis prepared in Steps 1 through 6 is completed. The outcome of this analysis is a projected rental demand table that will be used in examining the impacts of the ordinance enforcement on various key populations, including impacts on both rental rates and vacancy rates.
- Second, an analysis of the impact of neighborhood values of single-family home rentals is provided. This analysis develops a relationship between average home

values and the presence of single-family rentals, and defines a dollar value associated with proximity to single-family rentals.

- Third, a brief analysis of rental property valuation is included. This analysis will be used to examine the impact on rental investments of high-end rentals where demand is expected to decline.

RENTAL IMPACT ANALYSIS

When the net new demand is added to the current housing market, a scenario will unfold as shown in the following exhibit. This scenario is based on the preferred housing scenarios defined in earlier steps of the process. As can be seen, the initial impact will produce negative vacancy rates in several market segments, which of course are not possible. The various market scenarios to deal with this situation are discussed in the impact analysis earlier in this section of the report.

Exhibit 3-29
Impact of Ordinance on Rental Market

Rental Rate	Vacancy Rates	Baseline Scenario		Scenario with Ordinance		2004 Occupied Units with Ordinance	2004 Renter-Preferred Vacancy Rate with Ordinance
		2004 Supply	2004 Baseline Occupied Units	Change in Demand (Units)	Change in Demand (Percent)		
Under \$222	11.0%	636	566	68	12%	634	0.3%
\$222 to \$332	10.2%	794	713	2	0%	715	9.9%
\$333 to \$387	6.9%	1,061	988	61	6%	1,049	1.1%
\$388 to \$442	6.4%	814	762	-6	-1%	756	7.1%
\$443 to \$498	9.6%	959	867	117	13%	984	-2.6%
\$499 to \$553	4.3%	1,270	1,216	104	9%	1,320	-3.9%
\$554 to \$609	4.5%	1,840	1,756	221	13%	1,977	-7.4%
\$610 to \$664	9.2%	1,943	1,764	187	11%	1,951	-0.4%
\$665 to \$720	10.3%	2,499	2,242	251	11%	2,493	0.2%
\$721 to \$775	4.8%	2,630	2,504	167	7%	2,671	-1.6%
\$776 to \$831	5.3%	1,452	1,375	142	10%	1,517	-4.5%
\$832 to \$886	12.0%	1,244	1,095	29	3%	1,124	9.6%
\$887 to \$997	17.3%	1,613	1,333	110	8%	1,443	10.5%
\$998 to \$1,108	13.4%	1,456	1,261	70	6%	1,331	8.6%
\$1,109 to \$1,385	11.7%	1,966	1,735	-175	-10%	1,560	20.7%
\$1,386 to \$1,662	7.0%	377	351	-121	-34%	230	39.0%
\$1,663 to \$2,217	7.6%	401	370	-36	-10%	334	16.7%
\$2,218 and Up	0.0%	66	66	0	0%	66	0.0%
Total Rental Market	8.9%	23,021	20,964	1,191	5.7%	22,155	3.8%

IMPACT OF SINGLE-FAMILY RENTALS ON NEIGHBORHOOD PROPERTY VALUES

In Fort Collins, home values are affected by several factors. Some of these, including geographical location, size, age, and the percentage of rentals in the area are measurable. Others, such as the quality of the neighborhood and overall appeal are more qualitative and cannot be measured. Taken another way, some factors are related to the neighborhood, such as the average age and size of housing, while others are specific to the home itself, such as the home's size, maintenance level, and construction style.

This analysis attempts to draw a connection between the measurable neighborhood factors and average neighborhood home values. From this connection, the effects on home values from a change in the number of renters can be predicted.

Methodology

As a first step, detailed information about the homes in Fort Collins was gathered at the neighborhood level. Each of the 104 census block groups represents a neighborhood in Fort Collins and the surrounding areas. A total of 18 different attributes were studied, but through regression, only seven were found to influence home values in a significant way. The following four values were calculated for each block group:

- Average age of a home
- Average number of rooms in each house
- Distance from the CSU campus to the approximate center of the neighborhood
- Percentage of single family rentals

In addition to these, three others were calculated, the square of the average age, the square of the average number of rooms, and the square of the neighborhood’s distance from Colorado State University. These factors were added to adjust the regression for nonlinearity. Once all of the independent variables were tabulated, a regression was performed with seven independent variables and one dependent, the median value of homes in the neighborhood.

In other words, an analysis was undertaken to identify any relationships between a neighborhood’s average home values and its average age, average house size, average distance from the CSU campus, and the percentage of single-family rentals in the neighborhood. It is understood that this will not produce a flawless predictive model of individual home values since the data exclude individual home features, as well as other non-measurable attributes such as “charm” and reputation.

Value Relationships

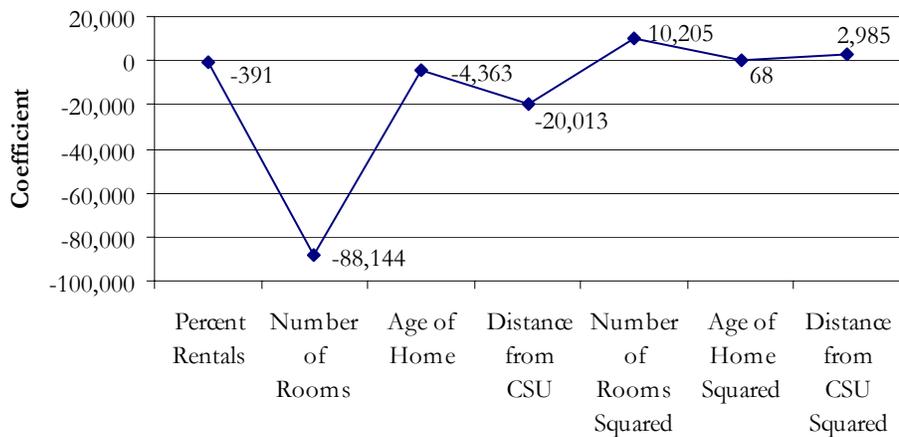
Each of the seven variables affects the value of a home in a different way. The analysis performed resulted in an R-squared value of .589, meaning that the chosen independent variables account for approximately 58.9 percent of the variance in home values. Exhibit (XYZ) gives the regression results.

**Exhibit 3-30
Regression Results**

Regression Statistics	
Multiple R	0.785
R Square	0.617
Adjusted R Square	0.589
Standard Error	33603.885
Observations	104

The following exhibit provides each individual characteristic and its regression coefficient. This is an indicator of the magnitude of the variable's influence on home value. The larger the value, the greater the influence. If the coefficient is negative, this means that the variable and home value share a negative relationship, that is, as the value increases, home value decreases.

**Exhibit 3-31
Regression Coefficients for each Variable**



This graph indicates that the factor studied with the largest impact on a neighborhood's home value is the average size of the homes it contains. When the number of rooms is small, home values are depressed relative to other neighborhoods, as would be expected. A neighborhood that averages five-room homes is predicted to be, on average, worth \$24,000 less than a neighborhood that averages six-room homes in the same area. The effect is strongly non-linear, as seen by the size of the "squared" term.

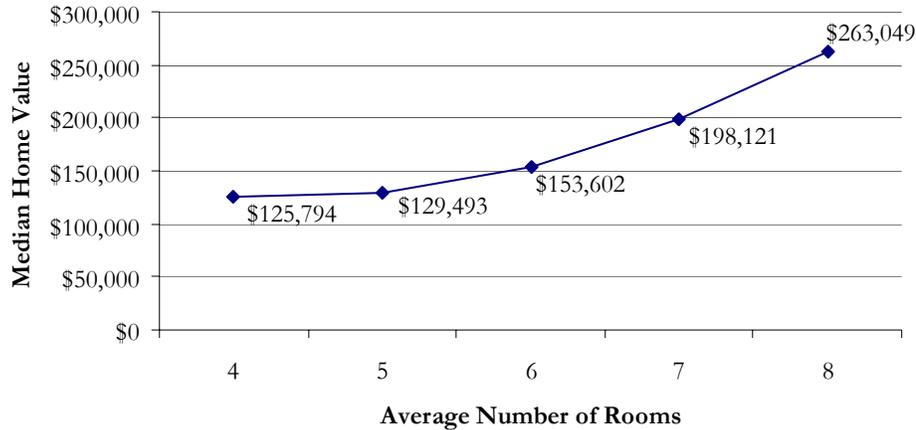
The next large influence is the distance from CSU to the property. If the property is within a mile of campus, the value increases as the property gets closer. Once the home is more than a mile away, however, the value improves as the distance increases.

The factor that bears the most relevance to this study is the percentage of rentals in the area. This was calculated as the percentage of single family homes that are occupied by renters, and gives an idea of how the value of a neighborhood can be affected by a large number of renters. The results of this study indicate that each percentage point of single-family homes that are rentals will have a negative impact on home values of \$391. In other words, a neighborhood whose single-family homes are 50 percent renter-occupied will, on average, have home prices that are \$19,550 less than an identical neighborhood that has no single-family rental homes. While the percentage of single family renters in an area has less of an effect on home values than the size of the homes in the area and the distance to campus, it is still a measurable and negative impact.

The graph below shows the shape of the curve representing home value as a function of the number of rooms. (All prices are for the Year 2000.) This example assume that 25 percent of single-family homes are rentals, an average home age of 15 years, and a neighborhood location 2 miles from campus. In a neighborhood with an average of 4 rooms per home, the expected value of a home is

\$125,794. As the average number of rooms per home in the neighborhood increases, it is easy to see how the value of a home will change.

Exhibit 3-32
Median Home Value as a Function of the Average Number of Rooms
(All Other Factors Equal)



CASE STUDIES

To illustrate the difference each of the factors can make, four block groups were examined in detail. The information given below outlines those areas, along with their actual reported neighborhood average values and the predicted value from the model. (Note that “percentage rentals” refers to the percent of single-family homes that are rented and not the total households that are rentals.

Exhibit 3-33
Predicted Values Compared to Actual Values

	Percentage Rentals	Average Number of Rooms	Average Age (years)	Distance to CSU (miles)	Predicted Value	Actual Value	Difference
Block Group 3, Census Tract 5.02	63.16	4	24	0.50	\$114,231	\$140,800	-\$26,569
Block Group 1, Census Tract 9.01	28.45	6	37	0.56	\$136,980	\$159,700	-\$22,720
Block Group 2, Census Tract 11.12	6.08	7	16	2.50	\$203,162	\$181,300	\$21,862
Block Group 3, Census Tract 16.03	4.52	6	15	4.24	\$164,639	\$160,500	\$4,139

The first two block groups are close to campus and have high proportions of renters. The second two are further away and have very few renters. The average size of the home is close to the same in each of the four groups, but the average age of the homes varies. The median home value predicted by the model gives an idea of how the variables are interpreted. The difference between the predicted values and the actual values can be attributed to error in the regression equation. Note that two of the predicted values are too high and two of the values are too low, exhibiting the fact

that the variables used in the calculation only account for 58.9 percent of the change in home value. Even with this error, though, the expected trend is still reflected in the model.

This data demonstrates that if the number of renters in one area changes, the home values in that area will change. The shifts caused by the enforcement of the ordinance will most likely cause some areas to have more renters and others to have fewer. Neighborhoods with larger homes will probably see the decrease, while areas with smaller homes will experience the increase as students separate from the larger groups and form new smaller households. This could create a shift in home values in different directions in the two areas.

Overall, these factors are known to be influences on the market. Size, age, and the location of a home are important characteristics when houses are valued. There are, however, many other aspects of a property that can affect its worth. It is important to understand that the four features discussed here do not account for all of the change in the market price or value of a home.

IMPACT OF RENTAL RATES ON RENTAL PROPERTY VALUES

Rental property values in the Fort Collins area may be affected if rental prices change as a result of the ordinance. The value of a property that is primarily rented is calculated from several factors. The basic components of value of a property are:¹

- Physical value (land and buildings)
- Property rights (including business value)

When a property is appraised, each of these is considered along with other pertinent factors. For the purposes of this report, only the earned income on rental properties will be considered to determine their value. The purpose of this is to examine the effect that a decrease in rental prices will have on property values in the area.

The expected income from rent is the principal indicator of value for a rental property. If the ordinance becomes effective, larger rental properties may have to reduce their rates as the demand for their units drops. At the other end of the market, however, smaller properties may be able to raise their rates due to an increase in the need for smaller housing units.

The value of a rental property can be estimated based on the income earned. This is calculated from the expected rental rate less a vacancy allowance. Because this is the biggest indicator of a property's value, a small shift in rental rates has the potential to affect property values in an unpredictable way. The actual value of a rental unit is equal to the gross income multiplied by a factor appropriate for that area. This multiplier is called the Potential Gross Income Multiplier (PGIM) and must be estimated for each individual property. The estimate is based on the PGIM of similar properties and their recent resale values. There are other ways to calculate the value of a rental unit using effective gross income and net operating income as well.

To illustrate this calculation, the following is an example of a possible scenario. The table gives possible rental revenues, multipliers, and the resulting home values. Note how the home value changes when a small change is made the rental rate.

Exhibit 3-34
Rental Rates and Changes in Property Values (Hypothetical)

Type of Property	Expected Monthly Rent	Yearly Rent	Potential Gross Income Multiplier	Value
5-bedroom	\$1,800	\$21,600	10	\$216,000
	\$1,600	\$19,200	10	\$192,000
4-bedroom	\$1,400	\$16,800	10	\$168,000
	\$1,100	\$13,200	10	\$132,000
3-bedroom	\$900	\$10,800	10	\$108,000
	\$800	\$9,600	10	\$96,000
2-bedroom	\$800	\$9,600	10	\$96,000
	\$1,000	\$12,000	10	\$120,000

¹ *Income Property Valuation*; Fisher, Jeffrey D.; Martin, Robert S.

In the chart, each type of home is shown with two possible rental rates. This gives an idea of how a small change in rental price can have an effect on the value of the home. All of the values listed in the table are hypothetical. The same hypothetical potential gross income multiplier was used in each calculation to simplify the results and to show the effect when only the rental price is changed and everything else is assumed to be constant. The actual potential gross income multiplier for the homes in Fort Collins would be estimated using information about the surrounding areas and homes.

The real estate market has a sensitivity to outside factors that is different from other markets. For example, real estate reacts slower to shifts in supply and demand. When demand increases, rental rates will rise and vacancy rates will fall. There is a delay before the demand is satisfied because it takes longer to produce new housing. Because decisions are made by numerous individual investors simultaneously, it is possible, even probable, that this will create too much supply and there will be a shift the other way. This contributes to the overall cyclical nature of the real estate market.

In Fort Collins, there will be an increase in demand for smaller housing units, such as two to three bedroom homes, if the ordinance is strictly enforced. This will raise the rental rates in that sector, while the ordinance enforcement will decrease the demand and rental rates in larger, higher occupancy housing. Based on the general principles of the real estate market, it is expected that the market will balance out, but the process may be slower than it would be in another type of market.

However, the value of a property is not limited by its rental potential. The value of a rental unit is expected to decrease if the rental rate falls, but if such a home is purchased by a single family, the value of the overall neighborhood may actually increase because the percentage of renters in the area will decline, as described in the previous section. Due to the fact that there are so many factors all working simultaneously, including the interrelated individual impacts of landlords determining how to price their units or whether to sell their units in the face of a dramatic market shift, it is nearly impossible to know the effects of all of them together, and that impact will affect different

neighborhoods in different ways. Isolated, each effect has an influence but together, the shift cannot easily be quantified for the city as a whole.

PART 4. LONG-TERM IMPACTS

As seen in the previous section of this report, a strong enforcement of the ordinance would have a significant and immediate impact on the housing market. The next key question is whether this change would permanently alter the housing market in the city.

This section of the report examines case studies of other communities that have experienced similar types of household change, and reports on changes in those markets' rental vacancy rates, rental costs, and home values.

FORT COLLINS GROWTH PROFILE

Fort Collins' population growth was calculated using census data for 1990 and 2000 and county population projections. Two special issues were also addressed:

- The growth in households due to the implementation of the ordinance (without a corresponding increase in population); and
- An estimated growth of the Colorado State University population by 4,000 students between 2005 and 2015.

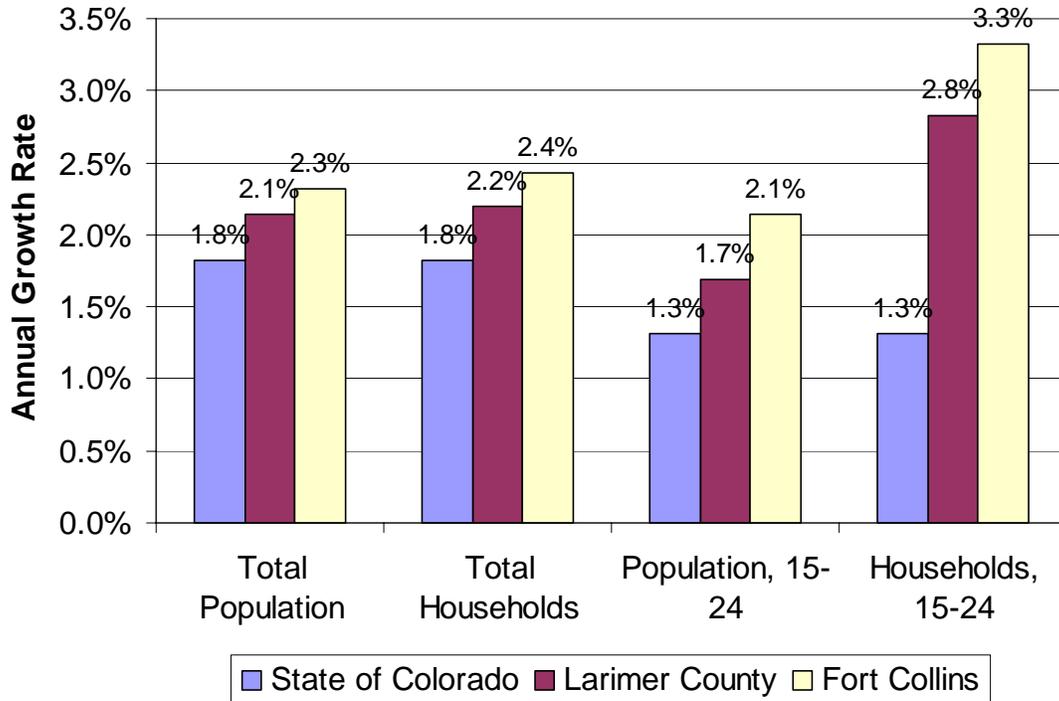
The exhibit below identifies the growth projections for Fort Collins with respect to Larimer County and the State of Colorado.

**Exhibit 4-1
Projected Population and Household Growth**

		1990	2000	2005	2010	2015
Population	State of Colorado	3,294,394	4,301,261	4,706,754	5,149,140	5,640,005
	Larimer County	186,136	251,494	270,127	299,460	333,969
	Fort Collins	87,758	118,652	127,460	143,931	160,243
Households	State of Colorado	1,285,119	1,659,308	1,815,736	1,986,396	2,175,759
	Larimer County	70,574	97,128	104,324	116,317	129,645
	Fort Collins	33,810	45,769	49,167	56,187	62,479
Population Age 15-24	State of Colorado	454,565	608,737	691,063	753,148	787,282
	Larimer County	33,190	46,087	47,173	54,276	55,757
	Fort Collins	21,935	30,236	31,020	37,260	38,329
Households Age 15-24	State of Colorado	80,994	105,322	119,566	130,308	136,213
	Larimer County	6,822	9,655	9,883	12,743	13,053
	Fort Collins	5,549	7,704	7,904	10,685	10,957

These growth rates translate into the annual growth rates shown below. The local college-age population tends to grow more slowly than the general population, even with a 4,000 student increase at Colorado State University over the next ten years. However, the addition of those students, combined with the net addition of nearly 1,200 new households because of the ordinance, creates a large growth rate in college-age households. This change in households will have a greater impact on housing than the change in population.

**Exhibit 4-2
Growth Rates by Region and Population**



The question to be answered in this section of the report is whether other cities have experienced similar levels of household growth in the past, and how it impacted their housing markets. The goal of this analysis is to find cities that experienced a growth profile from 1990 to 2000 that was similar to the projected future growth profile for Fort Collins, and then examine changes in vacancy rates, housing costs, and housing stock in those cities during that time period.

CASE STUDIES – COMMUNITIES WITH SIMILAR PAST GROWTH

As of the Year 2000, there were 243 cities in the United States and its protectorates with population of 100,000 or more, which made up the initial population of eligible comparable cities. From that initial list, Corona pared down the candidates as follows:

- Corona eliminated from consideration 41 cities that had population over 400,000,
- Corona eliminated two cities that radically changed their boundaries between 1990 and 2000, and thus acquired large pre-existing populations and housing stocks.
- Corona eliminated 34 cities that experienced declines in population from 1990 through 2000.
- Corona eliminated 7 cities that experienced phenomenal growth from 1990 through 2000, with rates of over 6.8 percent per year.
- Corona eliminated two cities in Puerto Rico for which standard data were not available.

These cuts pared the list from 243 cities to 157 cities. Data was then gathered on those cities to identify specific growth patterns between 1990 and 2000. From that list, 16 cities were identified to have exhibited highly similar household growth patterns to those projected for Fort Collins, based on total household growth, household growth among traditional college-age students, and a higher growth rate among the second group than the first. Interestingly, one of these similar cities was Fort Collins itself.

**Exhibit 4-3
Cities with Similar Past Growth Patterns**

	Annual Household Growth	Annual Household Growth, Ages 15-24	Ratio of Young/Total Household Growth
Fort Collins, 2005-2015	2.43%	3.32%	1.38
Communities with Similar Growth, 1990-2000			
Greensboro, North Carolina	2.12%	3.34%	1.58
Provo, Utah	2.13%	3.06%	1.44
Sioux Falls, South Dakota	2.22%	2.93%	1.32
Salem, Oregon	2.09%	3.39%	1.63
Winston-Salem, North Carolina	2.49%	2.94%	1.18
Eugene, Oregon	2.26%	3.68%	1.63
Durham, North Carolina	2.95%	3.33%	1.13
Fort Wayne, Indiana	1.86%	3.20%	1.72
Fort Collins, Colorado	3.07%	3.34%	1.08
Joliet, Illinois	3.06%	3.10%	1.01
Lincoln, Nebraska	1.83%	2.73%	1.49
Raleigh, North Carolina	2.77%	2.69%	0.97
Lexington-Fayette, Kentucky	1.93%	3.73%	1.93
Mesquite, Texas	2.03%	2.52%	1.24
Columbia, South Carolina	2.19%	4.14%	1.89
Lakewood, Colorado	1.59%	2.74%	1.73

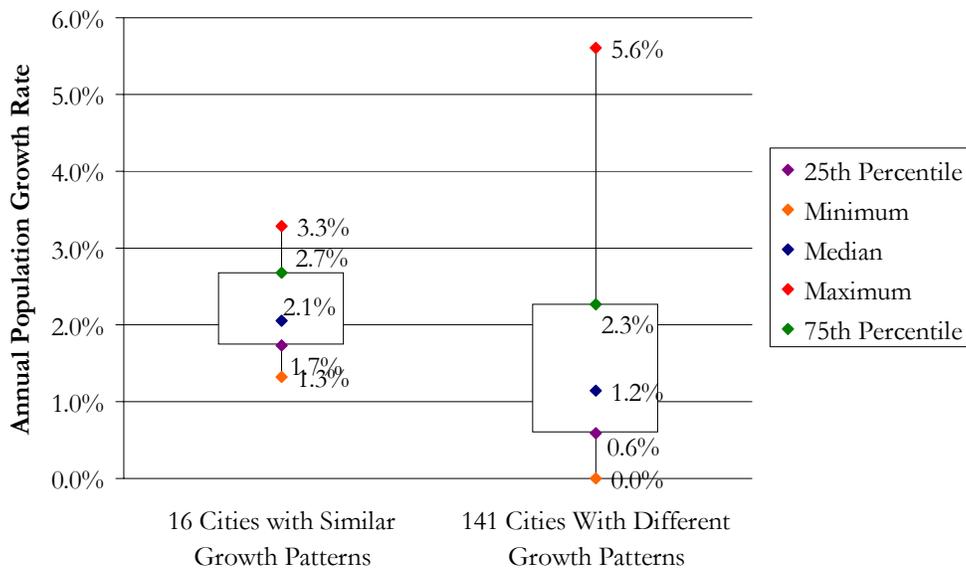
How to Read “Box Plots”

A box plot allows you to quickly identify differences between groups of populations. It shows the median value of each population as a point, and then a box around that median stretches from the 25th to the 75th percentile, enclosing the “middle half” of observations within that population. The lines above and below the box then show the range of the top 25 percent and bottom 25 percent, respectively.

In the example below, we can see that annual population growth rates in the 16 similar cities tend to be more closely packed than growth rates in the 141 dissimilar cities. The top one-fourth of similar cities have growth rates ranging from 2.7 percent to 3.3 percent. Half of the 16 cities have growth rates between 1.7 and 2.7 percent, and the bottom one-fourth have growth rates between 1.3 and 1.7 percent. In contrast, we see much wider ranges of growth among the cities defined to have dissimilar growth patterns, ranging from extremely high growth to stagnation. (Cities with population declines were taken out of the database, as were a small number of cities that experienced phenomenal growth rates.)

As seen below, the similar cities tend to have a very tight range of population growth, primarily because household growth rates (which are closely linked to population growth rates) were how they were defined as “similar cities” in the first place. In comparing these cities to the other 141 cities, it is seen that the similar cities have a much higher growth rate, despite the fact that cities with population declines were eliminated from the data. While 25 percent of the dissimilar cities have growth rates above 2.3 percent per year, it is generally recognized that the similar cities have experienced faster growth, on average.

Exhibit 4-4
Total Population Growth in Similar Cities and Dissimilar Cities



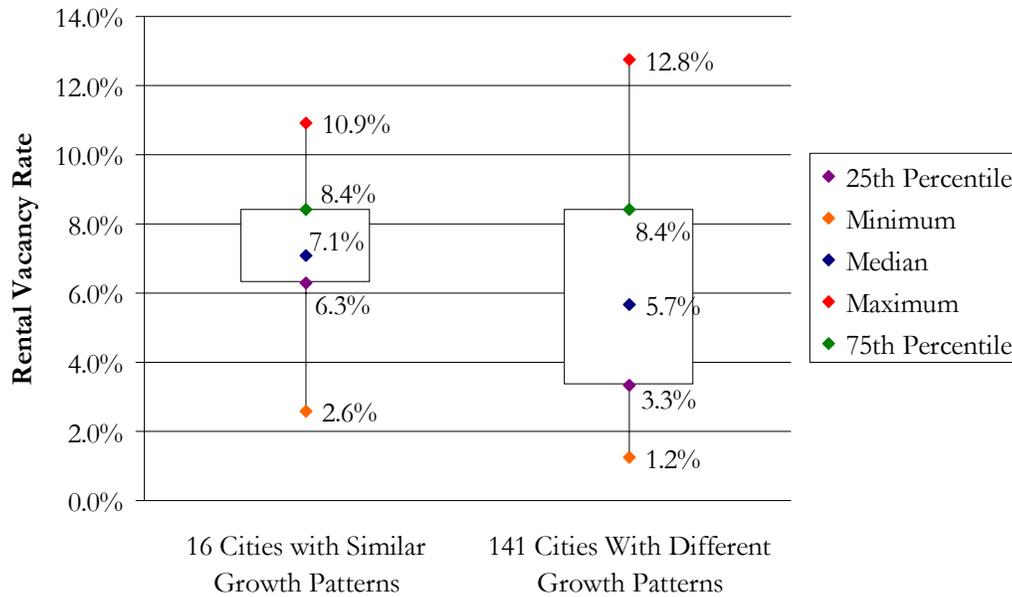
Since those communities have already lived through similar growth patterns to those projected for Fort Collins, changes in their housing markets may be of interest in foreseeing the future of Fort Collins over the next ten years. The following set of exhibits describes their housing situations and compared them to those of the 141 cities that were deemed to be not highly similar in growth.

RENTAL VACANCY RATES

Among the sixteen cities with similar growth patterns, the median rental vacancy rate at the end of the time period was 7.1 percent. Half of the cities had vacancy rates between 6.3 and 8.4 percent, and the extreme measures were 2.6 and 10.9 percent.

Interestingly, the median rental vacancy rates in these similar cities was higher than those of the 141 dissimilar cities. The “core” vacancy rates for the dissimilar cities was 3.3 to 8.4 percent, and the extremes were 1.2 percent and 12.8 percent. This implies that local housing industries were willing and able to meet the increased demand caused by the household growth in the similar cities.

**Exhibit 4-5
Vacancy Rates of Cities with Similar and Dissimilar Growth Patterns, 2000**

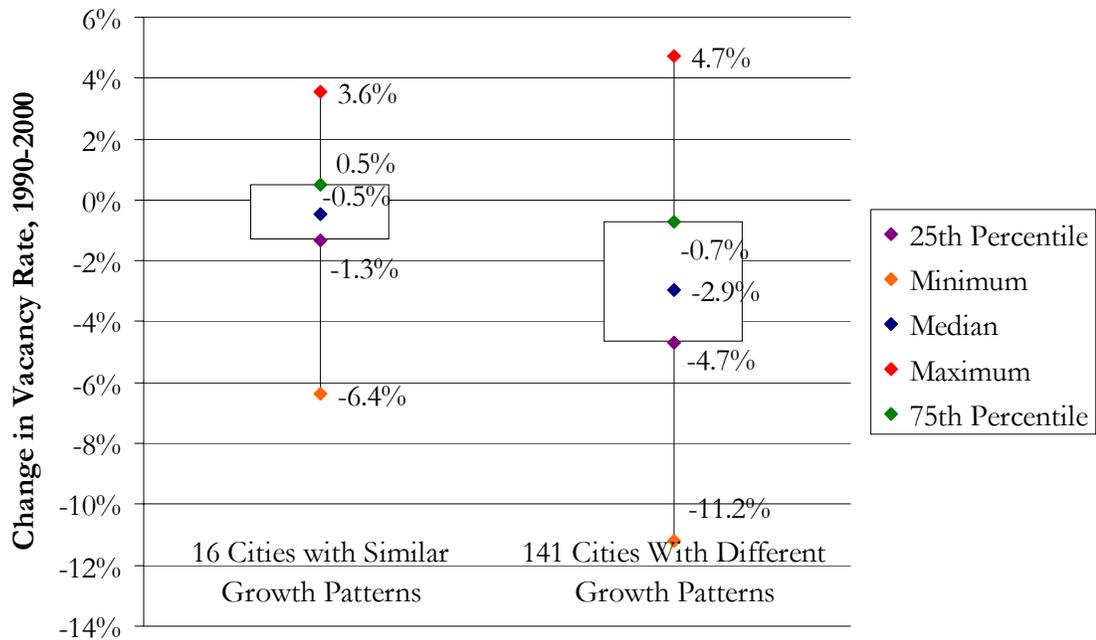


CHANGES IN VACANCY RATES

When changes in rental vacancy rates were compared over the 10-year time period from 1990 to 2000, a majority of cities in both groups saw declines in vacancies. However, more than 75 percent of dissimilar cities saw declines, and the median decline was higher in those cities. One-fourth of the cities with similar growth patterns actually saw an increase in vacancy rates.

The implications of this for Fort Collins are that, in the long term, a strong growth in households will in most cases be met, with only minor decreases in vacancy rates. The unique twist for Fort Collins, of course, is that enforcement of the ordinance would produce different vacancy scenarios for different price levels of rental properties.

Exhibit 4-6
Changes in Rental Vacancy Rates of Cities with Similar and Dissimilar Growth Patterns, 1990-2000

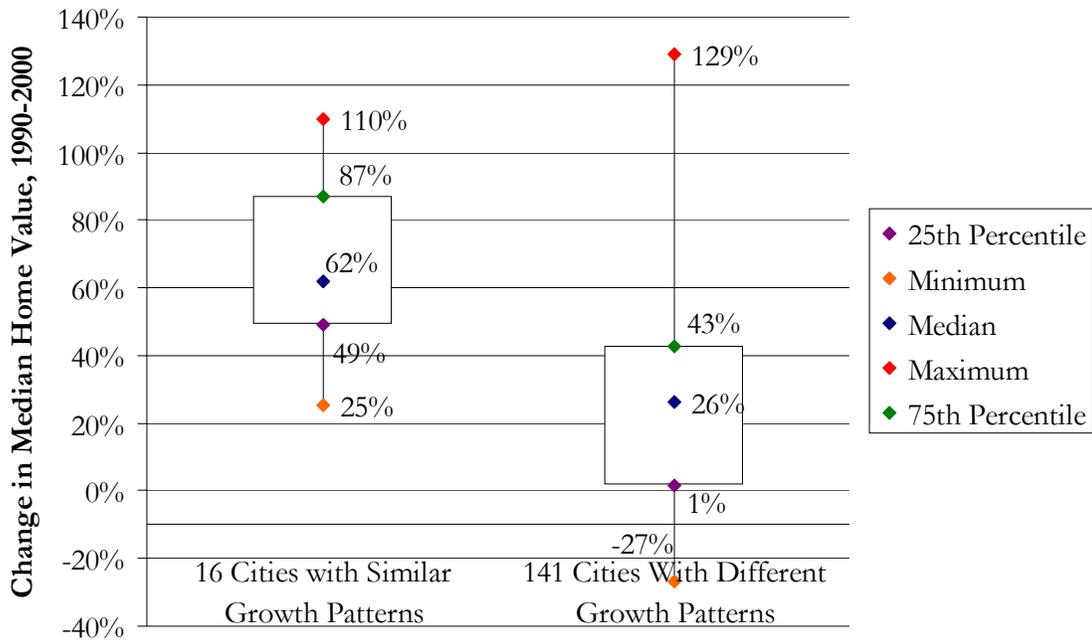


CHANGES IN HOME VALUES

Home values were an area where cities with similar growth patterns stood apart from other cities. Half of these cities saw an increase in median home value of 62 percent or higher, and 75 percent of the markets appreciated by 49 percent or more. In contrast, the median appreciation in the 141 dissimilar cities was only 26 percent, roughly equal to the worst-performing market among similar cities. A full one-quarter of dissimilar cities were either stagnant or saw home values fall.

This is perhaps less relevant for Fort Collins than some other analyses, because of the strong growth in rental demand that the ordinance will generate. Nonetheless, the pattern shows that cities with proportionally high household growth among college-age populations can see significant housing appreciation in the long term.

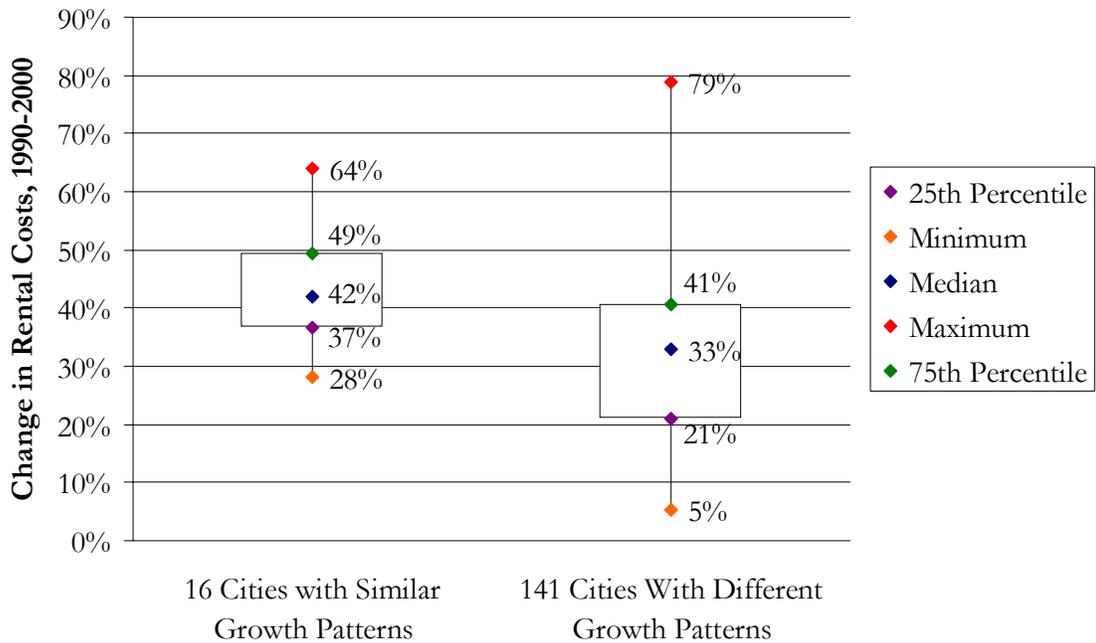
Exhibit 4-7
Changes in Home Values of Cities with Similar and Dissimilar Growth Patterns, 1990-2000



CHANGES IN RENTAL PRICES

While cities with differing growth patterns saw rental increases of 33 percent over their ten-year period of growth, cities with growth patterns similar to those predicted for Fort Collins saw higher increases on average. Half of the cities with similar growth patterns saw rental increases of 42 percent or more, and half of the cities saw increases within a narrow band of 37 to 49 percent.

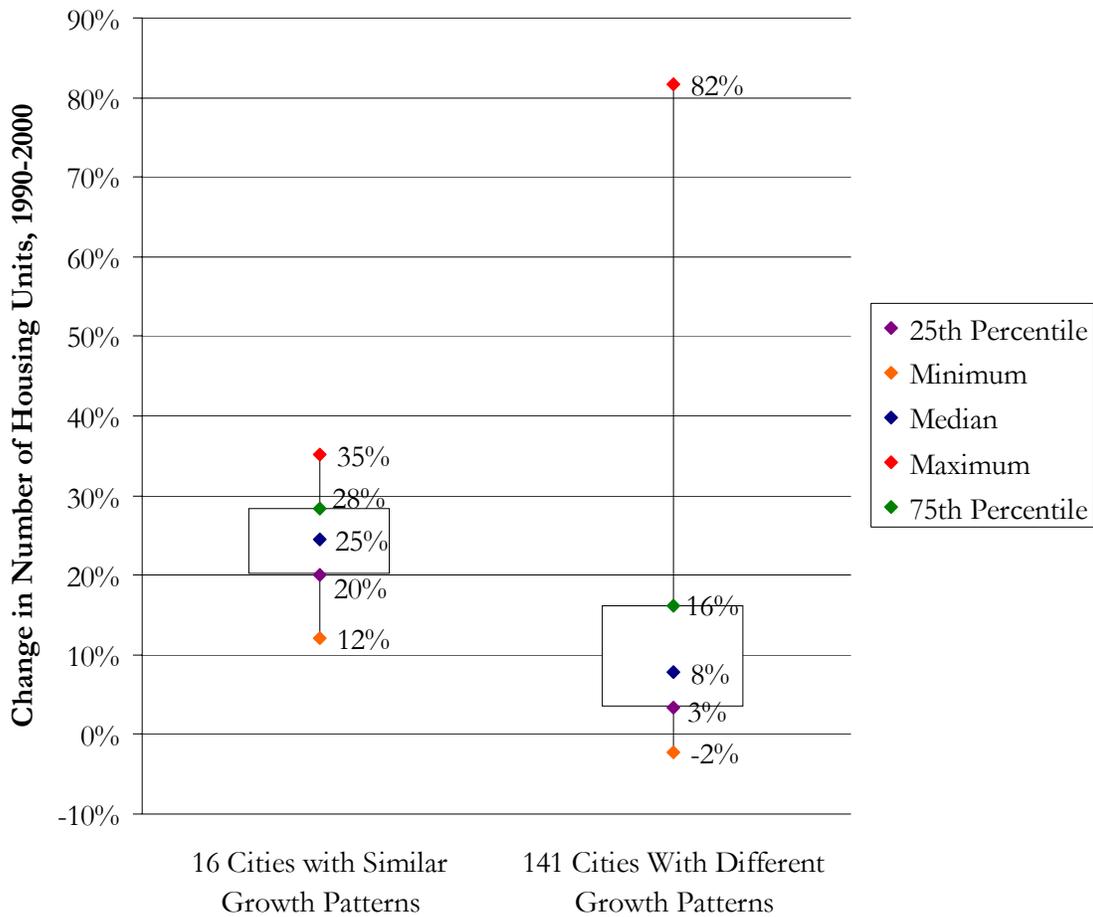
Exhibit 4-8
Changes in Rental Prices of Cities with Similar and Dissimilar Growth Patterns, 1990-2000



CHANGES IN HOUSING STOCK

Cities that have experienced growth patterns similar to the pattern forecast for Fort Collins have seen significant housing growth. On average, these cities saw increases in their entire housing inventory of 25 percent or more, on average, over the course of the ten-year growth period. This is more than three times higher than the typical growth of other cities.

Exhibit 4-4
Changes in Numbers of Housing Units of Cities with Similar and Dissimilar Growth Patterns, 1990-2000



A CASE STUDY: PROVO, UTAH

Provo, Utah was selected as a case study because it represents a somewhat similar situation to that of Fort Collins. First and foremost, the college-aged population in Provo is rising faster than the rest of its population, and the city is experiencing strong overall growth as well. Provo is also a good fit because of its location in relation to Fort Collins. It is expected that the two cities would experience similar shifts resulting from outside factors, as they are both western cities that are standalone metro areas near a larger capital metro area, and home to a large university.

The city's largest university, Brigham Young University (BYU), has been growing over the past several years. In 1998, the university made a decision to increase the student enrollment by 500 students each year for four years. This resulted in a 2,000-student influx by the end of the four-year term. In an effort to accommodate the new students, the school decided to give freshmen priority choice for on-campus housing. This left several hundred upper class students searching for housing off campus, creating new households. Provo was faced with more students than the market could handle and many were forced to live in illegal situations with more students to a unit than permitted by zoning laws. (This information is as reported on the university newspaper's archive website.⁶)

Utah Valley State College (UVSC) is also located in Provo and is open to anyone who wants to attend. During the 1990s, enrollment at UVSC was steadily growing until the school reached its capacity. After turning away 2,000 students in 1997, when enrollment was about 16,000, the college expanded its facilities and was again able to support the increasing student load. By 2000, student enrollment was up to 21,000. This increase of students created new households and kept Provo's vacancy rates low. Fort Collins faces a similar situation having a large university as well as a community college in the city limits with multiple student bodies forced to live in available housing.

Zoning decisions have also affected the housing situation in Provo.⁷ The city of Provo has been actively making changes for the past several areas. In many areas, the city has shifted zoning from multiple family units to single family units. If Fort Collins begins enforcing the ordinance and shifting residents into smaller households, this will have a similar impact by increasing the demand for smaller housing and decreasing the demand for larger housing.

These changes have occurred in a market that has had historically low rental vacancy rates. Although vacancy rates increased between 1990 and 2000 from 3.3 percent to 4.1 percent (similar to Fort Collins' 2000 vacancy rates), they were still less than half of the Year 2000 national average of 7.99 percent. Provo has chosen to combat this problem by constructing new low cost housing near the university. Programs are currently being researched to find the best solution to the housing shortage.

While this situation is still developing, Provo may emerge to be a good example of a city to observe as a laboratory for Fort Collins, as Provo appears to be facing these issues a few years ahead of Fort Collins.

⁶ *BYU NewsNet*; newsnet.byu.edu, archives

⁷ *The Daily Herald*; www.harktheherald.com, archives

KEY FINDINGS

The key findings of this section include the following:

- The growth pattern predicted for Fort Collins is not unique. Sixteen cities of similar size experienced similar growth patterns between 1990 and 2000, and can be studied to learn best practices. (One of these sixteen cities was Fort Collins itself.)
- In cities that have experienced similar growth patterns in the past, new housing construction has risen to meet demand. In fact, cities with this growth pattern are almost as likely to see increases in vacancy rates over the long term as decreases.
- Over a ten-year period with the growth pattern predicted for the city, one would expect to see an increase in the housing inventory of 20 to 28 percent.
- Home values in cities with this type of growth pattern tend to rise quickly, with increases that are more than double the rate seen in growing cities with other types of growth patterns.
- Rental prices in cities with similar past growth patterns have risen at a rate about one-third faster than in cities with different growth patterns.

BACKGROUND INFORMATION FOR THIS SECTION

This portion of the report documents the methodology used to prepare the growth profiles and identify comparable cities. Readers interested in the data used to develop the estimates may read this section at their own discretion.

METHODOLOGY

In order to identify comparable communities, a projected growth profile was created for Fort Collins, including population, number of households, growth rates, and ratios of those growth rates by age group. This profile was then compared with other cities' historic growth rates to find cities with similar patterns.

Phase One. Development of Projected Household Profile in Fort Collins

As a first step, household projections were prepared for the City of Fort Collins by age of householder. Initial population projections by age were gathered for Larimer County, as prepared by the Colorado State Demographer. (City growth projections by age are not available.) Next, the proportion of countywide growth that took place in the city of Fort Collins from 1990 to 2000 was calculated and assumed to be constant through the year 2015. Using those figures and assumptions, Fort Collins's population growth was estimated based on the county projections.

Once the city projections were developed, the projected growth in the number of households was calculated. The average numbers of people per household in 2000 were used as estimates for 2005, 2010, and 2015, so that the projected number of households could be calculated for both college-age people and the total population.

These estimates represent baseline demographic projections, and do not take into account unique local events that might affect population, except in instances where those changes are widely known and accepted as inevitable. Therefore, Corona made three adjustments to the projections:

- Corona studied two main age brackets, those aged 18-24, and the total population. Both groups' populations and households were adjusted to account for 4,000 new students projected over the next 10 years. (The baseline estimates assume no growth in college enrollment.)
- Based on discussions with and recommendations of the Colorado State demographer, Corona estimated that the 4,000 new students would create 350 more jobs over the total population. A population adjustment was added to the projections to adjust for this increase. The number was calculated from a projected number of jobs per person, and then added to the total population.
- Existing student household figures were revised upward by 1,191 households, with no change in population, to reflect the impact of ordinance enforcement.

Finally, the Annual Growth Rate was calculated for the number of households for both age groups.

Phase Two. Identification of Cities with Similar Past Growth Patterns

A list of 243 cities with populations over 100,000 was compiled, based on the total population for 2000. (Note that these figures reflect city populations and not metro area populations.) Several cities were removed from consideration due to negative population growth, irrelevantly large populations, and other factors. For each of the 157 remaining cities, Corona calculated the following:

- Annual Growth Rate of the total number of households;
- Annual Growth Rate of college aged households; and
- The ratio of the two (with the goal of identifying cities where the college age adult household population has grown significantly more quickly than the rest of the adult household population, as projected in Fort Collins).

The objective was to identify cities with a similar (high) level of growth in college age households, growth in the general population, and, more specifically, faster growth in the number of college aged households than other households, during the period from 1990 to 2000. This could occur for various reasons, but is reflective of the growth patterns predicted in Fort Collins due to the city ordinance. A total of 25 such cities were identified for further study.

Once identified, these cities could now be studied in terms of long-term changes in vacancy rates, housing stock, and rental prices. Since actual data on those values are available for both 1990 and 2000, changes can be examined in detail. This provides a reasonable portrait of the long-term future of Fort Collins's housing market if the ordinance enforcement and the significant student population increases both occur. It can be assumed that the housing market will follow a similar pattern in Fort Collins over the next 10 years as the target cities followed during the 1990 to 2000 time period.



ECONOMIC AND MARKET IMPACT STUDY

FOLLOW-UP STUDY: IMPACT OF THE “THREE
UNRELATED PERSONS ORDINANCE” ENFORCEMENT

CITY OF FORT COLLINS

FINAL REPORT

Prepared by:
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FOLLOW-UP STUDY: IMPACT OF THE “THREE UNRELATED PERSONS ORDINANCE” ENFORCEMENT

EXECUTIVE SUMMARY

BACKGROUND

Corona Research conducted a study in 2005 to analyze the potential impacts of the enforcement of the “three unrelated” ordinance in Fort Collins. The study included an estimation of the number of violators, a profile of these violators, potential rental impacts from full-scale enforcement, and the perception of Fort Collins residents on various neighborhood issues.

Corona Research conducted a follow-up study in 2009, which is described in this executive summary. This study estimated the number of violators in 2009, included a second public perception survey (and comparison to 2005 survey results), examined changes in rental prices and vacancy rates, and included interviews with key groups affected by the ordinance to examine its real-world impacts and any unanticipated outcomes.

METHODOLOGY

For the public survey, Corona surveyed 387 people living in Fort Collins in single family homes or townhomes. The questions and sampling procedure were very similar to those used in the 2005 made including the screening questions and the mode of the survey (telephone) so that comparisons could be made. Several additional questions were added so the effect of the ordinance could be evaluated. The survey results were not weighed, keeping consistent with the previous study. The survey was used to develop an estimate of the number of violator households and to examine neighborhood issues and opinions about the ordinance.

Corona used special US Census data as another means to calculate the number of violators in Fort Collins. The procedure was the same as used in the 2005 study, and was compared to the survey data to triangulate on an accurate estimate of violator households.

Colorado Department of Housing data was utilized to capture rental prices and vacancy rates for multifamily units in Fort Collins and four other similar Colorado cities. The data was available for the units in aggregate as well as for efficiencies, and 1, 2, and 3 bedroom units. The increase or decrease in the rental prices and vacancy rates were analyzed to see if they changed in Fort Collins differently than in the other cities, to assess whether enforcement of the “three unrelated” ordinance had a significant exogenous impact on the rental market.

Interviews were conducted with three stakeholder groups: landlords of various property types, tenants with various experiences, and residents who have or have not filed complaints citing the ordinance. The goal was to gather the unique perspective and experiences of each group as related to the ordinance, and to possibly learn about unanticipated outcomes and suggestions for improvement to implementation.

NOMENCLATURE

As a nomenclature note, households currently in violation of the ordinance are referred to as “violator households” or “violators” in the executive summary and in the full report. This statement

is not intended as a judgment, but merely represents a technical description of these households to differentiate them from other households.

SUMMARY OF PREVIOUS RESEARCH

In 2005, the precursor to this study was undertaken. The study included a public survey of 387 Fort Collins residents, special census data analysis including the creation of a profile of ordinance violators and an estimate of violators, and rental market impacts including an estimated demand for rental units if the ordinance was strongly enforced.

The survey found those living near violators were significantly more likely to complain about neighborhood issues. Though this does not necessarily prove a causal link, there is a correlation between those living near violators and those experiencing neighborhood problems. More than half (58%) of those surveyed in 2005 supported stronger enforcement of the ordinance while 44% were opposed to stronger enforcement.

The survey, Census data, and Public User Microdata Sample (PUMS) data analysis revealed 5,003 violators living in 1,070 rental households (5.1% of the rental population and 12% of single family homes) and 168 owner-occupied households

- Approximately two-thirds of violator households occupied single-family homes.
- Most violator households (64 percent) were only slightly over the three-person ordinance limit, with four people sharing a housing unit.
- Overall, 71 percent of violator household tenants were college students, 70 percent of the tenants in violator households were males and 82 percent of the tenants were under the age of 25.

The 2005 study estimated impacts on the rental market assuming strict and complete enforcement of the ordinance. If all violator households were broken up and reformed into smaller legal households, there would have been a demand for 1,190 new rental units. This new demand would have made the rental market for cheaper (smaller) units very challenging, with rental rates more or less at zero percent. Note, though, that this assumed a breakup of all violator households, which did not occur since the City instead adopted a complaint-based approach.

Under strong enforcement and all violator households broken up, Fort Collins would likely have seen:

- A decrease in neighborhood problems (or possible transfer of problems to smaller units)
- Minor increase in property values in neighborhoods that lose violator households,
- Minor impacts on local businesses (both positive and negative, depending on the type of business)
- Demand for up to 970 new housing units for the construction industry

SUMMARY OF KEY FINDINGS

The research team presents the following list of 15 key findings for easy digestion by the reader. These findings represent the research team's most notable observations, with the recognition that other readers may find different findings to be more notable. An expanded summary is presented in the following section with additional detail.

1. The number of violator rental households has dropped by about 46 percent since initiation of the ordinance. The research estimates that there are approximately 579 violator households in existence, down from 1,070 in 2005. Up to 97 owner-occupied households may have “downsized” as well, which can be compared to 168 estimated owner-occupied households in violation in 2005.
2. Only about 20 percent of that drop is due to active enforcement. The remainder is likely voluntary compliance on behalf of landlords and tenants.
3. Given that roughly 70 percent of violator households are college student households, it should be recognized that the drop in violator households may not be the breakup of existing households, but rather the lack of formation of new large households as the relatively transient student population flows through the community.
4. Rental vacancy rates have declined rapidly, but have gone from unhealthy high levels to what is generally considered a healthy range for both tenants and landlords. One-bedroom apartments are on the verge of being unhealthily low in availability, though. Trends in rental vacancy rates warrant continued monitoring as vacancy rates have declined strongly.
5. The ordinance is not responsible for most of the drop in vacancy rates, as other forces (economy, foreclosures, etc.) appear to have had at least an equal or larger impact. The likely estimate is that the ordinance has produced about one-sixth to one-fifth of the decline in vacancy rates (but one data source shows that it could be as much as half).
6. Rental prices are increasing, but not disproportionately to other comparable Colorado cities. It is likely that this is due to the fact that vacancy rates were high when the ordinance was initially enforced.
7. Neighborhood problems have declined and positive indicators have risen since enactment of the ordinance, but the research does not conclusively show that the changes are due (or not due) to the impacts of the ordinance. There remains a correlation between proximity to violator households and neighborhood problems, but this could be neighborhood-specific and not property-specific.
8. Among households who reported that a neighbor violating the ordinance had to move out, 67 percent said the moving had a positive impact on the neighborhood while only 11 percent said the impact was negative. However, there were only 9 survey respondents who were in this situation.
9. A total of 41 percent of single-family/duplex home dwellers believe the current enforcement is taking place at the right level, 27 percent would prefer more strict enforcement, 14 percent would prefer less strict enforcement, and 18 percent have no opinion. However, support for stricter enforcement rises dramatically with proximity to violator households – 67 percent

for those near two or more, 49 percent for those near one, and 22 percent for those not near any.

10. All groups recognize that neighborhoods have a right to peace and quiet. However, some groups question the full intent of the ordinance. College students tend to think the ordinance is aimed at keeping students out of neighborhoods, while landlords tend to think the ordinance is aimed at preventing rentals out of neighborhoods. Some neighbors also tend to view the ordinance positively as a way to help plan or control neighborhood change.
11. The number “three” makes all major constituent groups – tenants, landlords, and neighbors – somewhat uncomfortable, in that they do not understand why the number ‘three’ was chosen over, say, 2 or 4.
12. Landlords note that non-students are a significant portion of people affected by the ordinance, especially households where two couples hope to live together. Landlords question whether this impact is fully recognized.
13. Landlords and tenants note that the ordinance is indirect and that other ordinances addressing noise and parking actually tackle the core problems. Neighbors noted that “loud parties” are often thought of as the issue, when in reality other issues are also important. Some neighbors also noted that tenants in larger households are more likely to be active late at night and that talking, parking, and vehicle noise are also negative impacts on their neighborhoods.
14. Tenants, and to some extent landlords, agree that landlords can drive the culture of the law. Landlords either participate in the ordinance or they “wink” at the fourth or fifth tenant and only put three tenants on the lease. Tenants draw their cues from the landlords.
15. All constituent groups had concerns with the complaint-based nature of the ordinance. Tenants believe that the actual enforcement causes hardships on tenants who are forced to move out on short notices, and that it can create friction in neighborhoods. Meanwhile, some neighbors express frustration that the enforcement process allows ample time to hide evidence and temporarily move one or more tenants out. Neighbors are also often wary of filing a complaint because of concerns about neighborhood conflict. Landlords note that other landlords are easily able to hide violators from the ordinance, and that the ordinance creates competitive advantages for unethical landlords.

EXPANDED KEY FINDINGS

NUMBER OF VIOLATOR HOUSEHOLDS

Overall, the number of households violating the ordinance has decreased significantly. In 2005, the research estimated that there were 1,070 violator rental households, while the estimate for 2009 is 579. This means that the number of violator rental households has decreased by approximately 491 households. Up to 97 of an estimated 168 owner-occupied violator households have “downsized” to comply as well. As opposed to a gradual decline, this decline appeared to occur sharply in 2006.

While it is reasonable that this decline occurred as a result of the presence of the ordinance, the total estimated decrease in violator households cannot be fully attributed to the enforcement of the ordinance. City records indicate that enforcement of the ordinance directly caused 105 violator households to break up. The other 483 rental and owner households were broken up for other reasons; perhaps landlords adhering to the ordinance, tenants not choosing to live in violation, or any

number of other reasons completely unrelated to the ordinance. The research team concludes that the bulk of the decrease in violator households is not fully driven by the complaint based ordinance enforcement, and likely is the result of voluntary compliance on the part of landlords and/or tenants.

It should also be noted that, since 70 percent of the violator households were occupied by college students in the initial study, and since rental households tend to be relatively transient anyway, the changes may not even be actual breakups of existing households. Some of those households likely broke up naturally due to college graduation, tenants moving for jobs or personal reasons, or other factors. The decline may instead be a decreased formation of new violator households.

ESTIMATED DIRECT IMPACT ON RENTAL MARKET

A predictive model was created to determine the effect of the violators finding new living arrangements would be on vacancy rates of rental units in Fort Collins. If those in violation chose new living arrangements similar to that of like-aged people, they would create 1,037 new non-violator households, and would have eliminated 491 violator households on the rental market, and another 108 net new households as a result of downsizing in owner-occupied units. This difference of 654 units would reduce the vacancy rate of rental units by approximately 1.8 percentage points. This can be considered within the context of the overall market, discussed below.

OBSERVED CHANGES IN RENTAL HOUSING MARKET

Using Colorado Department of Housing data, rental and vacancy rates were analyzed for Fort Collins/Loveland, Colorado Springs, Pueblo, Greeley, and Grand Junction because housing trends were likely skewed as a result of the recent downturn in the housing market and comparing these cities will account for the external influence. Only data for multifamily homes was available for these cities for 2003-2008, though they still provide an indication of the trends and patterns in the rental housing market.

Based on these data, rental unit prices have increased by approximately 10 percent in Fort Collins from 2003 through 2008, or roughly 2 percent per year. Increases were lower in Colorado Springs (5 percent) and Pueblo (7 percent), much higher in Grand Junction (37 percent), and similar in Greeley/Weld County (10 percent). Prices have risen faster in the 2006 through 2008 time frame, with a 7 percent increase in that time period, compared to 3 percent from 2003 through 2006.

It should be noted, though, that market pricing may not completely reflect the impact on individuals. Previous research showed that tenants living in larger households tend to pay less per person in rent. If they convert to smaller households, that move may not impact the prices of the units, but may increase the prices paid per person.

Vacancy rates declined in all five comparable cities, with Fort Collins seeing the largest decrease. Multi-family rental vacancy rates went from 14% in 2003 to 8% in 2006 to 5% in 2008 in the Fort Collins/Loveland market. As noted above, it is estimated that the changes in households due to the ordinance (directly or indirectly) likely produced a 1.5 percent impact during that time period, or roughly one-sixth of the change.¹ These changes likely had no negative impact on the multi-family

¹ A second independent data source, the American Community Survey, is available only through 2007. This data source shows vacancies for all rental units as opposed to just multi-family, and showed a trend of 8.3 percent in 2005, 5.1 percent in 2006, and 5.0 percent in 2007. This would indicate that the ordinance produced about half the change in vacancy rates during this time period in the total rental market.

market as a whole, as vacancy rates were higher than desired in 2003 and are now at a rate that is generally considered in the healthy range. Grand Junction saw a decline of roughly 7 percentage points in vacancy, from 9 percent to 2 percent, while the other three cities saw declines of 3 to 4 percentage points to levels still at 6 percent or higher.

OBSERVED CHANGES IN RENTAL HOUSING MARKET BY UNIT SIZE

Efficiency units and one-bedroom units in the Fort Collins/Loveland market are seeing price increases, but at or below the median level of the five cities. Increases in rates for 2-bedroom units are increasing, but below the rates in all other comparable cities other than Colorado Springs. Pricing for three-bedroom units is increasing at a rate slightly above the median (second-highest among the five cities). The greatest price increases (roughly 5 percent per year) are seen in one-bedroom units, but all five cities are seeing their greatest increases in that size category.

Fort Collins has seen a steady decrease in vacancy rates across all unit types. Vacancy rates for all unit sizes were above ideal levels in 2003, and vacancy rates for three-bedroom units remain above those levels at 7.3 percent (median among the five cities). Rates for two-bedroom units are at 4.1 percent, lower than three of the four comparable cities but not unreasonably high or low. Rates for one-bedroom units are at 3.2 percent, lower than three of the four comparable cities and on the edge of being unhealthily low. Rates for efficiency units are at 5.5 percent, lower than other cities but still at or above a healthy level.

OBSERVED CHANGES IN NEIGHBORHOOD ISSUES

Neighborhood problems have slightly declined and neighborhood perceptions have improved since 2005. The increases are broad across all types of issues, but are generally not statistically significant. However, while the new survey data continues to indicate that more problems are present in areas where violator households are nearby, the new survey data cannot show definitively that the reduced number of violator households is the cause of the increase. For the most part, conditions were improved both in neighborhoods with (current) violator households and without (current) violator households, which indicates that some factor other than reduced violator households caused the increase in whole or in part.

Some key findings from the survey include:

- In the 2005 survey, 70% of respondents reported having no neighbors violating the ordinance while the 2009 survey had 84% report having no neighbors violating the ordinance.
- Over 85 percent of residents are aware of the ordinance.
- Of the 9 respondents who reported a neighbor violating the ordinance had to move out, 6 said the moving had a positive impact on the neighborhood while only 1 said the impact was negative.
- The more violator households respondents lived near, the more likely they were to say the ordinance should be enforced “more strictly.”
- Those living near two or more violators were more than three times as likely to say the ordinance should be enforced more strictly than those living near zero violators.
- In every neighborhood problem category, the number of households causing the neighborhood problem increase as the number of “three unrelated” violator

households increases. However, this does not necessarily indicate that the violator households were the offenders because the respondent was not asked to identify the home with the problem. It does imply that people living near violator households observe more problems, though it cannot be proven from this data alone whether violator households create the problems or whether they simply are located in neighborhoods where the problems are more common.

- When comparing the 2005 and 2009 surveys, every neighborhood rating has fewer “good” and “very good” ratings as the number of nearby violator houses goes up. While the differences are small in many cases, every category has seen an increase in the number of households reporting that zero nearby homes have a given problem. However, the ratings generally rose for both those who live near violator households and those who don’t, which argues against a conclusion that having fewer violator households is the source of the increase.
- 41 percent of single family/duplex residents believe that enforcement of the ordinance is at the right level. Another 27 percent would like stronger enforcement, while 14 percent would prefer less strict enforcement. The other 18 percent have no opinion.

More telling, though, is the relationship between proximity to a violator household and enforcement opinions. Households were asked how many of the four nearest households to their home are in violation, and opinions were broken out proportionally. Findings in this manner show a strong pattern, as follows:

27% would like stronger enforcement, but support is...

- 67% among those living near two or more violator households
- 49% among those living near one violator household
- 22% among those living near zero violator households

14% want less strict enforcement, but these opinions are...

- 0% if near two or more violator households
- 7% if near one violator household
- 16% if near zero violator households

These findings show that proximity to violator households produces more desire for enforcement of the ordinance, implying an impact on nearby households.

INDIVIDUAL EXPERIENCES AND OPINIONS

The intent of the interview portion of the research was to learn about the impact that the occupancy ordinance has had on individuals living and/or conducting business in the City of Fort Collins. Additionally, this portion of the research attempted to gauge opinions of the ordinance and how opinions may have changed over time and how the ordinance might be improved in design and/or enforcement.

It is probably of no surprise that a wide range of opinions were revealed in conducting interviews with the three segments as each group - landlords, neighbors, and tenants - has been impacted differently by the ordinance. Recruiting for the interviews was conducted such that a variety of perspectives would be gathered, even within each segment. Even so, there were some themes that ran strongly throughout all interviews which allow the City a deeper look at some of the core reasons that an individual may support or oppose the occupancy ordinance.

There were a number of respondents who did not understand exactly what the ordinance is intended to do, other than what it says at face value. In other words, other than preventing more than three unrelated adults from living together, many people did not understand why the enforcement of the ordinance was initiated. College students tended to think that its purpose is to keep students out of neighborhoods, while some landlords regarded it as a means for keeping rentals as a whole out of neighborhoods. Participants in the neighbor segment had varying views as to the purpose of the ordinance. It can be noted that even though opinions are bound to differ regarding the ordinance, promoting a uniform purpose for the ordinance to all parties alike could potentially create more support, or at least build more of an understanding.

Everyone who was interviewed understood and often commented that a homeowner has a right to peace and quiet in their home. However, it was clear that not everyone felt that the occupancy ordinance is the best way to ensure that this goal is met. Some people simply did not believe that the ordinance is the way to solve problems with noise, parking, property maintenance, and other neighborhood issues. Therefore, even if a person agreed with the goals that the ordinance was likely put in place to achieve, it does not necessarily mean that they were in support of the ordinance itself.

In each segment, there were participants who felt that other ordinances addressing specific, unacceptable behaviors should be enforced. Whether in lieu of the occupancy ordinance or not, there were many respondents who indicated that there are already ordinances in place to prevent issues like noise problems. Some people expressed that they feel that these types of ordinance should be enforced more strongly by the city in order to correct and discourage those specific behaviors.

Perceptions of the effectiveness of the ordinance varied widely among respondents. A few people were extremely happy with the results of the ordinance that they had personally witnessed, and they did feel as though its enforcement is bringing about major improvements in their neighborhoods. According to others, however, many landlords and/or tenants who truly need to be impacted by the ordinance have yet to experience any consequences. That is to say that some neighbors still have to tolerate poor property maintenance and unruly tenants nearby. The exact circumstances surrounding these different cases vary, of course, but these situations have led some residents to have the perception that the ordinance is not effectively bringing about change.

Additionally, personal experiences and involvement with the ordinance varied widely within each segment. For some, the ordinance had brought about drastic changes in their living situations, while others had difficulty thinking of anyone who had been affected by it. This led some participants to believe that the ordinance is not being enforced at all, and others to think that it is being enforced to an extreme, with little leniency. It is not known if this is because perhaps the enforcement processes have changed since inception, if enforcement has fluctuated over time, if perhaps *perceptions* of the process simply vary widely by individual.

The number 'three' is part of the debate over the ordinance because the limitation to three tenants in a household seems to have been made without reason according to some, but makes good sense to others. Homeowners who have, or still do live near homes with more than three people were much more likely to say that the number of people in a home *does* matter, especially when

considering problems with parking. They explained that as the number of residents in a home increases, so do the number of visitors, and in some cases, the likelihood for parties to occur. Conversely, others argued that behavior varies widely by individual, and that there are plenty of instances in which three people may be just as loud, or louder than four or even five may be. Some neighbors also commented that parties weren't the sole problem, but rather other noise from tenants who were out late and perhaps didn't realize that their late arrival home (presumably with talking, noise, and vehicles) also generated noise and disturbances.

A principal difference between proponents and opponents of the ordinance are their differing views of the evolution of neighborhoods. This was true for the neighbors and landlords who viewed the ordinance as a means for reducing the number of rentals in a neighborhood. Opponents of the ordinance felt that the progression towards high percentages of rentals is cyclical, a sort of natural evolution, and that the housing market itself will even out the balance between owner-occupied and rental homes. They were much less inclined to believe that the evolution of neighborhoods from owner-occupied to higher percentages of rentals should be regulated by the city. Ordinance proponents tended to feel that having this regulation in place gives them the ability to create the balance themselves, to even out a mix of owners and renters, and to provide some kind of control over the development of the city as a whole.

Enforcement was a major topic throughout the interviews. As previously noted, there were participants who expressed that they feel the ordinance is already improving their neighborhoods. These seemed to be areas where homeowners were working together to watch for violators, and reported accordingly. However, there were plenty of people in both the neighbor and landlord segments who felt that if the ordinance is to be in place, it should be enforced evenly so that everyone will be affected in the same way. Neighbors who have not seen improvements stated that the city should enforce the ordinance more proactively, although they were not always certain how such action could be funded. Some neighbors wanted more active enforcement in part because they feared retribution and conflict if they themselves filed complaints.

When landlords commented on increased enforcement, it was not necessarily because they supported the ordinance, but because they want all property owners and managers to be held to the same standards. This was frequently heard from owners and managers who currently comply with the ordinance, but must conduct business in an arena where there are still plenty of owners and managers who do not abide by it. The end result is lost business for the companies who are following the law. All parties noted that there are still large numbers of violator households in the marketplace.

Another issue noted by participants included the fact that currently, exceptions to the ordinance are not being made in any case. This adversely affects people who may be trying to help a friend who needs a place to stay temporarily, or perhaps those in caretaker positions. Some people even stated that the ordinance is making liars and lawbreakers out of otherwise honest people, just because they are trying to save money by including a fourth roommate in the case of a tenant, or to be able to make the mortgage payment on a rental property, in the case of a landlord. Even neighbors who supported the ordinance noted concerns about whether a caretaker or a friend in need might place an otherwise-solid household in violation.

The interviews provided mixed reviews of the effects of the ordinance. Obviously perspectives vary quite a bit depending on an individual's situation (i.e., landlord, tenant, or neighbor). While this information is not intended to judge the occupancy ordinance as either 'good' or 'bad,' and it should be recognized that not all perspectives are taken into account, the findings from this branch of the research do suggest that there may be some areas for improvement.

Many perspectives were offered, and not all people agreed, even with the landlord, tenant, and neighbor segments. However, some patterns emerged. A succinct summary would include (in no particular order):

- Landlords noted an unanticipated outcome of not being able to maintain their properties as well if they had fewer renters providing payment. Neighbors noted that maintenance has not improved with the ordinance.
- Landlords felt that the ordinance's current structure gave unethical businesses an advantage, and that many landlords were getting around the ordinance. They note that the ordinance should be enforced strictly or not at all. Tenants tended to agree that many landlords work around the ordinance.
- Landlords think that tenants should be responsible for their behavior, and that they are absorbing unnecessary costs for the ordinance. Tenants and neighbors tend to think that landlords should be responsible for their properties and property management.
- College students tend to think the ordinance is aimed at keeping students out of neighborhoods, while landlords tend to think the ordinance is aimed at preventing rentals out of neighborhoods. Neighbors are most likely to point out the noise, parking, and other issues that correlate with larger households.
- Non-students less likely to know about the ordinance and (according to anecdote) are more likely to inadvertently violate it. Landlords note that non-students are a significant portion of people affected by the ordinance, especially households where two couples hope to live together.
- The ordinance places a variety of influences on neighbor relations. Neighbors who effectively use the ordinance are those who team up with other neighbors to patrol their neighborhoods, but neighbors without these networks are frustrated and frightened to file complaints. Tenants note that making and maintaining good relationships with their neighbors will likely prevent complaints, but also are wary of "spying" by neighbors.
- Tenants, and to some extent landlords, agree that landlords can drive the culture of the law. Landlords either participate in the ordinance or they "wink" at the fourth or fifth tenant and only put three tenants on the lease. Tenants draw their cues from the landlords.
- None of the major constituent groups are universally comfortable with the ordinance, though most or all agree with the fundamental goal of the ordinance. Even neighbors, who generally support the ordinance, admit to discomfort with the number three (they do not see a reason three was chosen) and the control of private business decisions.
- Neighbors noted that "loud parties" are often thought of as the issue, when in reality other issues are important, such as parking problems. Some neighbors also noted that tenants in larger households are more likely to be active late at night and that talking, parking, and vehicle noise are also negative impacts on their neighborhoods.
- Tenants, and to some extent landlords, believe the ordinance overlaps with other ordinances. The behavior of more than three unrelated people was not deemed to be

the problem so much as other issues such as noise or parking, and therefore the ordinance is misguided.

- All constituent groups note that the complaint-based system leads to inconsistent pick-and-choose enforcement. Tenants believe that the actual enforcement causes hardships on tenants who are forced to move out on short notices, while some neighbors express frustration that the enforcement process allows ample time to hide evidence and temporarily move one tenant out.

INTRODUCTION AND OVERVIEW

BACKGROUND - THE ORDINANCE

In 2007, the City of Fort Collins began enforcement in the “three unrelated” housing ordinance via use of a complaint based system. Prior to 2007, the ordinance had existed but was not actively being enforced, though landlord disclosure form were initiated in December of 2005. The following is the “three unrelated” ordinance:

OCCUPANCY LIMITS; INCREASING THE NUMBER OF PERSONS ALLOWED

(A) Except as provided in subsection (B) below, or pursuant to a certificate of occupancy issued by the city to the owner of the property, the maximum occupancy allowed per dwelling unit in a single-family, two-family or multi-family dwelling shall be:

(1) one (1) family as defined in Section 5.1.2 and not more than one (1) additional person; or

(2) two (2) adults and their dependents, if any, and not more than one (1) additional person.

(B) Exceptions. The following shall be exempt from the maximum occupancy limit established in subsection (A) above:

(1) dwellings regularly inspected or licensed by the state or federal government, including but not limited to group homes; and

(2) dwellings owned or operated by a nonprofit organization incorporated under the laws of this state for the purpose of providing housing to victims of domestic violence as such is defined in Section 18-6-800.03, C.R.S.

(C) A violation of this Section shall be proven by a preponderance of the evidence. A person shall be liable for allowing occupancy in excess of this Section if he or she knew, or through reasonable diligence should have known, that a violation of this Section was occurring.

(D) **Definitions.** The following works, terms and phrases, when used in this Section, shall have the meanings ascribed to them below:

(1) *Adult* shall mean any person eighteen (18) years of age or older who is not a dependent.

(2) *Dependent* shall mean a person related to an adult occupying a dwelling unit by blood, marriage, adoption, guardianship or other duly authorized custodial relationship who receives financial support from said adult and who resides with said adult in the dwelling unit at least three (3) calendar months in a calendar year.

(3) *Occupancy* or "occupy" shall mean the use of a dwelling unit or portion thereof for living, sleeping and cooking or eating purposes. Indicia of occupancy may include,

without limitation, the use of a dwelling unit as an address for any purpose, living in a dwelling unit under an implied lease or express agreement, overnight use of a dwelling unit for thirty (30) days in a calendar year, or maintaining clothes or other daily living supplies at a dwelling unit.

(E) Increasing the Occupancy Limit.

(1) With respect to single-family and two-family dwellings, the number of persons allowed under this Section may be increased by the issuance of a certificate of occupancy for use as an extra occupancy rental house in zones allowing such use.

(2) With respect to multiple-family dwellings, the decision maker (depending on the type of review, Type 1 or Type 2) may, upon receipt of a written request from the applicant and upon a finding that all applicable criteria of this Land Use Code have been satisfied, increase the number of unrelated persons who may reside in individual dwelling units. The decision maker shall not increase said number unless satisfied that that the applicant has provided such additional open space, recreational areas, parking areas and public facilities as are necessary to adequately serve the occupants of the development and to protect the adjacent neighborhood.

(Ord No. 123, 2005 §6, 11/15/05; Ord No. 33, 2006, 3/7/06; Ord. No. 104, 2006 §12, 7/18/06)

BACKGROUND – PREVIOUS RESEARCH

Two research studies have been conducted related to the “three unrelated” ordinance in Fort Collins. The first study was completed in 2005. This study focused on the impact that active enforcement of the ordinance would have on the rental housing market, who the ordinance would impact, and the prevalence and profile of violators. This report comprises the second study, and analyzes how the rental housing market, neighborhood perceptions, and prevalence of violators has changed since the enforcement began.

Key findings of the 2005 study are presented below.

NUMBER OF VIOLATORS - 2005

In order to estimate the number of violator households, the 2005 study included analyses based on a 387 person resident survey of those living in homes or duplexes (the most prevalent type of living arrangement of violators), Census data analysis, and development of a rental impact model. The survey, Census data, and Public User Microdata Sample (PUMS) data analysis revealed 5,003 violators living in 1,070 rental households (5.1% of the rental population and 12% of single family homes) and 168 owner-occupied homes.

NEIGHBORHOOD ISSUES - 2005

The survey also asked about neighborhood issues of concern. Those living near violators were significantly more likely to complain about neighborhood issues. Though this does not necessarily prove a causal link, there is a correlation between those living near violators and those experiencing neighborhood problems. There are other possible reasons for this, though, such as violator households tending to locate in areas that already face these issues.

ORDINANCE SUPPORT/OPPOSITION - 2005

More than half (58%) of those surveyed in 2005 supported stronger enforcement of the ordinance while 44% were opposed to stronger enforcement.

VIOLATOR PROFILE – 2005

A violator profile was constructed using special Census data. This level of detail was not available from the Census since the initial study was conducted. We assumed the violator profile has not changed significantly.

- Approximately two-thirds of violator households occupied single-family homes.
- Most violator households (64 percent) were only slightly over the three-person ordinance limit, with four people sharing a housing unit.
- The majority of violators (86 percent) lived in three-bedroom units or larger.
- Because there were more people in the household, the average household incomes of violator households were generally higher than those of other renters, despite the fact that individual tenants' incomes was lower and individual tenants in violator households were more likely to be below the poverty line.
 - Fifty two percent of violators would have been living below the poverty line if they lived alone
 - Estimated increase of monthly rate of \$100 if ordinance strongly enforced
- Household rent levels tended to be high among violator households. Nearly half of the violator households paid at least \$1,102 per month while only 10% of non-violator households paid that amount or more. However, the rent per person in violator households was nearly 50 percent less than that paid by other renters, on a per-adult basis.
- Overall, 71 percent of violator household tenants were college students, 70 percent of the tenants in violator households were males and 82 percent of the tenants were under the age of 25.

POTENTIAL RENTAL MARKET IMPACT ESTIMATES – 2005

The 2005 study estimated impacts on the rental market assuming strict and complete enforcement of the ordinance. If all violator households were broken up and reformed into smaller legal households, there would have been a demand for 1,190 new rental units. Within the rental market:

- There would have been zero vacancy for units under \$440 with price increases,
- There would have been zero vacancy for units from \$440 to \$830 with no price increases, but likely lower quality,
- Vacancy rates for units \$830 to \$1,100 would decrease, but still be high compared to traditional estimates of a healthy market, and

- Vacancy rates for units above \$1,100 would have doubled to over 20%, with a 7 year recovery period for rentals, though sales prices would not have be strongly affected.

It should be noted that complete and strict enforcement did not occur, but rather a complaint-based enforcement system was introduced.

OTHER TYPES OF IMPACTS – 2005

Under strong enforcement and all violator households broken up, Fort Collins would likely have seen:

- A decrease in neighborhood problems (or possible transfer of problems to smaller units)
- Minor increase in property values in neighborhoods that lose violator households,
- Minor impacts on local businesses (both positive and negative, depending on the type of business)
- Demand for up to 970 new housing units for the construction industry

INTRODUCTION TO 2009 FOLLOW-UP STUDY

In 2009, the City of Fort Collins wanted to determine the impact of the ordinance enforcement. The research team investigated the market impact using quantitative tools and individual impacts using qualitative tools. The 2009 study consisted of the following elements.

PUBLIC SURVEY

Corona surveyed 387 people living in the city limits of Fort Collins in single family homes or duplexes. This audience was selected to be directly comparable to the 2005 study, and because violators of the ordinance are most likely to be living in single family homes.

The sampling plan and many questions in the survey instrument were identical to those used in the 2005 study so that comparisons could be made. Additional questions were added to the 2009 version with the goal of capturing the effect of ordinance enforcement on Fort Collins Residents. The goal of this research was to develop estimates if violators, neighborhood impacts, awareness of the ordinance, and the level of enforcement support.

SPECIAL CENSUS DATA ANALYSIS

Corona utilized special US Census data to calculate an estimated number of violators and number of violator households in Fort Collins. Due to the release availability of this data, the most recent data is from 2007. The goal of this research was to provide another estimate of violators.

While this is the same data set used in 2005 to develop profiles of violator households, insufficient data exists in the most recent data set to develop updated profiles, so the data is used only to estimate numbers of violators as part of a triangulation process with the survey data.

COLORADO DEPARTMENT OF HOUSING ANALYSIS

Using Department of Housing data, Corona determined the vacancy rates and average rental prices in Fort Collins and four other Colorado cities of similar scale (Colorado Springs, Greeley, Grand Junction, and Pueblo.) The comparison to other cities was done in order to minimize the

effect of the recent housing downturn and economic conditions, in order to establish if Fort Collins behaved differently than the other cities. This data was used to analyze if the vacancy rate or rental prices were affected by the enforcement of the ordinance. The goal of this research was to estimate the rental market conditions and whether Fort Collins has seen different impacts when compared to other similar communities.

STAKEHOLDER INTERVIEWS

Representatives of several types of stakeholder groups were identified and interviewed. These stakeholder groups included landlords of various property types, tenants with various experiences, and residents who have or have not filed complaints citing the ordinance. These groups were interviewed with the research goal of identifying personal experiences, how the ordinance is perceived, and what works well and what does not.

These interviews were not intended as statistical research, but rather as an understanding of the real and practical impacts of the ordinance on various constituents.

NOMENCLATURE

As a nomenclature note, households currently in violation of the ordinance are referred to as “violation households” or “violators” in the executive summary and in the full report. This statement is not intended as a judgment, but merely represents a technical description of these households to differentiate them from other households.

NUMBER OF VIOLATOR HOUSEHOLDS

The research team utilized two methods to estimate the number of violators and violator households:²

American Community Survey Public Use Microdata Sample (PUMS) approach. The PUMS dataset is a specialized dataset from the U.S. Census of Population and Housing. This dataset consists of a sample of individual households' responses to the Census, and can be used to identify a wide variety of data not available via the more commonly used Census summary data. Using PUMS data, the research team estimated the proportion of violating households with a high degree of confidence. These proportions were applied to current rental housing stock estimates to develop an estimate of the number of violator households. For this study, a violator was defined as a person living in the City of Fort Collins renting and having three or more roommates.

As reported by the U.S. Bureau of the Census:

- In the ACS microdata, the basic unit is an individual housing unit, a group quarters person or persons who live in the selected housing unit. Each record shows all the information associated with a specific housing unit or individual except for names, addresses, or other personal identifying information.

More information about the PUMS datasets, including sampling and accuracy issues, see this link:
http://www.census.gov/acs/www/Products/PUMS/pumsaccuracy_archived.html.

Public survey. Corona Research conducted a survey of 387 households living in single-family homes in Fort Collins, excluding some of the outlying suburban parts of the city. Each household was asked several questions about the four houses closest to them, including whether that household contained more than three unrelated persons. These figures were used to calculate an estimated number of violating households. This survey's margin of error was 5%.

The following table is a summary of the estimated number of violators and violator households through the 2005 and 2009 surveys as well as PUMS and Census data analysis. Overall, a general decrease in violator households and violators can be seen.

In 2005, the research team estimated a total of 1,070 households by triangulating various estimation techniques. In 2009, we estimate 579 households with a similar methodology. Available data shows a marked decrease in 2006.

Exhibit 2

² A third method was also used in the 2005 study, but the data source for that method (the decennial census) has not been updated since the 2005 study was completed and therefore would not be useful in examining changes between 2005 and 2009.

Summary of Violators

Source	Violators	Violator Households
2009 Study	-	579
2009 Study (with owners)		650
2009 Survey with owners		818
2009 Survey	-	677
2007 PUMS	2,052	482
2006 PUMS with owners	2,429	538
2006 PUMS	2,320	514
2005 PUMS	5,458	1281
2005 Study	-	1070
2005 Study (with owners)	5,003	1238
2005 Survey	-	1266
2000 PUMS, scaled up to 2004	4,100	905
2000 Census, scaled up to 2004	-	1038

The estimate of violator households from the public survey was calculated via the following steps:

1. The team totaled the number of reported violator households and divided it by the total number of houses for which data was collected (387 x 4).
2. Because of selection statistics, the total number of identified violator households will be four times higher than the actual number, because each violator household could be identified by four nearby homes. This is corrected by merely dividing the reported numbers of violators by four prior to developing rates and incidence calculations.
3. These figures address violator household rates in single-family homes, but an additional figure must be used to estimate violator households in multi-family units. This was accomplished by using the PUMS-defined ratio of single-family home violators versus multi-family home violators.

The 2005 study concentrated on the rental market and reported an official number of rental household violators (1070), but also contained data on owner-occupied violator households as well (another 168 households). This study contains figures (above) to represent both groups, comparing the official renter numbers (1,070 in 2005 versus 579 in 2009) and total numbers (1,238 in 2005 versus 650 in 2009). Due to sampling issues, it is probable that the 650 figure underrepresents owner-occupied violator households, but both renter-only and total figures indicated similar magnitudes of change.

The two main methods of estimation do not produce the same initial estimate, but both see the number of violator households drop significantly. The 2005 survey and 2005 PUMS data produce fairly similar results. Comparing the 2009 survey with the 2007 PUMS is not ideal, but 2007 is the latest year for which PUMS data is available.

Overall, based on a combination of the estimates, it is estimated that the number of violators has dropped by approximately 2,020 people and the number of violator households has dropped by approximately 491 renter households, and up to 97 additional owner-occupied households.

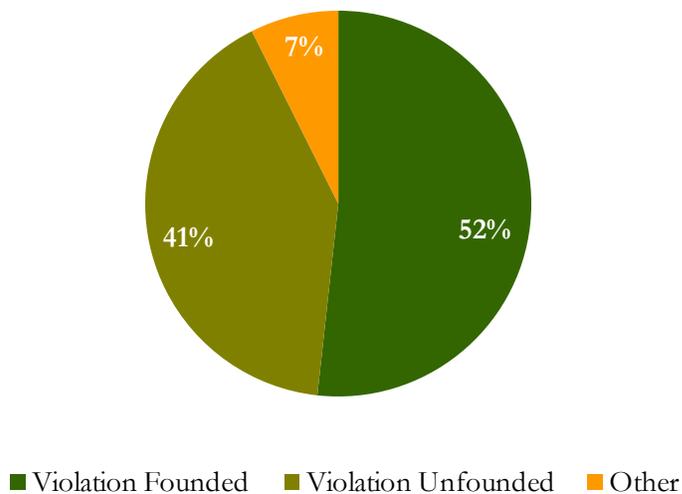
The total estimated drop from 2005 in the number of violator households cannot be fully attributed to the enforcement of the ordinance. As noted below, the ordinance directly caused 105 violator households to break up. The other 380 to 480 households were broken up for other reasons; perhaps landlords adhering to the ordinance, tenants not choosing to live in violation, or any number of other reasons completely unrelated to the ordinance. One can easily conclude that the decrease in violator households is not fully driven by the complaint based ordinance enforcement, and likely is the result of voluntary compliance on the part of landlords and/or tenants.

COMPLAINTS AND VIOLATOR HOUSEHOLDS

The overall number of complaints filed with the City in 2007 and 2008 was 200 with 105 being founded and the violators having to find different living arrangements.

Exhibit 3

Status of Occupancy Complaints from 2007 and 2008

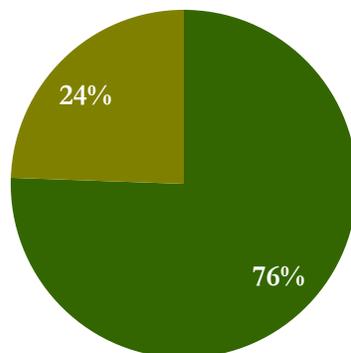


COMPLAINT PROFILE

Through special census data, the previous study found 70% of the violators were male. A total 86% of the houses for which complaints were filed had the gender of at least some of the tenants identified in the records, and just over three quarters (76%) of the households were primarily male based on those records. (“Primarily male” is defined as having a majority of named violators in a violator household being male.) This implies male households may be slightly more likely to be reported and forced to move than female households, though the prevalence of complaints against male households is mainly due to the fact that they’re much more common.

Exhibit 4

Composition of Founded Violator Households



- Households with Males or Mostly Males
- Households with Females or Mostly Females

MARKET IMPACTS

PREDICTED IMPACT ON RENTAL MARKET

The following estimates are based on the housing choice of people of similar age as the violators. It is meant to be a model of violators' likely housing choices if they were forced to break up their household due to ordinance violation.

From the 2005 study, under strict enforcement, a total of 1,070 rental units are in violation of the ordinance and would be forced to downsize or dissolve. This 2009 study has shown that 491 rental households (2,295 violators) have actually downsized or dissolved:

These 2,295 renters from the 491 households would reform into 1, 2, or 3-person households. Based on the 2005 research, the research team estimates that the ratio will be as follows:

- 119 of these people will form new one-person households, for a total of 119 new one-person households.
- 1,156 of these people will form new two-person households, for a total of 578 new two-person households
- 1,020 of these people will form new three-person households, for a total of 340 new households.

This is a total of 1,037 new households. When considering that 491 violator housing units would re-enter the housing market, the net impact on the rental market is 546 new units in demand, which amount to roughly 1.5 percentage points of vacancy rate change. If another 97 owner-occupied units ceased to exist, the vacancy-rate impacts would rise to roughly a 1.8 percentage point impact on vacancy rates, or 654 units.

While these changes in behavior may or may not have been fully the impact of the ordinance, it is not unreasonable to assume that the ordinance was the primary factor.

Note that, since 70 percent of the violator households were occupied by college students, and since rental households tend to be relatively transient anyway, the changes may not be actual breakups of existing households. Some of those households likely broke up naturally due to college graduation, tenants moving for jobs or personal reasons, or other factors. The decline may instead be a decreased formation of new violator households after existing households cycle out of existence.

OBSERVED CHANGES IN RENTAL HOUSING MARKET

The above changes estimate the impact of the ordinance on the housing market, based on assumptions about violators' housing choices in the event of disbanding their households (or in the case of new students, making choices other than large households). An analysis of overall market changes in Fort Collins may be instructive in determining the relative scale of these changes within other forces that affect the rental market.

In order to examine overall changes in the rental market, Corona Research used Colorado Department of Housing data to analyze rental prices and vacancy rates. Housing trends are likely changing as a result of the recent downturn in the economy and the housing market, so comparisons

using only Fort Collins data may not be completely illustrative. In order to account for this external interference, four other metro areas in Colorado of similar size were also examined and compared, using the same data source. This source contained data on the (combined) Fort Collins/Loveland market, Colorado Springs market, Grand Junction market, Greeley market, and Pueblo market as comparables.³ It should be noted that the data below is for multifamily homes as single family home data is not available for Fort Collins.

The time periods were chosen because 2003 is the oldest data for which all cities had consistent data, and the period of 2006-2008 has values that reflect changes from the post-ordinance period to the most recent data. However, the time period has some uncertainty because, while enforcement began in 2007, education and registration began in 2006. Based on previous data, it appears that the year 2006 may have seen the biggest change in rental patterns due to the ordinance.

RENTAL PRICES

Rental price trends in the four cities, plus the Fort Collins/Loveland market, are shown below. Since first-quarter and third-quarter data are developed by the Colorado Division of Housing, both sets of figures are shown.

Exhibit 5

First Quarter Rental Values – Multi-Family Units

	Average Rent				Rental Price Change				
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$743.27	\$748.88	\$760.21	2%	\$16.94	1%	\$5.61	2%	\$11.33
Colorado Springs	\$658.26	\$703.10	\$689.65	5%	\$31.39	7%	\$44.84	-2%	-\$13.45
Grand Junction	\$472.71	\$557.91	\$648.57	37%	\$175.86	18%	\$85.20	16%	\$90.66
Greeley/Weld County	\$590.67	\$625.10	\$636.38	8%	\$45.71	6%	\$34.43	2%	\$11.28
Pueblo	\$460.39	\$474.97	\$497.11	8%	\$36.72	3%	\$14.58	5%	\$22.14

Comparing first quarter rents among the cities, Fort Collins had the highest average rent in 2003 among the five cities, but the lowest increases from 2003 to 2008, both in dollar amount and in percentage increase. While there has been some slight acceleration in the 2006-2008 time period, the increases were only at the median of the five cities.

³ Another potential comparable city, Boulder, did not have directly comparable data as it is included in the metro Denver area, which is a separate study by the Colorado Division of Housing and which is not reported in the same manner.

Exhibit 6

Third Quarter Rental Values – Multi-Family Units

	Average Rent				Rental Price Change				
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$721.84	\$766.14	\$854.38	18%	\$132.54	6%	\$44.30	12%	\$88.24
Colorado Springs	\$666.79	\$695.36	\$699.09	5%	\$32.30	4%	\$28.57	1%	\$3.73
Grand Junction	\$488.22	\$566.19	\$670.24	37%	\$182.02	16%	\$77.97	18%	\$104.05
Greeley/Weld County	\$588.50	\$634.45	\$655.11	11%	\$66.61	8%	\$45.95	3%	\$20.66
Pueblo	\$486.81	\$493.95	\$513.97	6%	\$27.16	1%	\$7.14	4%	\$20.02

Comparing third-quarter rents, Fort Collins has seen larger increases than three of the other four cities from the 2003 through 2008, with some acceleration in the most recent time period from 2006 through 2008. The proportional increase was at the median of the five cities from 2003 through 2006 with increases in the two percent annual range, and is the second-highest from 2006 through 2008, with increases of roughly six percent per year.

An average of first-quarter and third-quarter rents is shown below, to provide an estimate of year-round rents. As can be seen, Fort Collins has the highest average rents of the five cities, with rates that have risen ten percent from 2003 to 2008 (tied for second-highest during that period. Much of that increase occurred in the 2006 to 2008 time period.

Exhibit 7

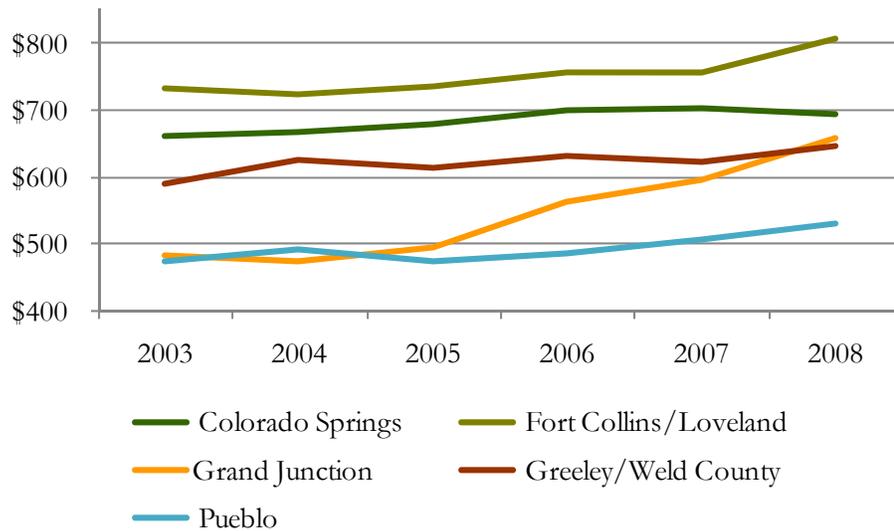
Rental Prices – Annual Estimate

	Average Rent			Rental Price Change					
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$732.56	\$757.51	\$807.30	10%	\$74.74	3%	\$24.95	7%	\$49.79
Colorado Springs	\$662.53	\$699.23	\$694.37	5%	\$31.85	6%	\$36.71	-1%	-\$4.86
Grand Junction	\$480.47	\$562.05	\$659.41	37%	\$178.94	17%	\$81.58	17%	\$97.36
Greeley/Weld County	\$589.59	\$629.78	\$645.75	10%	\$56.16	7%	\$40.19	3%	\$15.97
Pueblo	\$473.60	\$484.46	\$505.54	7%	\$31.94	2%	\$10.86	4%	\$21.08

Note: the rental prices are the average of the first and third quarter prices

Exhibit 8

Plotted Rental Values, All Units



Note: the rental prices are the average of the first and third quarter prices

RENTAL VACANCY RATES

Vacancy rate data is presented below for time periods from 2003 through 2008.

Exhibit 9

First Quarter Vacancy Rates

	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	16%	9%	5%	-10.9	-7.3	-3.6
Colorado Springs	13%	11%	9%	-3.7	-2.1	-1.6
Grand Junction	10%	3%	2%	-8.3	-7.1	-1.2
Greeley/Weld County	11%	8%	7%	-3.4	-2.6	-0.8
Pueblo	8%	9%	6%	-2.3	0.4	-2.7

In 2003, all five metro areas had vacancy rates above what is normally considered an ideal rate of approximately 3 to 5 percent (low enough to be profitable for landlords and high enough to offer housing choice to tenants). Declines in vacancies were observed in all markets over the next five years. By 2008, Grand Junction was at a level below what is normally considered healthy, while Fort Collins was in the typical healthy range.

Fort Collins has seen the largest decline in vacancy rates of any of the five cities during the 2003 through 2008 time period, with a decline of nearly 11 percentage points. However, this decline has taken the market from a previously unhealthy level for landlords to a healthy level, so as noted earlier the effect on prices is not particularly large compared to other cities where vacancy rates have not changed so strongly.

Exhibit 10

Third Quarter Vacancy Rates

	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	12%	8%	4%	-8.1	-4.1	-4.0
Colorado Springs	11%	11%	9%	-2.1	0.0	-2.1
Grand Junction	9%	3%	2%	-6.3	-5.9	-0.4
Greeley/Weld County	10%	7%	6%	-4.3	-2.5	-1.8
Pueblo	10%	8%	7%	-3.4	-2.2	-1.2

Similar to the first-quarter figures, declines in vacancies were seen in all markets. Fort Collins saw the largest decrease in vacancy rates between 2003 and 2008. For the third quarter in 2008, vacancy rates dropped into the ideal vacancy rate range of 3 to 5 percent.

By doing a simple combination of first-quarter and third-quarter vacancy rates, an overall vacancy rate portrait can be prepared, as shown below.

Exhibit 11

Vacancy Rates – Annual Estimates

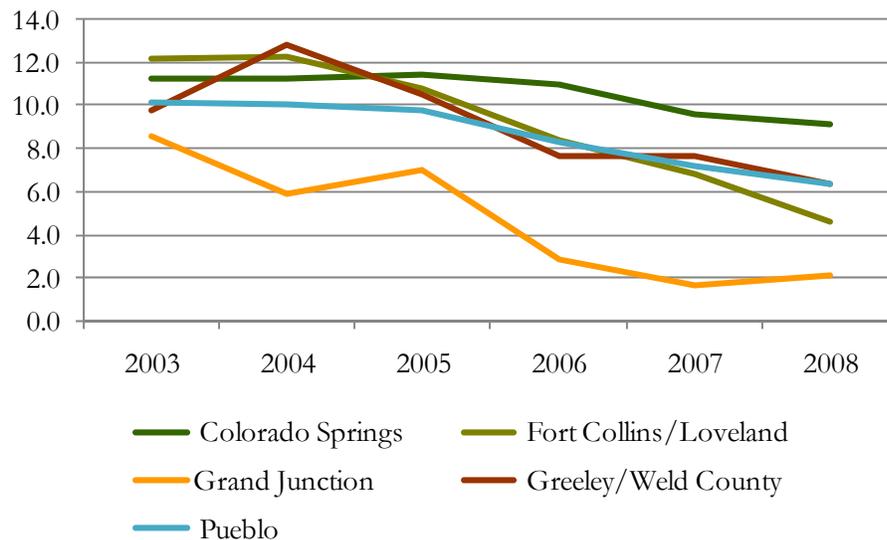
	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	14%	8%	5%	-9.5	-5.7	-3.8
Colorado Springs	12%	11%	9%	-2.9	-1.1	-1.9
Grand Junction	9%	3%	2%	-7.3	-6.5	-0.8
Greeley/Weld County	10%	8%	6%	-3.9	-2.6	-1.3
Pueblo	9%	8%	6%	-2.9	-0.9	-2.0

Note: the vacancy rates are a simple average of the first and third quarter rates

In terms of actual vacancy rates, the following exhibit shows that all five metro areas except Grand Junction had vacancy rates at or above what is normally considered an ideal rate of approximately 3 to 5 percent, and also that all five metro areas saw declined in vacancy rates during the period. In the 2003-2008 time frame, Grand Junction has seen a strong decrease in vacancy rate, to the point where that market is seeing an unhealthy shortage of available rental properties. Fort Collins/Loveland has seen a decrease from a previous level that was unhealthy for landlords to a level that is now in the healthy range. Decreases in the other three markets still leave them at a relatively high vacancy rate.

Exhibit 12

Plotted Vacancy Rates, All Units



Note: the vacancy rates are the average of the first and third quarter rates

PRICE CHANGES BY UNIT TYPE

Rental prices by unit size are shown below, for efficiency units as well as 1, 2, and 3-bedroom units. (Again, all are for multi-family units only, since this is the only data gathered by the Colorado Division of Housing in their reports.) Note that for the following tables and graphs, the rental values and the vacancy rates are a simple average of the first and third quarter values for each year.

Exhibit 13

Rental Values, Efficiency Units

	Rent			Rental Price Change					
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$486.74	\$444.00	\$564.66	16%	\$77.93	-9%	-\$42.74	27%	\$120.67
Colorado Springs	\$506.48	\$479.79	\$498.96	-1%	-\$7.52	-5%	-\$26.69	4%	\$19.18
Grand Junction	\$185.65	\$221.81	\$340.49	83%	\$154.85	19%	\$36.17	54%	\$118.68
Greeley/Weld County	\$431.39	\$465.47	\$465.40	8%	\$34.01	8%	\$34.08	0%	-\$0.07
Pueblo	\$266.44	\$361.60	\$357.50	34%	\$91.07	36%	\$95.16	-1%	-\$4.10

For efficiency units, three of the five cities have seen notable price increases from 2003 to 2008, and Fort Collins is the median in terms of price increases at roughly 3 percent per year. Fort Collins has the highest overall prices.

Exhibit 14

Plotted Rental Values, Efficiency Units

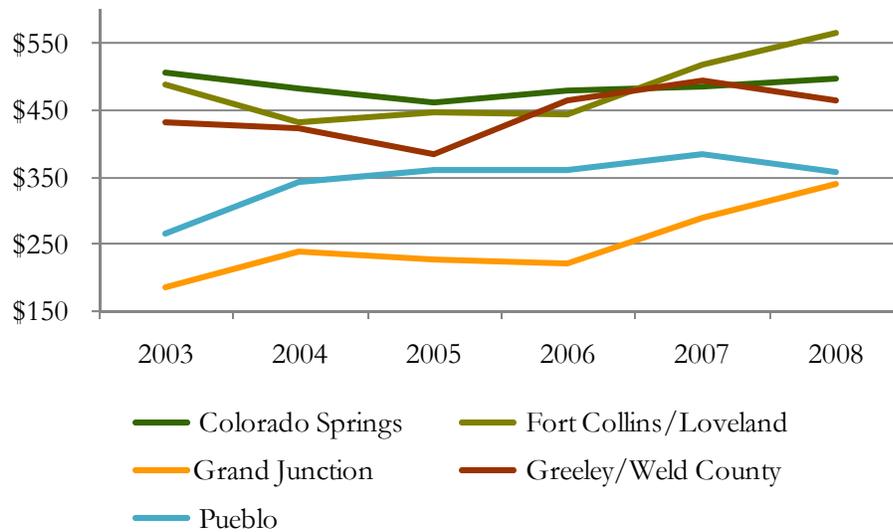


Exhibit 15

Rental Values, 1 Bedroom Units

	Rent			Rental Price Change					
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$625.61	\$669.46	\$796.95	27%	\$171.34	7%	\$43.85	19%	\$127.49
Colorado Springs	\$582.79	\$610.77	\$839.10	44%	\$256.31	5%	\$27.98	37%	\$228.33
Grand Junction	\$399.53	\$517.35	\$602.97	51%	\$203.45	29%	\$117.82	17%	\$85.63
Greeley/Weld County	\$555.86	\$547.82	\$708.05	27%	\$152.19	-1%	-\$8.04	29%	\$160.23
Pueblo	\$429.01	\$439.00	\$619.00	44%	\$189.99	2%	\$9.99	41%	\$180.00

For one-bedroom units, all five cities have seen notable price increases from 2003 to 2008, with Fort Collins seeing the lowest increases overall. Fort Collins has the second-highest overall prices.

Exhibit 16

Plotted Rental Values, 1 Bedroom Units

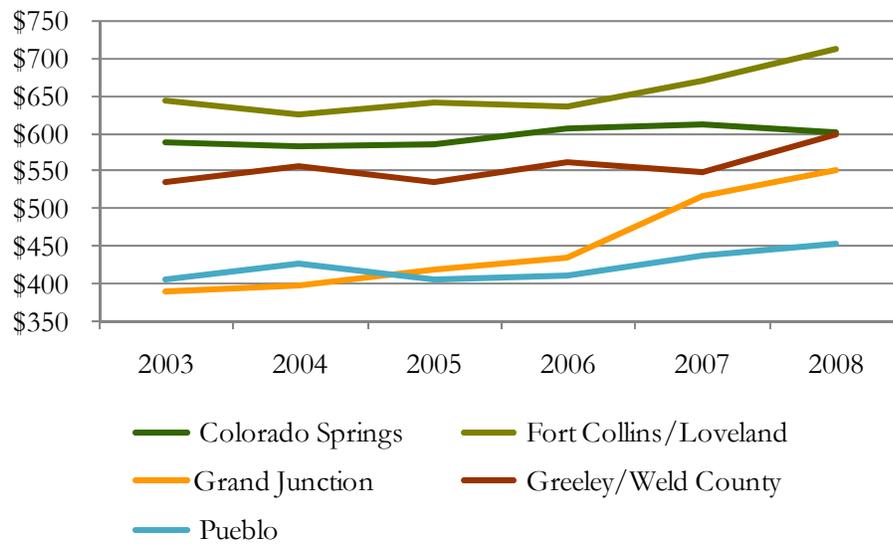


Exhibit 17

Rental Values, 2 Bedroom Units

	Rent			Rental Price Change					
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$754.66	\$766.53	\$810.51	7%	\$55.84	2%	\$11.87	6%	\$43.98
Colorado Springs	\$733.61	\$758.89	\$778.31	6%	\$44.70	3%	\$25.29	3%	\$19.42
Grand Junction	\$529.28	\$642.45	\$742.52	40%	\$213.25	21%	\$113.17	16%	\$100.08
Greeley/Weld County	\$642.34	\$672.22	\$704.56	10%	\$62.22	5%	\$29.88	5%	\$32.34
Pueblo	\$546.70	\$598.55	\$711.62	30%	\$164.93	9%	\$51.86	19%	\$113.07

For two-bedroom units, two of the five cities have seen notable price increases from 2003 to 2008, and Fort Collins had relatively small price increases of less than one percent per year (though with some acceleration in recent years). Fort Collins has the highest overall prices.

Exhibit 18

Plotted Rental Values, 2 Bedroom Units

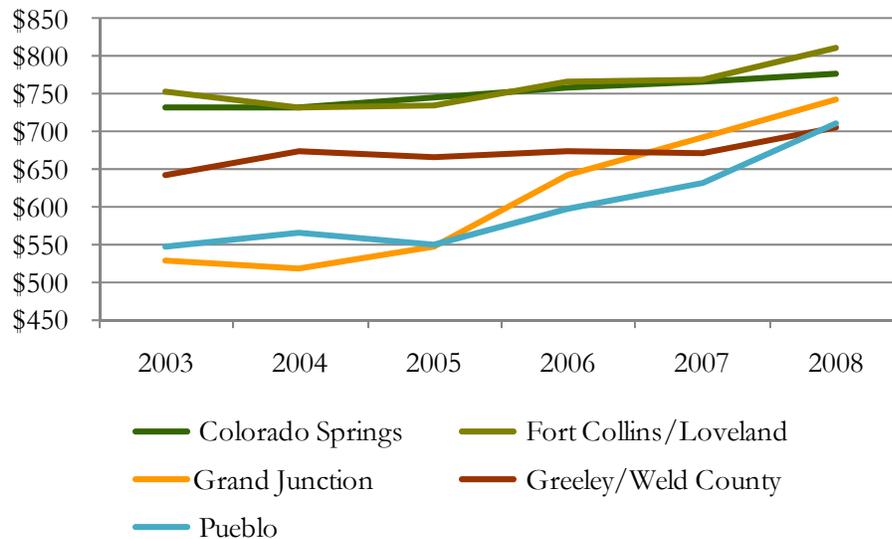


Exhibit 19

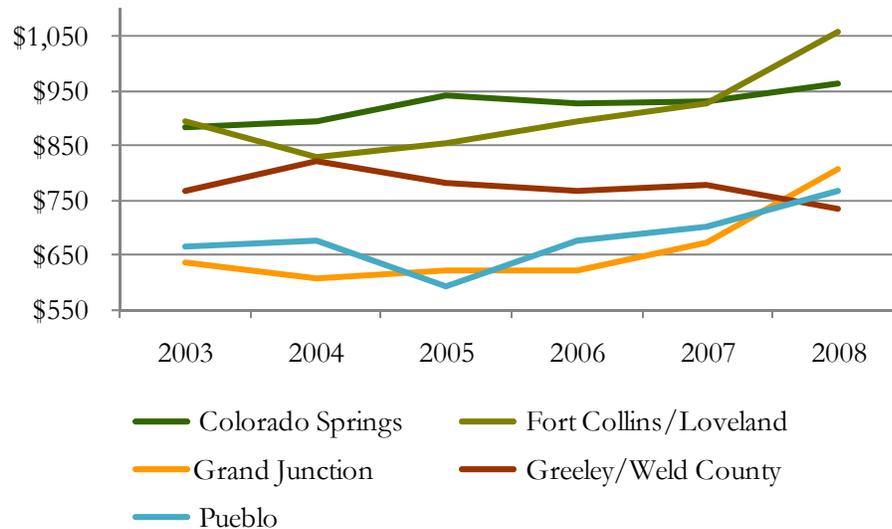
Rental Values, 3 Bedroom Units

	Rent			Rental Price Change					
	2003	2006	2008	2003-2008	2003-2008	2003-2006	2003-2006	2006-2008	2006-2008
Fort Collins/Loveland	\$895.06	\$892.65	\$1,059.16	18%	\$164.10	0%	-\$2.41	19%	\$166.51
Colorado Springs	\$883.71	\$924.80	\$962.03	9%	\$78.32	5%	\$41.09	4%	\$37.23
Grand Junction	\$634.00	\$620.78	\$807.31	27%	\$173.31	-2%	-\$13.22	30%	\$186.53
Greeley/Weld County	\$768.09	\$767.39	\$736.17	-4%	-\$31.92	0%	-\$0.70	-4%	-\$31.22
Pueblo	\$664.14	\$676.88	\$767.82	16%	\$103.68	2%	\$12.75	13%	\$90.94

For three-bedroom units, three of the five cities have seen notable price increases from 2003 to 2008, with Fort Collins showing the second-highest proportional increase. Those increases have occurred in the 2006 to 2008 time frame only. Fort Collins has the highest overall prices.

Exhibit 20

Plotted Rental Values, 3 Bedroom Units



VACANCY RATE CHANGES BY UNIT TYPE

Vacancy rates by unit type are shown below, where that data is collected. (Data are not available for all five comparable metro areas.)

Exhibit 21

Vacancy Rates, Efficiency Units

	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	17%	11%	6%	-11.6	-6.5	-5.1
Colorado Springs	9%	9%	9%	0.5	0.1	0.5
Grand Junction	-	2%	-	-	-	-1.5
Greeley/Weld County	-	6%	12%	-	-	5.8
Pueblo	-	6%	6%	-	-	0.2

Efficiency units in Fort Collins/Loveland have seen significant decreases in vacancy rates, though they are currently still slightly above ideal levels from a market perspective.

Exhibit 22

Plotted Vacancy Rates, Efficiency Units

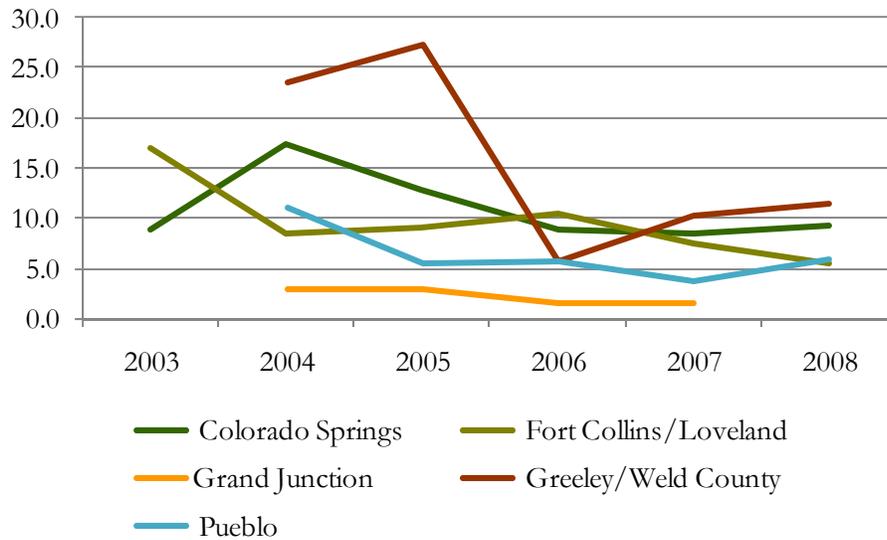


Exhibit 23

Vacancy Rates, 1 Bedroom Units

	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	8%	5%	3%	-4.7	-3.2	-1.5
Colorado Springs	11%	8%	8%	-3.0	-2.4	-0.6
Grand Junction	3%	1%	3%	-0.7	-2.1	1.4
Greeley/Weld County	10%	6%	6%	-4.6	-3.8	-0.8
Pueblo	10%	8%	6%	-3.9	-1.8	-2.1

One-bedroom units in Fort Collins/Loveland have seen significant decreases in vacancy rates, and are currently at the lowest end of ideal levels from a market perspective.

Exhibit 24

Plotted Vacancy Rates, 1 Bedroom Units

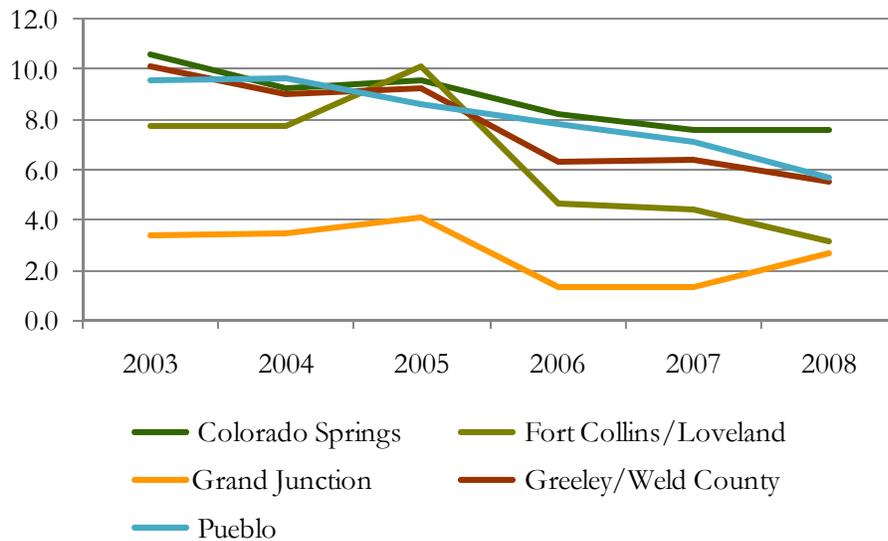


Exhibit 25

Vacancy Rates, 2 Bedroom Units

	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	13%	8%	4%	-9.4	-5.9	-3.5
Colorado Springs	12%	13%	10%	-2.1	0.6	-2.7
Grand Junction	14%	3%	2%	-11.7	-10.6	-1.1
Greeley/Weld County	9%	8%	7%	-1.9	-0.7	-1.2
Pueblo	10%	9%	8%	-1.8	-1.1	-0.7

Two-bedroom units in Fort Collins/Loveland have seen significant decreases in vacancy rates, and are currently in the range of ideal levels from a market perspective.

Exhibit 26

Plotted Vacancy Rates, 2 Bedroom Units

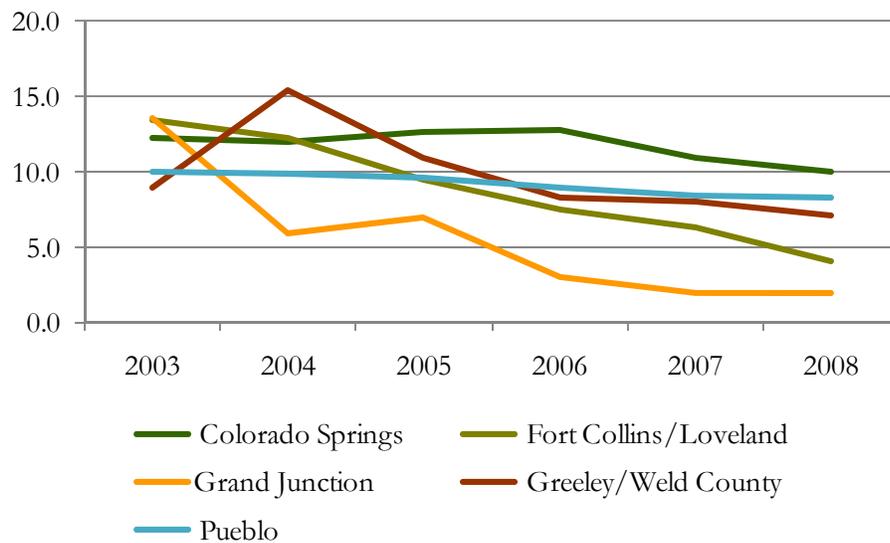


Exhibit 27

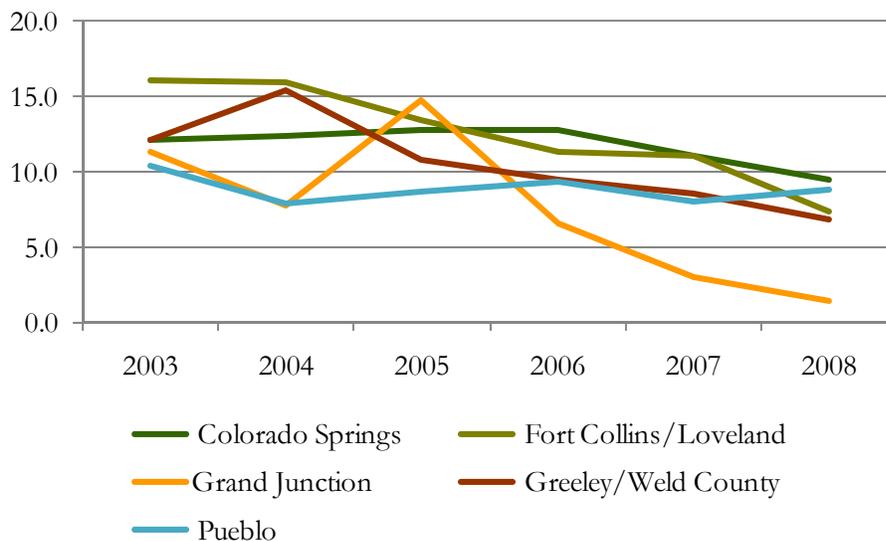
Vacancy Rates, 3 Bedroom Units

	Vacancy Rate			Vacancy Rate Change		
	2003	2006	2008	2003-2008	2003-2006	2006-2008
Fort Collins/Loveland	16%	11%	7%	-8.8	-4.8	-4.1
Colorado Springs	12%	13%	10%	-2.6	0.7	-3.2
Grand Junction	11%	7%	2%	-9.9	-4.7	-5.2
Greeley/Weld County	12%	9%	7%	-5.3	-2.6	-2.6
Pueblo	10%	9%	9%	-1.6	-1.1	-0.5

Three-bedroom units in Fort Collins/Loveland have seen significant decreases in vacancy rates, but are currently still well above the range of ideal levels from a market perspective.

Exhibit 28

Plotted Vacancy Rates, 3 Bedroom Units



OBSERVED CHANGES IN NEIGHBORHOOD ISSUES

The following section contains the key findings from the 2009 survey. Appendix A contains the survey instrument. Any instance of the totals not adding up to 100% is due to rounding.

Corona conducted a telephone survey of residents to gather their opinions and knowledge about problem properties in their own neighborhoods. Corona used the same methodology (a telephone survey of 387 residents for a 5% margin of error.) and similar questions as the previous survey to ensure the results can be compared, though it is important to keep in mind that the number of

completed surveys only provided an ability to examine changes with a low level of statistical confidence.

NUMBER OF NEARBY VIOLATORS

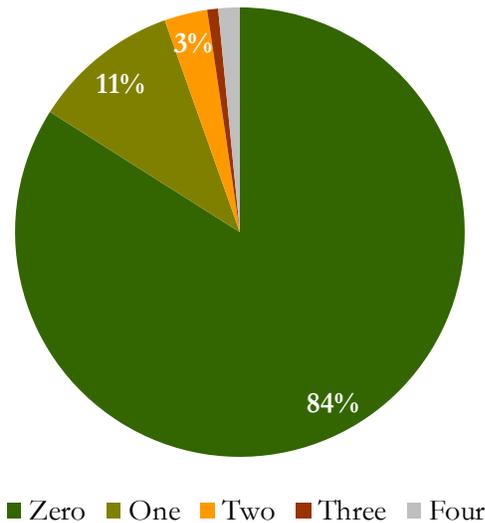
As with the original study, this was one of two methods used to develop estimates of the prevalence of violator housing. Other questions from the previous survey were repeated to examine issues that were corroborated with proximity to violator households.

Exhibit 29

Number of Violators Near Respondents House

Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months?

More than three people who are unrelated to each other living in the house

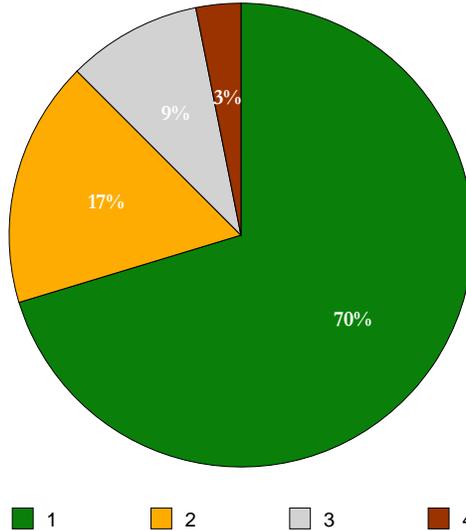


Most respondents do not live near any violators; 17% said they live near a violating household. Because a single violator household could be near up to four other homes, adjustments were made when using these results to estimate the total number of violator households.

Exhibit 30

Number of Violators in Nearby Households

(If they had a violator living nearby) How many of the four houses near you?

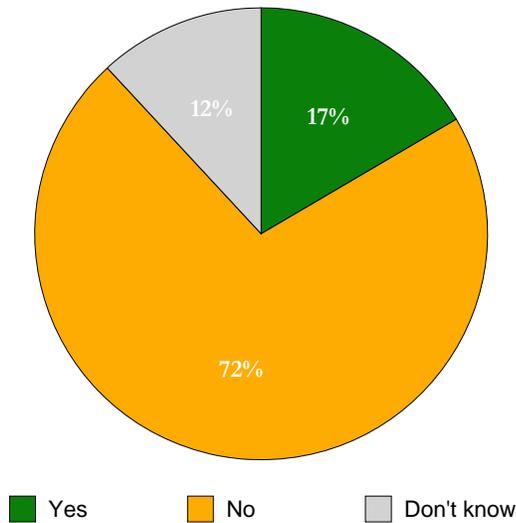


Of those who live near violator households, seven-tenths reported live near one violating household and seventeen percent reported living near 2 violators.

Exhibit 31

Number of Violators Near Respondents House Prior to 2007

Thinking again about the four houses that are closest to you, prior to 2007, did any of them have more than three unrelated adults living together?



Seventeen percent of respondents said that there were violators living in at least one of the nearest four houses in 2007. As seen earlier, seventeen percent of respondents also said that there were violators living in at least one of the nearest four houses in 2009. This indicates either that the number of violators has not decreased during that time (implying that the observed increases occurred earlier, but still after 2005); or that the concentration of violator households has decreased, but there are still such households dispersed in the community (i.e. there used to be three violator households nearby, now there is only one), or perhaps respondents do not have the clearest memory of their neighbors two years ago and reverted to their current neighbors.

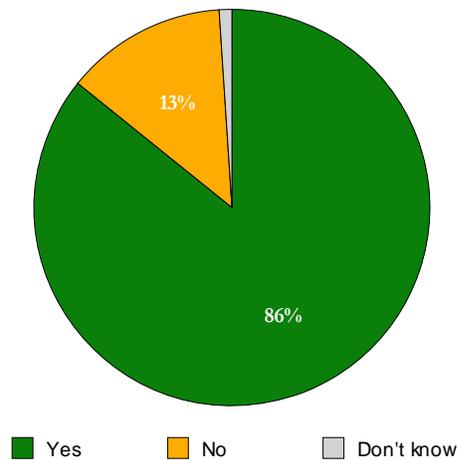
In the 2005 survey, 70% of respondents reported having no neighbors violating the ordinance while the 2009 survey had 84% report having no neighbors violating the ordinance.

AWARENESS OF ORDINANCE

Exhibit 32

Awareness of ordinance

Are you aware of a city ordinance that prohibits more than three unrelated adults from living together?



Over 85 percent of residents are aware of the ordinance.

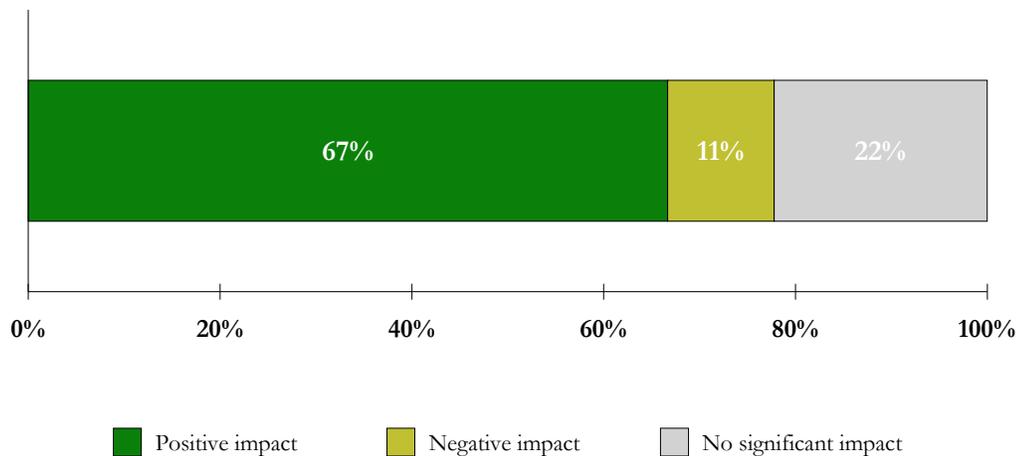
ORDINANCE IMPACT

Exhibit 33

Impact on Neighborhood of those who had a Violating Neighbor Move Out

Asked to those who had a violating neighbors change their living arrangements:

What was the impact of the violating residents moving out on the neighborhood?



Of the 9 (17%) respondents who reported a neighbor violating the ordinance had to move out, 67% said the moving had a positive impact on the neighborhood while only 11% said the impact was negative. When asked to describe the impact on the neighborhood, respondents wrote the following (comments are verbatim and represent all write-in comments):

I think it is a good idea. It seems that when there are more than three unrelated there is a tendency to be more disruptive. It is different than a family situation who is raising a family. Not some twenty-somethings.

The noisy parties, we had people who would be sexually explicit in the street on the cars. We had one who was sleeping on a bench in front of our house. Our bushes were urinated on. So we were happy because of this ordinance we could get these young men moved out.

The rowdiness decreased. They had loud parties, tracks and weeds in the yard, and cars parked inappropriately. The neighborhood got much quieter after they were forced to leave.

They went from a whole bunch of college kids, about five or six. There were parking and lawn problems. Cars parked all over, noise, party things and trash all over, even in our streets.

We had put up with an awful lot from that household including noise complaints. So, when they had to move out, everyone was delighted.

Well I think our kids feel safer with the homeless guy gone that was living in the trailer on the lawn.

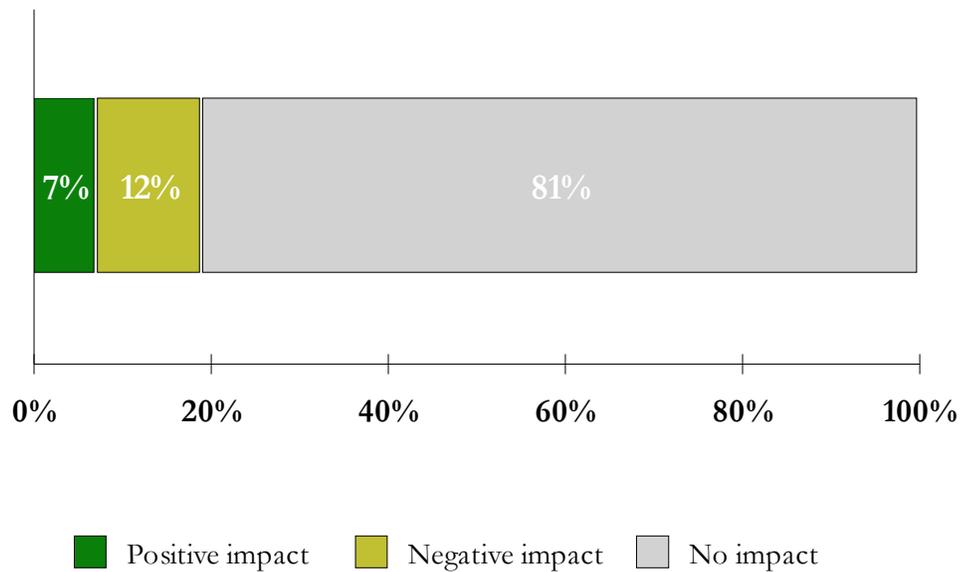
Partying, all hours of the night and cars parked everywhere. They were college students. The upkeep of the house at that time was very poor. The noise that they made was the biggest factor.

(Note that all responses are verbatim and not edited for content.)

Exhibit 34

To those Who own Rental Property: What impact has the ordinance had?

What kind of impact has the ordinance had your rental properties?



Of the 11% of respondents who owned rental property, 81% said the ordinance has had “No significant impact” on them. This is significantly more than those who reported either a “Positive” or “Negative” impact. Of those who said the ordinance had an impact, more respondents said the ordinance has had a negative impact than a positive impact. When asked to describe the impact, respondents wrote (comments are verbatim and represent all write-in comments):

We did have the problem with college kids renting the property prior to enforcement of the ordinance. We had to do some evictions when the renters were college students. Now we are getting better tenants in and they are keeping the property up better. When the college kids lived there, they didn't want to take any responsibility for the house. And it seems like there was more destruction of the property with parties when the college kids lived there. When you get families all related living there, you don't have this problem.

It is one of those things you hear, that the ordinance limits the owner in terms of the individuals who can rent your home. It significantly lowers the people living in your house and, depending on the neighborhood, it could be positive because it creates more demand. I don't like the ordinance and think they can fix other problems that need to be addressed.

We have four bedroom rental houses that we can now only rent to three college students. So now they have to pay more rent. It hasn't affected us as far as being able to keep the property rented out. I think that is because of the economy and people are losing their houses, so they turn to rental properties. We have had to tell our renters that they cannot move extra people into the house.

Because it's single family homes that are renting the properties so it keeps the neighborhoods quiet and it's nicer that way.

I own a condominium in a high rise building. I think it would be ridiculous to have three unrelated people living in there. It would be too disruptive. I think the ordinance controls this.

My area is over by CSU, it is a problem to have less than two unrelated for college students to rent or more people to help afford rent during this time.

Quality of clients has been diminished, along with resale value going down, excessive cost to comply.

Too much government makes people move away. That is it.

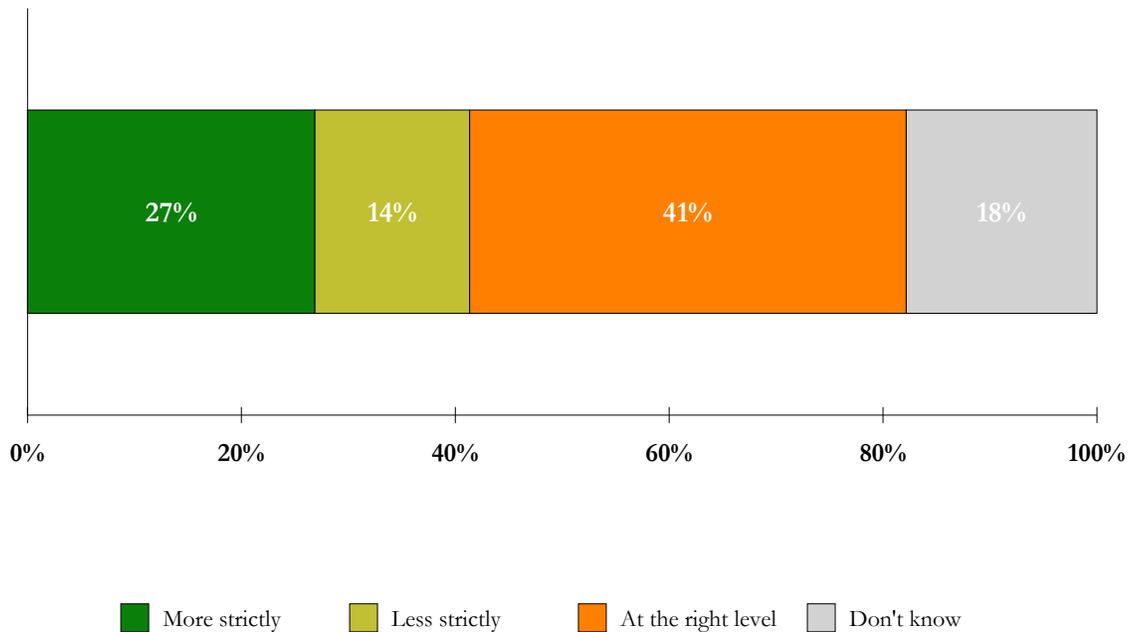
(Note that all responses are verbatim and not edited for content.)

PREFERRED ORDINANCE ENFORCEMENT

Exhibit 35

Preferred enforcement of the ordinance

How strictly would you prefer to see enforcement of the city ordinance that limits the number of unrelated adults who can share a house to three people?



More respondents said the ordinance is being enforced “At the right level” than any other response. Thirteen percent more responded that they wanted the ordinance enforced “More Strictly” than those who wanted the ordinance enforced “Less Strictly”, or about double the rate.

Exhibit 36

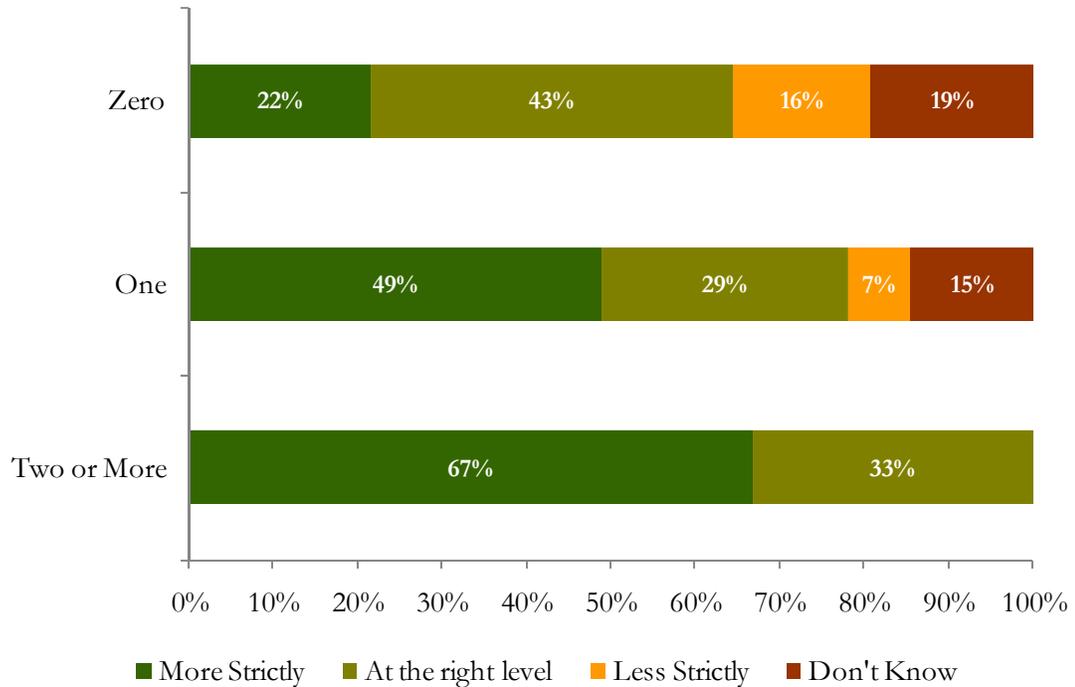
Preferred enforcement of the ordinance by number of nearby violators

How strictly would you prefer to see enforcement of the city ordinance that limits the number of unrelated adults who can share a house to three people?

Combined with:

Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months?

More than three people who are unrelated to each other living in the house?



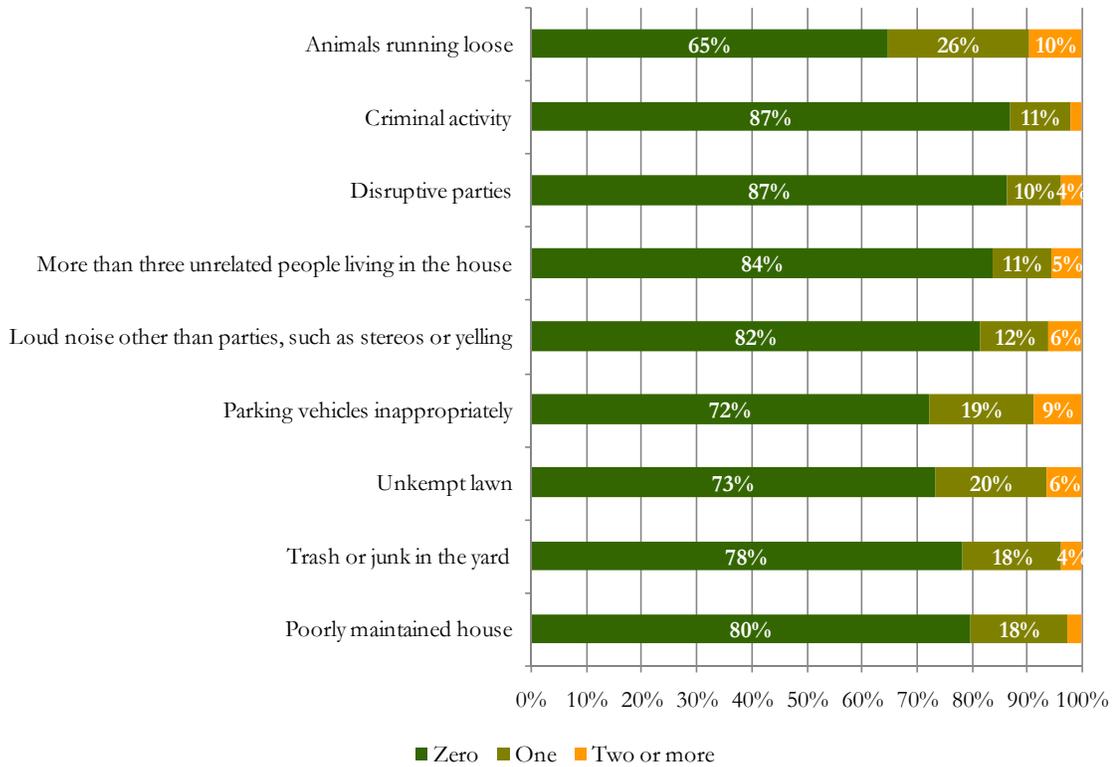
The more violator households respondents lived near, the more likely they were to say the ordinance should be enforced “more strictly.” Those living near two or more violators were more than three times as likely to say the ordinance should be enforced more strictly than those living near zero violators. (Note that there were only 21 respondents reporting that they live near two or more violators.) Respondents not living near any violators were more than twice as likely to say the ordinance should be enforced “less strictly” than those living near one violator, and no respondents living near two or more violators said the ordinance should be enforced “less strictly.”

NEIGHBORHOOD PROBLEMS

Exhibit 37

Number of Nearby Homes with Neighborhood Problems

How many of the four homes nearest to yours would you say have had these problems during the past six months?



The most prevalent neighborhood problem is “animals running loose” with 26% reporting at least one house having this problem. “Criminal activity” and “disruptive parties” are the least prevalent neighborhood problem listed with 87% reporting zero neighboring households having these problems.

Exhibit 38

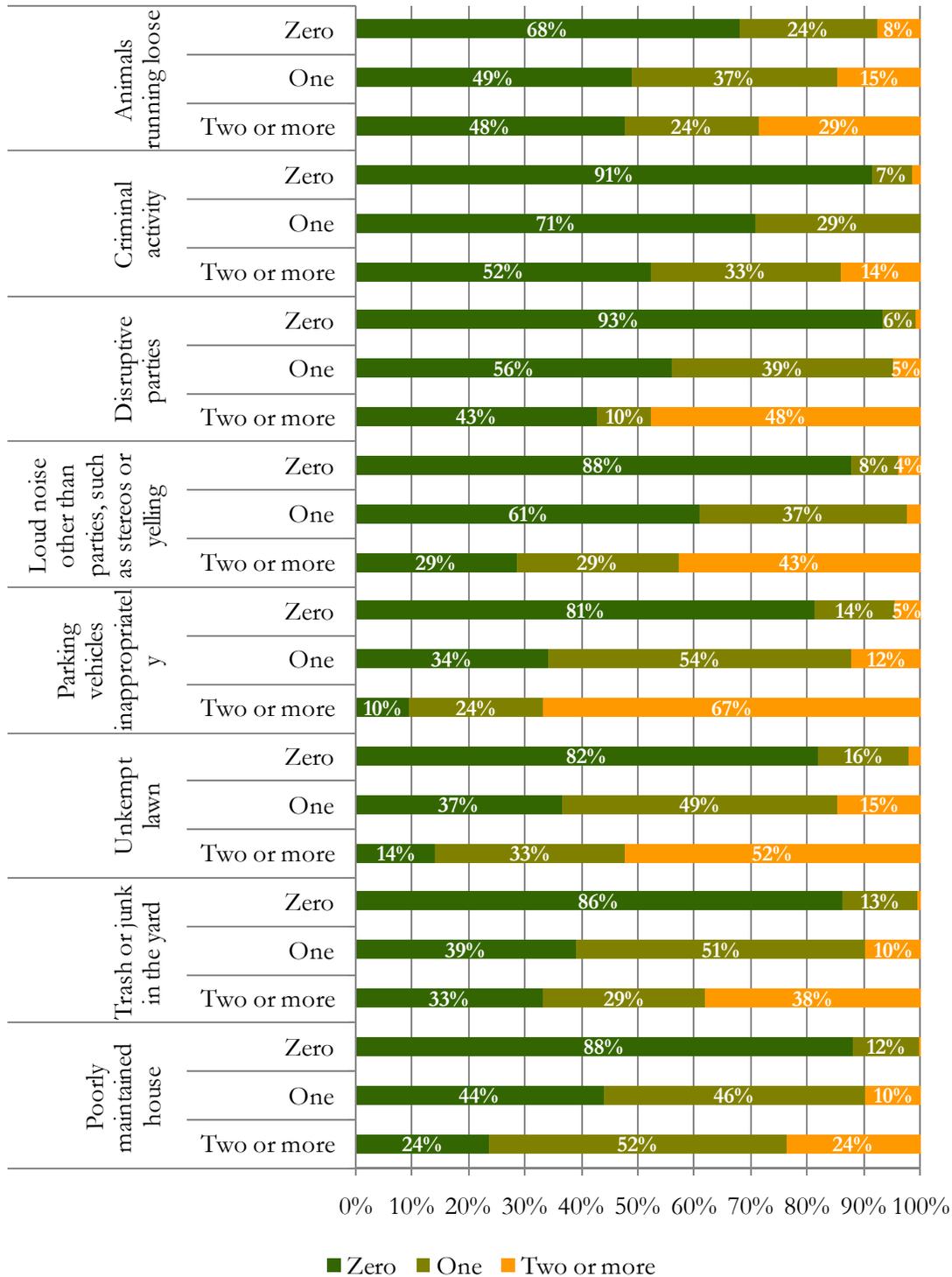
Number of Nearby Homes with Neighborhood Problems, by number of nearby violators

How many of the four homes nearest to yours would you say have had these problems during the past six months?

Combined with:

Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months?

More than three people who are unrelated to each other living in the house?



In every neighborhood problem category, the number of households causing the neighborhood problem increase as the number of “three unrelated” violator households increases. The largest increases are seen in the categories of “parking vehicles inappropriately”, “trash or junk in the yard”, “poorly maintained house”, and “unkempt lawn.” This does not necessarily indicate that the violator households were the offenders because the respondent was not asked to identify the home with the

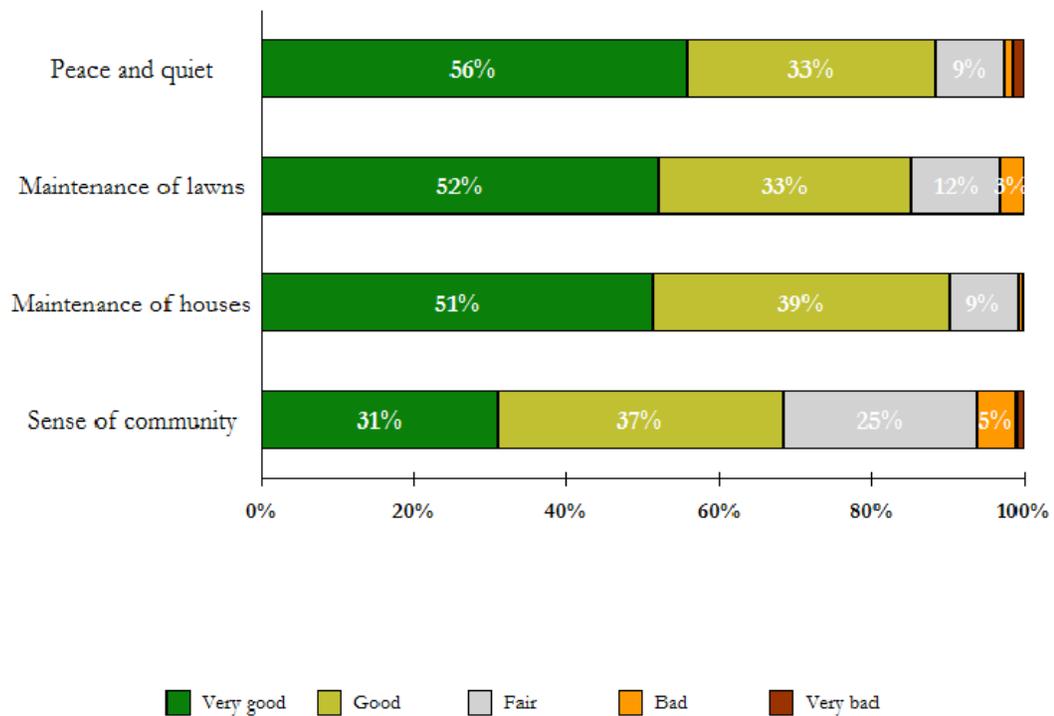
problem. It does imply that people living near violator households observe more problems, though it cannot be proven definitively whether violator households create the problems or whether they simply are located in neighborhoods where the problems are more common. (Other data reported elsewhere, though, indicate higher support for strong enforcement of the ordinance when a respondent lives near one or more violator households.)

NEIGHBORHOOD RATING

Exhibit 39

Neighborhood Rating

How would you rate your neighborhood in terms of the following factors?



Very few respondents rated any neighborhood rating category “bad” or “very bad.” “Sense of community” had the least “very good” or “good” and also had the most “bad” or “very bad” ratings while “maintenance of houses” had the most “very good” and “good ratings.” Overall, very few respondents rated any category as “bad” or “very bad.”

Exhibit 40

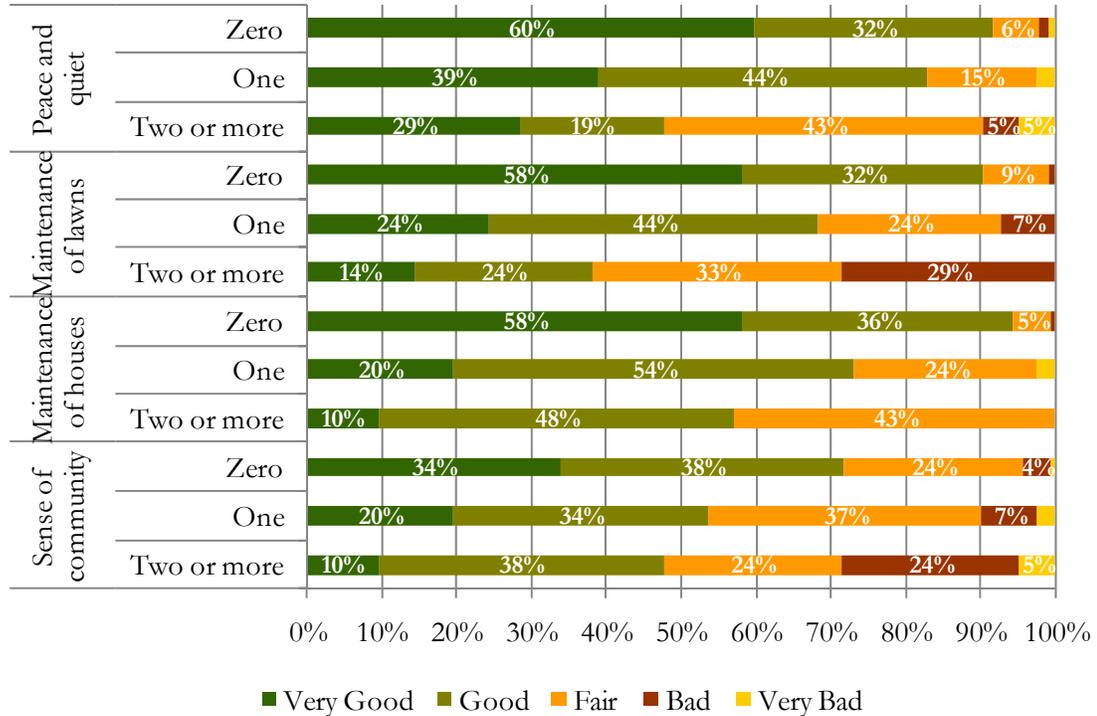
Neighborhood Rating by number of nearby violators

How would you rate your neighborhood in terms of the following factors?

Combined with:

Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months?

More than three people who are unrelated to each other living in the house?



Every neighborhood rating has fewer “good” and “very good” ratings as the number of violator houses goes up. The biggest change is seen in “maintenance of lawns.” Those living near two or more violators are significantly more likely to rate a category “bad” and “very bad.” As stated with the analysis of neighborhood problems, this does not prove (or disprove) a causal link between the presence of violator households and neighborhood rating. Perhaps an area with a high concentration of violators is more likely to have these problems independent of the presence of violator households.

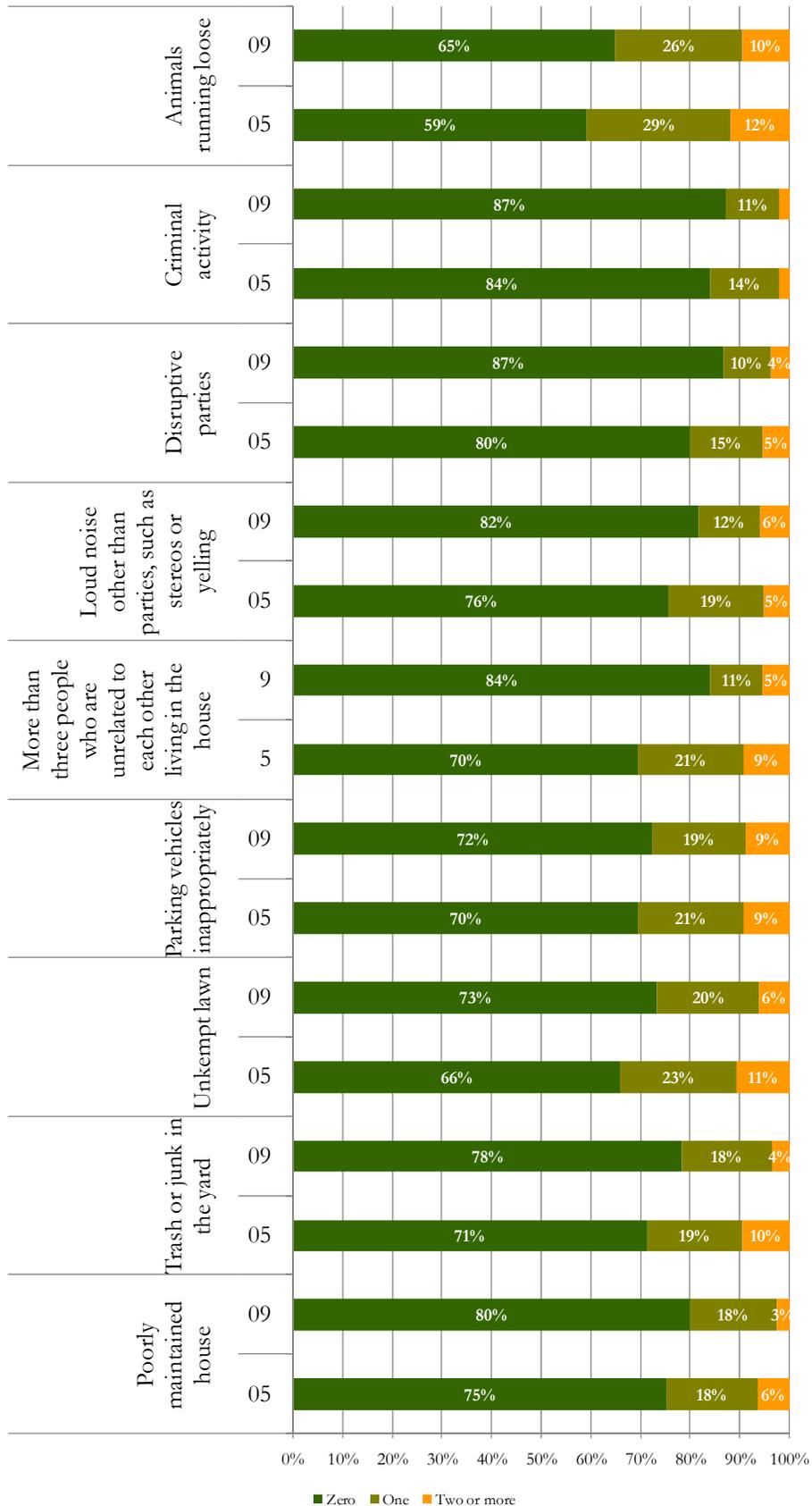
COMPARISON OF 2009 AND 2005 SURVEYS

The following are comparisons of the 2009 survey with the 2005 survey. Neighborhood problems have decreased and neighborhood rating has gone up during this four-year time period. This could be due to a number of factors, of which the enforcement of the ordinance is one possibility.

Exhibit 41

Comparison of Neighborhood Problems

How many of the four homes nearest to yours would you say have had these problems during the past six months?

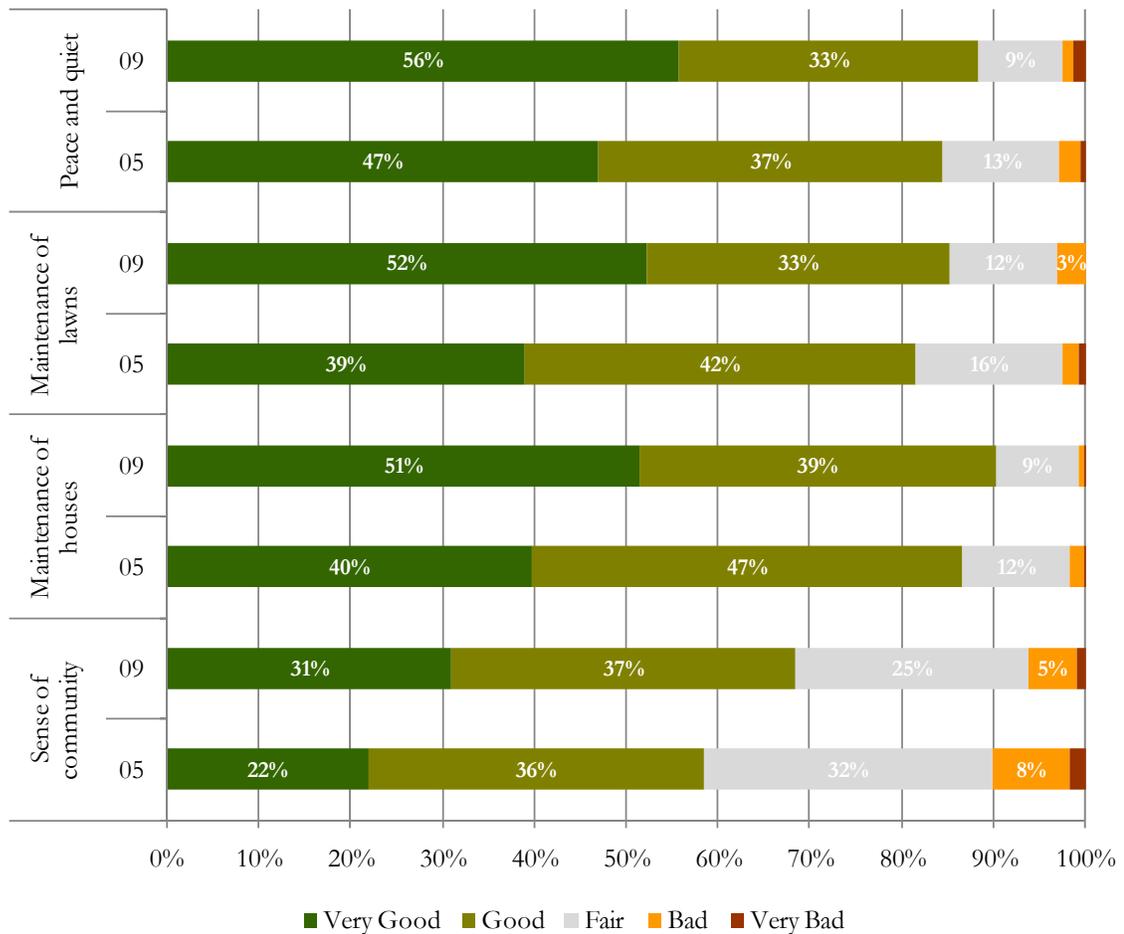


While the differences are small in many cases, every category has seen an increase in the number of households reporting that zero nearby homes have a given problem. The greatest increase of zero houses, 14%, can be seen in the “more than three people who are unrelated to each other living in the same house” which had double the increase of any other change.

Exhibit 42

Comparison of Neighborhood Rating

How would you rate your neighborhood in terms of the following factors?



Every neighborhood rating has seen an increase in “good” and “very good” ratings. The biggest increase has been in “sense of community.”

Exhibit 43

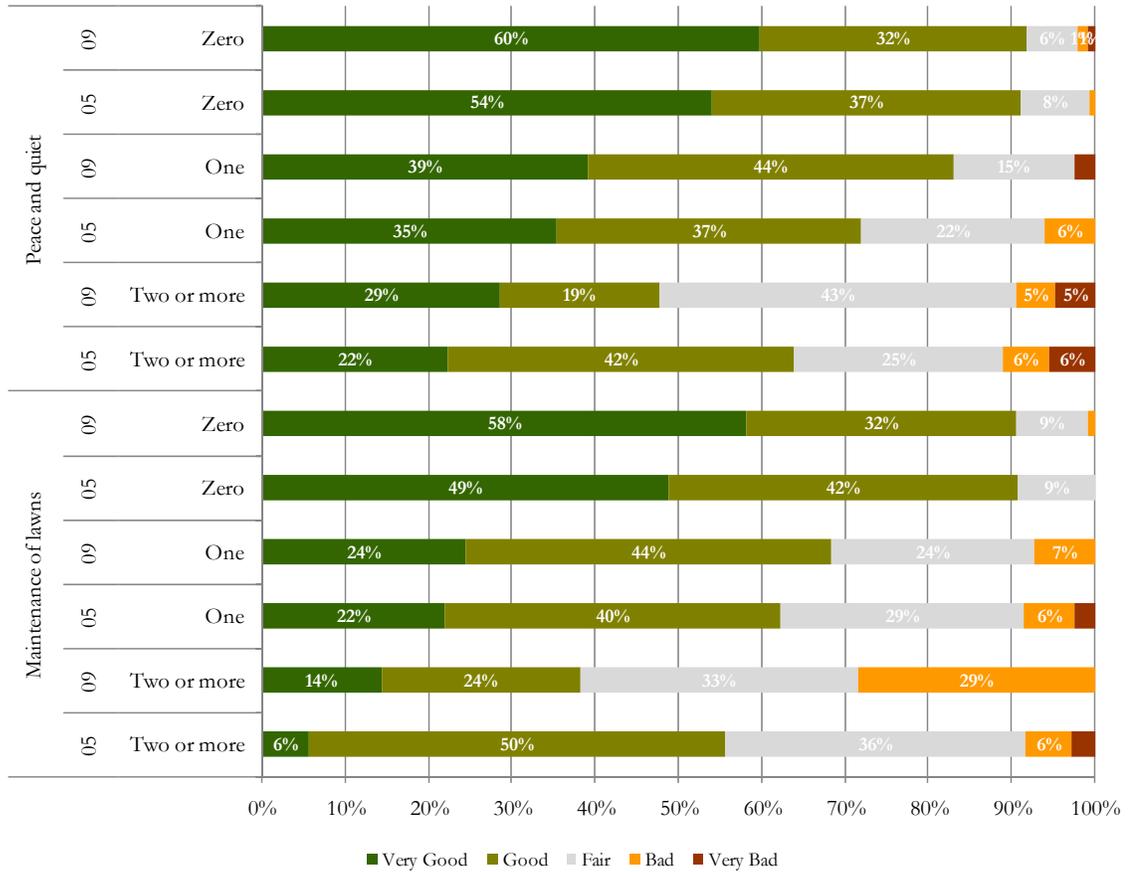
Comparison of Neighborhood Rating by number of nearby violators

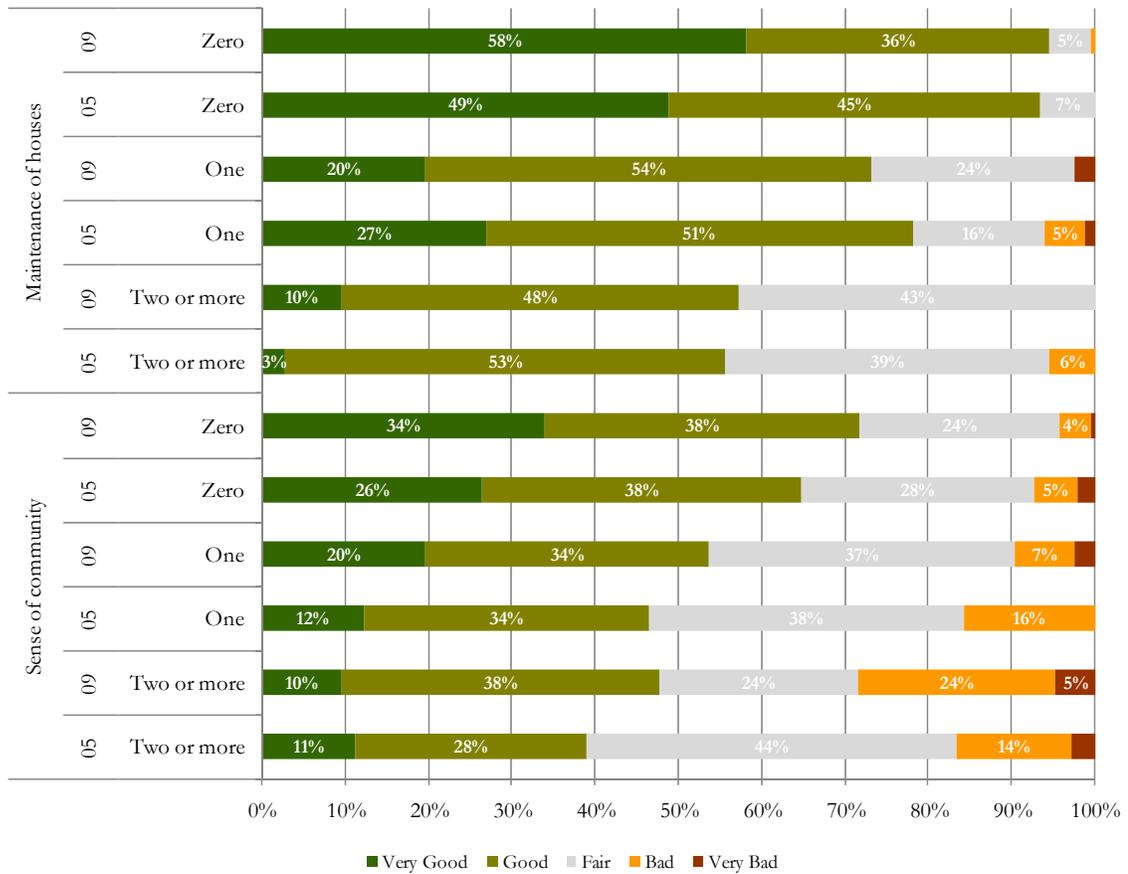
How would you rate your neighborhood in terms of the following factors?

Combined with:

Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months?

More than three people who are unrelated to each other living in the house?





Generally, neighborhood ratings have increased even when controlling for number of violator households nearby. If the only change was the ordinance, one would not expect the neighborhood ratings to improve in instances where there were no violator households. Therefore, while it cannot be proven from this data that the ordinance did not have an impact, it also cannot be proven that the ordinance is the driving factor behind the changes.

Exhibit 44

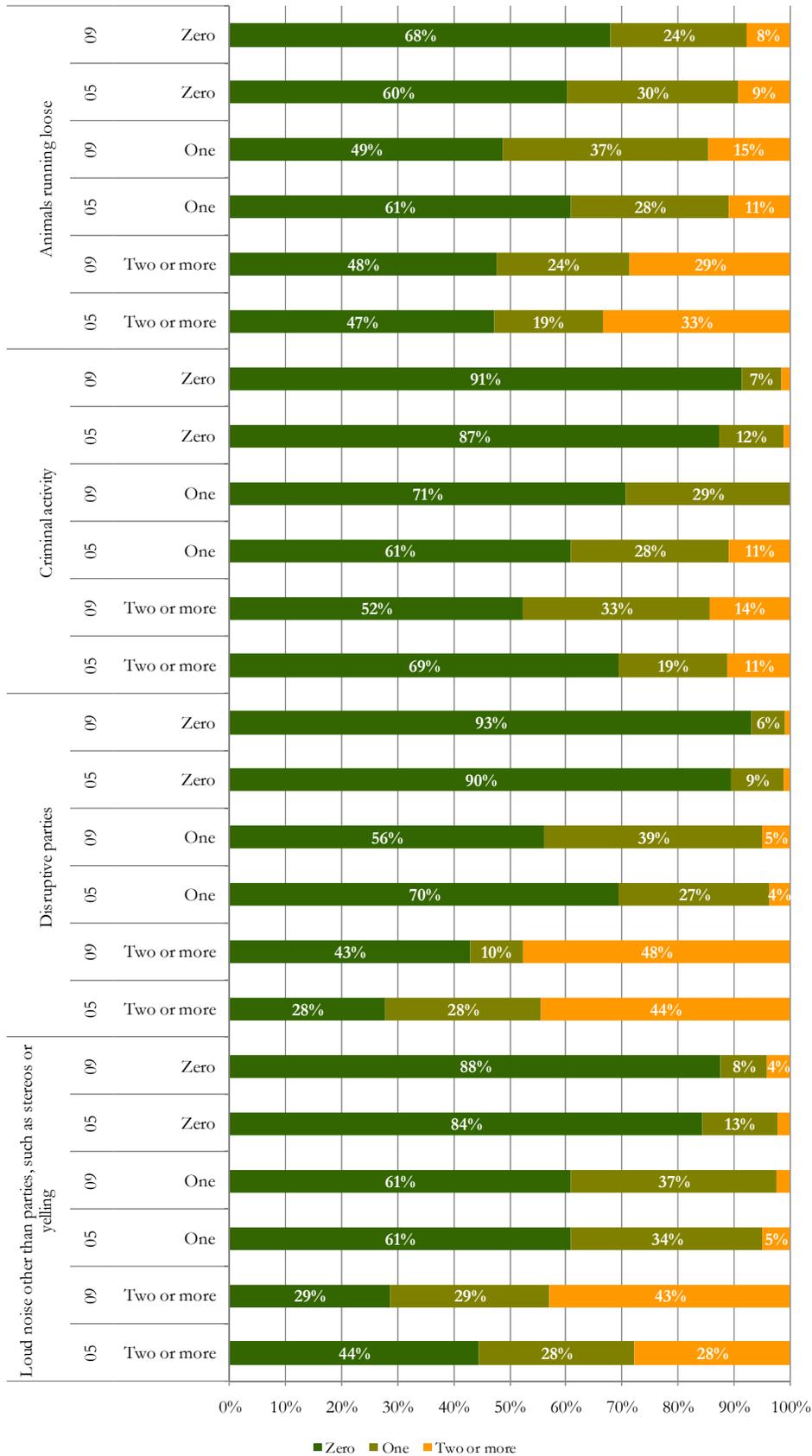
Comparison of Neighborhood Problems by number of nearby violators

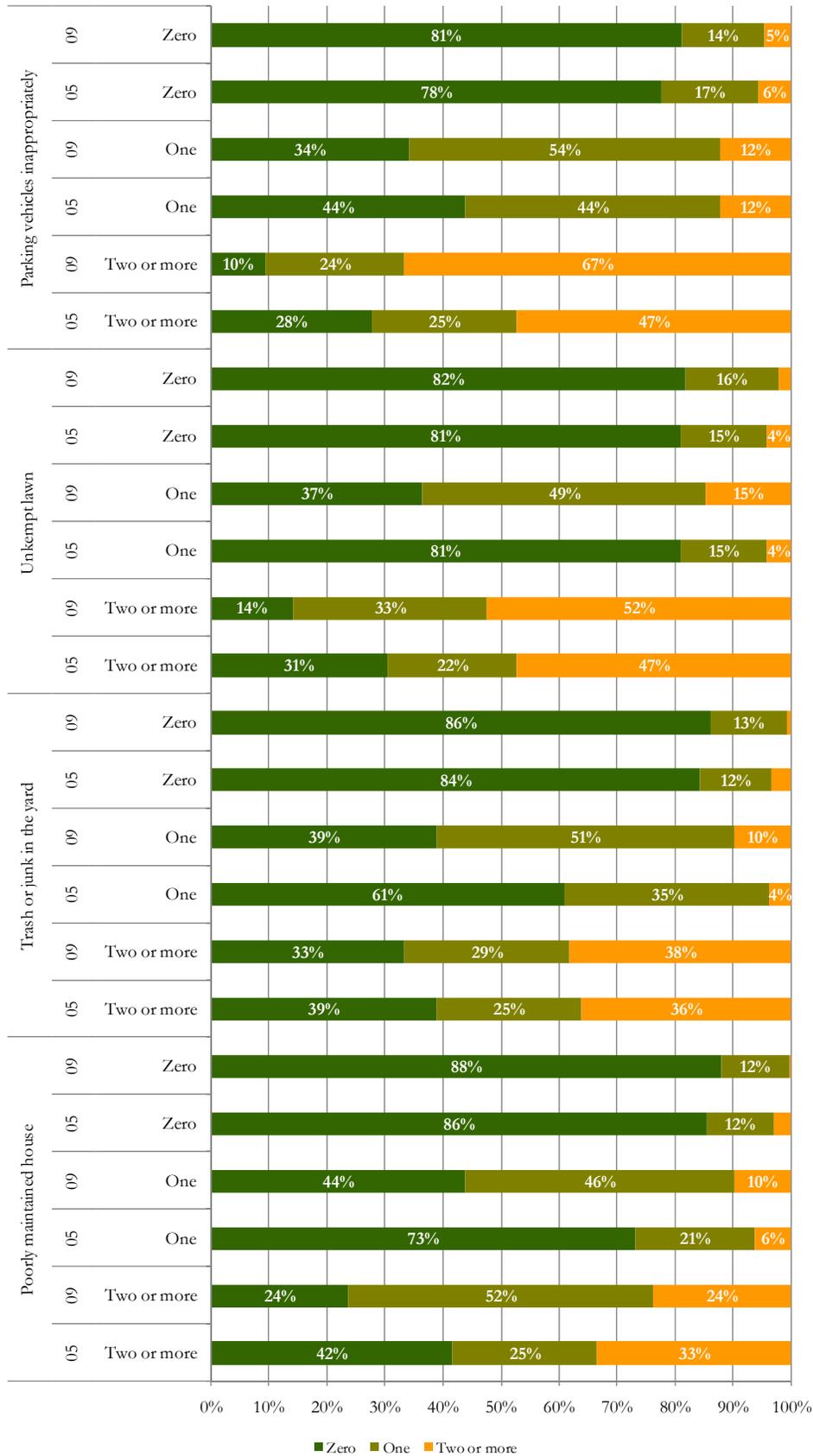
How many of the four homes nearest to yours would you say have had these problems during the past six months?

Combined with:

Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months?

More than three people who are unrelated to each other living in the house? (number of violators shown on the vertical axis)





Those living near two or more violators saw a decrease in animals running loose, criminal activity, and poorly maintained yards. All other categories saw an increase with relatively large increases seen in loud noises other than parties and parking inappropriately.

Those living near zero violators reported fewer instances of every neighborhood in 2009.

Those living near one violator household saw an increase in animals running loose, disruptive parties, unkempt lawns, trash in yards, and poorly maintained houses when compared to 2005. There was a decrease or a no change in the rest of the categories.

Overall, most neighborhood problems have decreased when looking at the complaints in aggregate. This could indicate that of the violators still in the City, they are behaving better than they were in 2005.

IMPACTS ON AN INDIVIDUAL LEVEL

BACKGROUND

Corona conducted telephone interviews with members of three distinct audiences living or having property within Fort Collins city limits including: landlords, tenants (i.e., renters), and “neighbors” (i.e., owners or long-term residents). The City desired to hear from a sample of each of these groups in order to learn about the different ways that each had been affected by the ordinance, as well as to hear their opinions. Findings from the interviews are set forth in this report.

PROJECT DESIGN AND METHODOLOGY

Corona Research conducted a total of 30 in-depth interview sessions, including 10 with each of the three aforementioned audiences. All interviews were conducted over the telephone during the months of March and April, 2009. The following paragraphs describe key factors in the methodology of recruitment and implementation.

Recruitment: Each segment of participants required slightly different methods for recruiting. Corona Research carefully considered the recruiting goals for the project so that information collected would represent a variety of different experiences as well as points of view. The different considerations for recruiting participants in each audience are shown in tables below, and each is accompanied by the process for recruiting.

Note: It should first be explained that, in each segment, some portion of participants were recruited through the telephone survey that was conducted prior to the interviews. At the end of the survey, the participant was asked if they would be interested in participating in further research related to the three-unrelated ordinance. If interested, they provided their first and last name as well as a telephone number. This information was used to subsequently contact a random sample potential interview participants to see if they were still interested, and to then ensure that they qualified.

The tables on the following pages describe the recruiting process for each segment in more detail.

RESEARCH GOALS

It should be emphasized that the research goal of the qualitative research was to understand the “story” of the ordinance’s impacts on various Fort Collins constituent groups. The goal of the interviews was not to develop statistics, and participants were recruited to hear a variety of voices, not necessarily a proportionally representative sample of voices. Because of this, the research team does not report statistics on the proportions of interviewees holding specific viewpoints.

The goal of the qualitative research is to understand how the ordinance impacted people, and to understand any unanticipated impacts. The research also listened for examples of potential improvements to the design or implementation of the ordinance, and to areas of specific support or opposition.

NOMENCLATURE

Throughout this section, the following terms are used to define three groups:

- Landlords – people who own residential property in Fort Collins that they rent to other people.

- Tenants – people who rent residential property in Fort Collins
- Neighbors – people who live in residential property in Fort Collins that they own, or possibly have rented for an extended period as a long-term residence

RECRUITING LANDLORDS

The following chart summarizes both the qualifying characteristics for respondent participation in the study as well as the target profile, or make-up, of landlords to be achieved for the 10 interviews. Recruiting was actively managed and conducted to meet the following parameters.

LANDLORDS (PROPERTY OWNERS OR MANAGERS) – 10 INTERVIEWS	
Qualification parameters	<p><i>Must</i> currently own a property or properties in Ft. Collins city limits that they rent to other people</p> <p><i>Must</i> have been a landlord (a property owner or property manager) in Ft. Collins city limits at least since 2006</p> <p><i>Must</i> be familiar with the ordinance</p>
Target profile of respondents	<p><i>Mix</i> of owners and managers</p> <p><i>At least 5</i> must rent out single family home(s)</p> <ul style="list-style-type: none"> ○ <i>The remaining</i> property owners can have a townhome(s) or an apartment(s) <p><i>Mix</i> of small-, medium-, and large-scale property owners/managers (in terms of how many properties they own/manage)</p> <p><i>Mix</i> of properties with different numbers of bedrooms</p>

Landlords were recruited through two methods to achieve the parameters above. Initially, recruiters placed calls to random survey participants who had expressed interest in participating, and had also stated during the survey that they own property in Fort Collins for the purpose of renting. In addition to these potential respondents, the Corona logistics team researched property owners and managers online, and proactively placed calls to organizations in order to invite qualifying professionals working in the rental market in Fort Collins to participate. This step was crucial to ensure that a mix of property owners and managers were reached for the study.

Important note: No one in any segment was signed up to participate without first making certain that they qualified to participate in the research. The recruiting team used a set of screener questions in order that each person registered met the requirements set, shown in the chart above. The remaining steps of the recruiting process are described later in this section.

RECRUITING TENANTS

The following chart summarizes both the qualifying characteristics for respondent participation in the study as well as the target profile, or make-up, of tenants to be achieved for the 10 interviews. Recruiting was actively managed and conducted to meet the following parameters.

TENANTS – 10 INTERVIEWS

<p>Qualification parameters</p>	<p><i>Must</i> have lived in Ft. Collins city limits continuously since 2006 (rented before and after Jan., 2007)</p> <p><i>Must</i> have at least some level of awareness about the ordinance</p> <p><i>Should</i> have changed addresses within Ft. Collins since Jan. '07</p> <p><i>Must</i> have been a property renter for the time period noted above (does not have to be the same property for the whole time)</p>
<p>Target profile of respondents</p>	<p><i>Mix</i> of students/non-students:</p> <ul style="list-style-type: none"> ○ <i>About 7</i> participants should be college students currently ○ <i>About 3</i> people can be recent graduates or non-students <p><i>Mix</i> of ways that people have been affected by the ordinance:</p> <ul style="list-style-type: none"> ○ <i>3-4</i> who are currently violating the ordinance—that is, they now live in a home with more than 3 unrelated adults (but no one has complained) ○ <i>3-4</i> who did live in a home with more than 3 unrelated, but got kicked out due to ordinance ○ <i>3-4</i> non-violators, but impacted by the ordinance in their own judgment (decided to break up their household due to ordinance or it impacted their decisions for living/visiting arrangements) <p><i>Mix</i> of ages, although most should be 18-25</p>

Tenants were recruited through several methods. Like the ‘landlords’ segment, recruiters placed calls to the public survey participants who had expressed interest in participating, and had also indicated during the survey that they are currently renting. Because there were relatively few people to call from the survey since the survey targeted single-family home dwellers, additional methods of recruiting were employed. Three additional sources were used:

A list was purchased from a commercial list firm of likely renters in the Fort Collins city limits. Letters were sent to each of these addresses, briefly explaining the project and inviting recipients to call Corona offices for more information and to see if they qualify to participate.

Corona Research was provided by the City a list of information concerning complaints that had been placed in the city in 2007 and 2008, related to the occupancy ordinance. This list included names and addresses (in most cases) of both the party placing the complaint, as well as the property that was the focus of the complaint. Corona mailed letters to each of these tenant addresses, inviting residents to call and speak with a Corona representative about participating in the research.

A second commercial list was purchased which provided names of college students living off-campus. A mailing was also directed at these households in order to fill the remaining interview spots and meet the target profile for this segment.

RECRUITING NEIGHBORS

The following chart summarizes both the qualifying characteristics for respondent participation in the study as well as the target profile, or make-up, of neighbors to be achieved for the 10 interviews. Recruiting was actively managed and conducted to meet the following parameters.

NEIGHBORS – 10 INTERVIEWS	
Qualification parameters	<p><i>Must</i> have lived in Ft. Collins city limits continuously since 2006</p> <p><i>Must</i> have at least some level of awareness about the ordinance</p> <p><i>Must not</i> have changed address of residence during the time period noted above</p>
Target profile of respondents	<p>Residents with a <i>mix</i> of different family statuses—avoiding people who are current college students</p> <p>Residents who state a <i>mix</i> of ways they have been affected by the ordinance</p> <ul style="list-style-type: none"> ○ 3-4 who are currently living near at least one violating household ○ 3-4 who have complained about their neighbors because they believed they were violating the ordinance ○ 3-4 who may not fit into either of the above categories, but have noticed either positive or negative changes in their neighborhood because of the ordinance <p><i>Mix</i> of types of properties that they live in:</p> <ul style="list-style-type: none"> ○ 5-6 who live in single-family homes ○ <i>Remaining</i> participants can live in other types of properties (townhomes, apartments)

Neighbors were recruited through two methods. Like the ‘landlords’ segment, recruiters placed calls to the survey participants who had expressed interest in participating, and had also indicated during the survey that they are currently living near a home with more than three unrelated people living there, or had indicated that, since 2007, they no longer live near a home with three unrelated residents where there previously had been.

Additionally, several participants in this segment were recruited from the list provided by the City of Fort Collins described in the ‘tenants’ section above. This was a list of information

concerning complaints that had been placed in 2007 and 2008, related to the occupancy ordinance. This list included names and addresses (in most cases) of both the party placing the complaint, as well as the property that was the focus of the complaint. For recruiting in this ‘neighbors’ segment, Corona mailed letters to the complaining parties, inviting them to call and speak with a Corona representative about participating in the research. Regardless of the result of the complaint, this ensured that some neighbors who had made use of the ordinance in this manner would be represented in the study. At the same time, the research team limited the number of these participants in order to have a diverse mix of residents in the ‘neighbors’ segment.

Follow-up and Confirmation: Once qualified and signed up, all participants were mailed or emailed a confirmation letter reiterating the time and date of the interview. Each registered participant also received a reminder call the evening before the telephone interview to help increase the response rate.

All participants were offered incentives for participation. Each was sent a check \$40 after the completion of the interview as compensation for their time.

Participant Profile: Corona recruited a variety of participants in each of the three respondent segments in order to ensure that multiple viewpoints were captured during the interviews. Three tables summarizing the characteristics of the participants in each segment are provided below. All information presented in each table was collected during the initial screening phone call, as well as some conversation during the interviews:

Exhibit 45

Participant Profile, Landlords

Number of Participants	<ul style="list-style-type: none"> ▪ 10
Gender	<ul style="list-style-type: none"> ▪ 4 male / 6 female
Role in Real Estate Market (some participants fit into more than one category)	<ul style="list-style-type: none"> ▪ Rental property owner (5) ▪ Rental property manager (6) ▪ Real estate agent (1)
Type and Number of Properties Owned or Managed	<ul style="list-style-type: none"> ▪ Single family home(s): 1 (1); 2 (2) ▪ Town home: 1 (1) ▪ Apartment: Numerous properties (1) ▪ Own/work for property management company that manages many properties (4) ▪ N/a (one person was a real estate agent)*
Number of Bedrooms in Properties	<ul style="list-style-type: none"> ▪ 1 (2, 1 person has multiple units) ▪ 2 (1) ▪ 3 (2) ▪ 4 (1) ▪ 5 (1) ▪ Numerous rentals with varying numbers of bedrooms (4)
General Reason(s) Tenant would rent from you	<ul style="list-style-type: none"> ▪ Quiet location (2) ▪ Quality of property (2) ▪ Close to college (1) ▪ In a suburban area (1) ▪ Near Old Town (1) ▪ Low cost (1) ▪ Depends on which property (4)
Length of Time Living in Fort Collins Area (Years)	<ul style="list-style-type: none"> ▪ 8 (1); 22 (1); 26 (1); 34 (1); 35 (1); 36 (1); 50 (2); Entire life (2)
Length of Time Owning/Managing in Fort Collins (Years)	<ul style="list-style-type: none"> ▪ 3 (2); 4 (2); 5 (1); 6 (1); 9 (1); 12 (1); 20 (1); 29 (1)

**With permission from the City of Fort Collins, one real estate agent was interviewed to gather information on that perspective, as a result of suggestions made by other interviewees*

Exhibit 46

Participant Profile, Tenants

Number of Participants	<ul style="list-style-type: none"> ▪ 10
Gender	<ul style="list-style-type: none"> ▪ 7 male / 3 female
Effect of Ordinance on Personal Living Arrangements	<ul style="list-style-type: none"> ▪ I or my roommates were forced to move because we were violating it and someone reported us. (1; 1 other reported but not forced to move) ▪ We're breaking the ordinance right now and no one has said anything. (4) ▪ I have never been reported and I'm not violating it now, but it has affected the decisions I've made concerning where I live/who I live with. (4)
Type of Property Renting	<ul style="list-style-type: none"> ▪ Single family home (8) ▪ Townhome (1) ▪ Apartment (1)
Length of Time Renting in Fort Collins	<ul style="list-style-type: none"> ▪ 2 years (7) ▪ 2 ½ years (1) ▪ 4 years (1) ▪ 8 months, but owned in Fort Collins before this (1)
Changed Addresses During Past Two Years?	<ul style="list-style-type: none"> ▪ Yes (10)
# of People Living at Current Address	<ul style="list-style-type: none"> ▪ 1 (1); 3 (5); 4 (4)
Currently a College Student?	<ul style="list-style-type: none"> ▪ Yes, I am a full-time student. (7) ▪ Yes, I am a part-time student. (0) ▪ No, I am not a student. (3)
Age	<ul style="list-style-type: none"> ▪ 20 (4) ▪ 21 (2) ▪ 22 (2) ▪ 24 (1) ▪ 53 (1)

Exhibit 47

Participant Profile, Neighbors

Number of Participants	<ul style="list-style-type: none"> ▪ 10
Gender	<ul style="list-style-type: none"> ▪ 3 male / 7 female
Current Living Situation	<ul style="list-style-type: none"> ▪ Live with spouse (5) ▪ Live with partner, unmarried (1) ▪ Married with small children (1) ▪ Live alone (3)
Neighborhood Issues Possibly Related to Ordinance	<ul style="list-style-type: none"> ▪ As I think about the four homes that are closest to me, I know that more than three unrelated adults are living in at least one of them. (5) ▪ I have placed a complaint with the City of Fort Collins because I believed (or knew for certain) that a nearby household was breaking the ordinance. (4) ▪ Even though I have not been personally impacted by the ordinance, I have noticed changes in my neighborhood that have occurred because of it. (1)
Type of Property Participant Lives In	<ul style="list-style-type: none"> ▪ Single family home (10)
Own or Rent Property	<ul style="list-style-type: none"> ▪ Own (10)
Length of Time in Fort Collins (Years)	<ul style="list-style-type: none"> ▪ 5 (1) ▪ 10 (1) ▪ 11(1) ▪ 17 (1) ▪ 24 (1) ▪ 30 (4) ▪ 33 (1)
Changed Addresses During Past Two Years?	<ul style="list-style-type: none"> ▪ No (10)
Family Status	<ul style="list-style-type: none"> ▪ Divorced (3) ▪ Single (1) ▪ Married, no children (2) ▪ Married with children (4)

Time and Location: All in-depth interviews were conducted via telephone at the Corona Research facility in Denver. The interviews took place beginning March 18th and were completed by April 9th. Schedulers were as flexible as possible with potential participants and made every attempt to schedule according to their needs. The lengths of the interviews ranged from 30 to 45 minutes depending on the amount of feedback that participants had.

Interviewers: In-depth interviews were conducted by Holly Leyendecker, a Research Analyst at Corona. Holly has prior experience conducting one-on-one interviews.

Interview Guide: The complete guides used for conducting the interviews with the three different segments are presented in Appendix B. The guides were developed by Corona Research and reviewed by the client at the City of Fort Collins. The guide was used as a standard but somewhat flexible guideline for discussion with each participant, in that the interviewer had the option to diverge from the guide if appropriate.

KEY FINDINGS

The following includes the key findings from the 30 in-depth interviews conducted in this study. Overall findings that apply to all audiences in this study are presented first, followed by those specific to each audience. Key findings are reported separately, and are presented in the following order:

- Combined key findings – all segments;
- Key findings – landlord segment;
- Key findings – tenant segment; and
- Key findings – neighbor segment.

ALL SEGMENTS – COMBINED KEY FINDINGS

Key findings across all 30 interviews conducted with the segments listed above are presented in this section.

1. **Everyone understands a homeowner’s right to quiet in their home, but not everyone feels that the ordinance is the proper way to achieve it.** Laying aside all other arguments as to whether the ordinance is right or wrong in general, some people do not believe that the occupancy ordinance is the correct way to go about solving problems with noise, parking, property maintenance, and other neighborhood issues. So, even if a person agrees with the goals of the ordinance, it does not necessarily mean that they will support the ordinance itself.
2. **A prime point of contention is the number 3: The limitation to ‘three’ tenants seems to have been made without much reasoning to some, but makes good sense to others.** Homeowners who have, or still do live near homes with more than three people were much more likely to say that the number of people in a home *does* matter, especially when considering problems with parking. As the number of residents in a home increases, so does the number of visitors, and in some cases, the likelihood for parties to occur. Others asserted that behavior varies widely by individual, and that there are plenty of instances in which three people may be just as loud, or louder than four or even five may be.
3. **For those who view the ordinance as a means for reducing the number of rentals in a neighborhood, a principal difference between proponents and opponents are their differing views of the evolution of neighborhoods.** Opponents of the ordinance feel that the progression towards high percentages of rentals is a natural one, and that the housing market itself will eventually even out the balance between owner-occupied and rental homes. They are much less inclined to believe that the evolution of neighborhoods from owner-occupied to higher percentages of rentals should be regulated by the city. Ordinance proponents tend to feel that it gives them the ability to create the balance of owners and renters themselves, and to provide some kind of control over the development of the city as a whole. There were a smaller number of participants overall who commented that the ordinance is working in this sense.
4. **There are many residents who do not understand what the ordinance is actually intended to do in terms of purpose, other than what it says at face value.** That is, other than preventing more than three unrelated adults from living together, many people do not understand why the ordinance was initiated. Some young singles generally think that the

purpose is to keep young singles out of neighborhoods, while some landlords regard it as a way to keep rentals in general out of neighborhoods. Participants in the ‘Neighbor’ segment have varying views as to its purpose. Even though opinions are bound to differ regarding the ordinance, promoting an explanation of the full purpose for the ordinance to all parties could potentially create more support, or at least more of an understanding.

5. **In all segments, there are people who feel that ordinances that address unacceptable behaviors should be enforced.** Whether this is in lieu of the occupancy ordinance or not, most participants made comments indicating that there are already ordinances in place to prevent issues like noise problems. They indicated that these should be more strongly enforced by the city in order to correct that behavior.
6. **Personal experiences with the ordinance vary widely within all segments.** This leads some people to believe that it is not being enforced at all, while others think that it is being enforced to an extreme. It is not known if this is because perhaps the enforcement processes have changed since inception, if enforcement has fluctuated over time, or if perhaps *perceptions* of the process simply vary widely by individual.
7. **Perceptions of the effectiveness of the ordinance vary widely.** A few participants were extremely happy with the results of the ordinance that they have witnessed, and did feel as though its enforcement is bringing about major improvements in their neighborhoods. According to some, however, many landlords and/or tenants who truly need to be targeted by the ordinance have yet to experience any consequences. That is to say that some neighbors still have to deal with poor property maintenance and unruly tenants nearby due to large households. The exact situations surrounding these different cases vary, of course, but it stands that this leads to some people feeling as though the ordinance is not helping create change.

LANDLORD SEGMENT – KEY FINDINGS

Key findings from the interviews conducted with those who are currently property owners or managers are presented in this section.

8. **Landlords who follow the rules and comply with the ordinance are at a distinct disadvantage to those landlords who continue, knowingly or unknowingly, to break the law.** Landlords who comply with the ordinance, especially large-scale property owners and managers, often commented on the perception that they are losing business because they choose to follow the ordinance. They feel that they have lost business from owners who decide to switch to managers who will break the law so that they can continue to put four or five people in a house and earn the same amount of money. They miss out on business with tenants who would rather find a landlord who will allow them to have more than three in a home. Additionally, landlords that are following the rules must commit resources to ensure that their tenants are abiding by the ordinance, which also costs them money.
9. **Although most landlords would rather see an end to the ordinance, most say that it would at least be more tolerable if everyone were made to follow the same rules.** Related to the above finding, participants expressed that everyone should be made to conduct business as they do, by adhering to the ordinance. This is an issue of enforcement. Like participants in the neighbor segment, many landlords felt that, if the ordinance is to remain in use, it should be properly enforced so that everyone in the rental market will have to conduct business on a level playing field.

10. **The extra occupancy home designation does not affect or help the average homeowner.** This designation is generally thought to be a non-factor by those landlords who are familiar with it. Homes must be in specific zones in order to qualify, and there are numerous specifications and codes that must be met before a home can receive the designation. As such, it is difficult for most people to get this designation because they cannot afford to meet the specifications. It should be noted, however, that few of the landlords interviewed owned or managed properties in the specified zones.
11. **Landlords generally feel that tenants should be held responsible for their own actions, not the property owner or manager.** Most of the landlords interviewed explained that they take on quite a bit of responsibility when it comes to their properties. Smaller-scale landlords particularly said that they take care to put seemingly responsible tenants into their homes, and that they make certain their properties are maintained. Larger-scale management companies and owners tended to do more in terms of monitoring their households, in some cases conducting walkthroughs to make sure that tenants have not added a fourth roommate. However, they do not feel as though they should ultimately be responsible for the behavior of their tenants.

Many landlords acknowledged that there are some owners do not provide the upkeep that they should, but that perhaps their methods for conducting business should be addressed on an individual basis.

TENANT SEGMENT – KEY FINDINGS

Key findings from the interviews conducted with those who currently rent property in the city limits of Fort Collins are presented in this section.

12. **Students feel singled-out by the ordinance.** Most students interviewed felt that the purpose of the ordinance is to try and keep college students out of neighborhoods. Some participants, including some landlords, described the ordinance as ‘discriminatory’ for this reason. Others referred to the ordinance as ‘unconstitutional’.
13. **The ordinance prevents *everyone* from living more than three unrelated to a home, regardless of their financial restrictions or intent to help someone else.** Of course, the ordinance affects not only young singles. A number of people expressed concern over the fact that there are no exceptions to the rule. This means that anyone seeking low-cost living arrangements will find it to be more difficult. For example, the ordinance prevents two couples from living together, which is a situation that is encountered frequently by landlords. Additionally, people who want to help family or friends through difficult situations, or even in caretaker situations, are not given an exception.
14. **The ordinance creates an atmosphere of unease for people who are breaking it, but some feel that they must in order to be able to live within budget.** A few tenants commented on the fact that the existence of the ordinance has turned people into law-breakers because they *have* to, in order to live within their budget. Even participants who are currently violating the ordinance and said that they are not too worried about getting caught revealed that they do carry a certain amount of stress when they think about the potential for getting caught.
15. **The fact that neighbors must monitor rental homes in order to prove that a violation is taking place creates a sense that a person’s privacy is being invaded.** The few participants who had been reported for violating the ordinance were surprised when they

found out that they were being inspected. Several participants talked about the somewhat ‘creepy’ process that occurs when a neighbor wants to report someone for violating the ordinance, and the fact that it is almost like spying, by monitoring what is going on at a nearby home.

Additionally, it was also mentioned that the ordinance restricts the number of nights per year that a given visitor may stay at a home. If a neighbor records this type of information, it seems even more invasive as they monitor what goes on in a tenant’s life.

16. **Some individuals, students or otherwise, may not understand that they can be causing disturbances even if they are not throwing large parties.** Homeowners often commented that one of the most bothersome types of noise is to have neighbors come home late at night, creating disturbances by slamming car doors and talking loudly to one another in the street. It is possible that some people may not realize that however short-lived a disruption is, it still disturbs a good night’s sleep. So, even a tenant who perceives themselves as quiet because they do not have parties, may not realize how disruptive they can actually be.

Additionally, several tenants made comments indicating that renting a house provides a kind of freedom that living in an apartment does not provide, which may make them feel as though they do not need to restrict the amount of noise they create, as they may have done in other living situations.

NEIGHBOR SEGMENT – KEY FINDINGS

Key findings from the interviews conducted with neighbors who either live near a household currently violating the ordinance, have complained about their neighbors, or who have noticed changes in their neighborhood after active enforcement of the ordinance began, are presented in this section.

17. **Neighbors who have put the ordinance to use seem to feel empowered by its existence, if it ends up bringing about change.** The residents who seemed to feel that the ordinance is successful are those living in neighborhoods where homeowners work together to make sure that the ordinance is enforced. Others who had used the ordinance but did not see any changes take place, however, seemed to feel deflated by the failure of the process.
18. **Homeowners are sometimes hesitant to call and report tenants because they fear retaliation, or because they don’t want to cause trouble.** A number of participants had not called to report violating households, even in cases where they know that there are more than three people living there. In some cases, this is because the violating household did not seem to be creating any problems, so the neighbor elected not to report them. In other cases, there was the feeling that placing a complaint with the city could ‘cause trouble’, and homeowners were sometimes even somewhat fearful of retaliation. People falling into this category are more likely to say that the City should be taking more initiative to enforce the occupancy ordinance.
19. **Some neighbors who are in support of the ordinance view it as part of a larger, long-term plan for developing the city and encouraging growth in a more responsible manner.** This was only stated as a goal of the ordinance by a limited number of participants. However, several people did talk about the benefits of developing areas of high-

density housing around campus as part of a larger plan, and that the ordinance feeds into this plan.

20. **Even neighbors who feel that the ordinance has been a success agree that home and yard maintenance are still major issues, especially for rental properties.** Almost everyone agreed that there is still room for improvement in this area, and no one seemed to think that the occupancy ordinance helps to address other challenges with some rental units. A few participants in different segments did mention that a new ordinance related to home maintenance was recently initiated.
21. **Neighbors generally feel that landlords should be held responsible, at least in part, for the actions of tenants, and especially the maintenance of a property.** This is likely related to the previous finding, as well. A couple of participants commented that when tenants do not take responsibility for yard maintenance, it should fall to the landlord to make sure that it gets done. As far as holding landlords accountable for tenant behavior, this could drive them to select more reliable tenants from the start. Additionally, the landlord would be one more entity enforcing good behavior. As one participant pointed out, landlords who own properties earn the financial benefits, while neighbors are left to deal with unruly tenants and poor maintenance.

It should be noted that several landlords interviewed volunteered some of the steps that they already take to ensure that tenants do not become unruly.

DETAILED FINDINGS

Detailed findings are presented in the remainder of this report, with direct comments noted in quotations wherever possible. Findings are reported by each major topic area addressed during discussion, and generally follow the order of the interviewer’s guides. Under each major topic heading, findings for each segment are explored. Topics are presented in the following order:

Current situation

Brief history

Knowledge & perceptions of the occupancy ordinance

Impacts of the occupancy ordinance

Extra occupancy rental homes designation (Landlords only)

Suggestions for changes or improvements

Findings for each the segment studied are presented separately within each major topic heading so that the reader can identify areas where participants from different audiences disagree, and where opinions converge. Major topic areas discussed during the interviews and covered in this report include:

Landlords	Tenants	Neighbors
<ul style="list-style-type: none"> • Current role as landlord • Brief history of renting • Knowledge & perceptions of the occupancy ordinance • Impacts of the occupancy ordinance • Extra occupancy rental homes designation • Suggestions for changes or improvements 	<ul style="list-style-type: none"> • Current living situation • Brief history of living situation • Knowledge & perceptions of the occupancy ordinance • Impacts of the occupancy ordinance • Suggestions for changes or improvements 	<ul style="list-style-type: none"> • Current living situation • Brief history of neighborhood • Knowledge & perceptions of the occupancy ordinance • Impacts of the occupancy ordinance • Suggestions for changes or improvements

A note about documentation: In this study, the interviewer took detailed notes as interviews were conducted, then reviewed notes immediately after interview completion to check for accuracy. As such, some paraphrasing took place as the participant responded. Every care has been taken to ensure that quotes accurately convey the content of a participant’s response.

CURRENT SITUATION

In the introductory portion of the interviews, participants were asked to provide background information and describe their current situations. This helped to provide context for later responses during the interview.

Landlords

Initially, landlords were asked to talk about their current role in the real estate rental market in Fort Collins. As noted in the participant profile section, property owners and managers with various circumstances were interviewed in an attempt to hear from a relatively diverse sample. With the approval of the client, one real estate agent was also interviewed in order to gain some insight from a realtor's perspective.

Tables that summarize descriptions of the participants in the landlord segment are provided in the beginning of the report. This section provides a brief, overall view of those who participated in the research.

Number of properties owned/managed. A total of four smaller-scale property owners and managers were interviewed (those caring for three or fewer properties). Five larger-scale owners and managers were recruited to participate. Of these, one person managed about 40 properties and the remaining larger-scale owners/managers took care of over 100 total residences each.

Length of time as owner/manager. Everyone had owned or managed for at least three years. While some participants are new to their current businesses, others had worked in the Fort Collins rental real estate market since as early as the mid 1980's.

Types of residences rented. Among participants, there was a mix of ownership and management of single family homes, duplexes, townhomes, and apartments. Smaller-scale owners tended to own single family homes or townhomes with a varying numbers of bedrooms, while the larger-scale landlords generally owned a variety of different sizes and types of properties. One respondent did own primarily one-bedroom rentals. Very few properties designated as boarding houses were owned or managed by these participants.

Locations of properties. Naturally, larger-scale owners/managers tended to have properties in many different communities, while smaller-scale owners were able to describe their individual properties well. Most participants had at least one property near the campus that would be desirable to college students for that reason, although two people had rentals in more suburban locations.

Types of tenants. Because of the variety of rentals offered by participants, tenants also varied accordingly. One person commented that their company has renters, "...on housing assistance all the way to doctors and lawyers."

All of the larger-scale owners and managers rent to a mix of college students, professionals, and families. One participant shared that approximately 17 percent of their renters are college students. Yet another participant explained that they typically rent to those with lower incomes in an effort to help fulfill the needs of that segment. Smaller-scale owners tended to have more specific descriptions of the tenants who generally rent certain properties. These varied according to the property owned, as well. One person rents to college students despite the fact that his property is a fair distance from campus.

Smaller-scale owners tend to be a bit more hesitant about renting to college students, initially. In fact, one man explained that he and his wife had purchased a home for their children to live in while attending school, and that after their children no longer lived there, "...it was empty for about a year because we were terrified of putting renters in there, because it was in very good shape." Another person explained that their rental townhome is in very good shape, and they feel that it has "attracted the type of people who appreciate that."

As mentioned earlier, one real estate agent was also interviewed. This participant had worked as a realtor in Fort Collins for nine years. She works with properties in many different price ranges all over the city and beyond, and is therefore involved with a variety of clients. She did explain that she sometimes works with parents of college students looking to purchase a home in order to house their son or daughter.

Tenants

In the beginning of the interview, tenants were asked to describe their current living arrangements by describing who they live with, as well as the neighborhood that they live in.

Current living arrangement. This information is presented for each participant earlier in the report in the Participant Profile tables. To summarize, the majority of the participants in this segment were college students. Otherwise, everyone was required to have lived in Fort Collins for at least two years, and most participants had changed addresses during that time. These requirements were set to ensure that tenants had some knowledge of the ordinance and its impacts on tenants' choices.

Most participants lived in single-family homes with more than one person, and four people stated that they are currently in violation of the occupancy ordinance. One woman lived by herself in a two-bedroom apartment while one man lived with his wife and daughter in a family community. Two interviewees had been reported by a neighbor who believed that they were violating the ordinance. Four people said that they had not been reported, but that the ordinance had affected decisions that they had made about their living arrangements.

Nearly all participants described their neighborhood as having a great deal of diversity in terms of age and family status. Only three said that their communities are a majority of families, and only one of those was a college student.

Some college students say that they decided to rent a home rather than an apartment in order to experience living on their own in a single family home. When participants were asked to explain why they had decided to live in a particular situation, several college students commented that moving into a single-family home was a way to experience a freedom that being in an apartment would not allow. Some said that they felt they were ready to also take on the additional responsibility associated with renting a home, versus an apartment. Being in a house clearly represents a "step up" from an apartment, to some students.

"I had been in an apartment a couple of years before this, and was looking for a different experience. I also had some friends that were looking for a house."

"I have lived by myself and that can be really lonely. It's nice to have a house, have the responsibility of caring for the house, the lawn."

"We wanted the freedom of a house, nobody above or below us...plus to have a large living space. It's nice to have different areas and a back and front yard, a two car garage."

Others found that renting a house was the least expensive way for them to live, especially those with four people in a home. One person currently violating the ordinance explained, “I’m living with three students, and we’re all at CSU. There are four girls, with four bedrooms and three bathrooms in the house. It’s very adequate for four people.” She next stated that, “(Having) four roommates is the only way we can afford it.”

A few participants say that they had initially intended to find a landlord who would not require them to comply with the ordinance so that they could save money. As already noted, four participants were in violation of the ordinance at the time of the interviews. However, there were a few participants who, when initially looking for a house to rent, had thought that they would prefer to find a landlord who would allow them to put four people in a house. They had sometimes also thought about trying to sneak someone in without the landlord’s knowledge. These participants had decided against bringing in a fourth individual after a time, because they were enjoying the amount of room that they had in a home without a fourth person.

One participant who lives with two other people in a four bedroom house explained that they had thought they might try to put another person in the house with them, but were discouraged from doing so because of the ordinance. Now, they do not think about the ordinance as much, but actually prefer to have the extra space that they can use as storage. It should be said that this was the case only with some participants, and especially for those who were moving into a home for the first time, *after* the ordinance was already being enforced.

“The price was pretty fair. Initially I thought it was a little high, but now I think it’s a pretty good cost.”

One person talked about an experience he had when he first moved into his rental home, in which a policeman and a woman came to his door. They were handing out flyers about the ordinance, and he said that they warned him not to break any noise violations. He felt that their overall experience in the neighborhood had been a good one, but that initially it was, “bad that they were coming around with a preconceived notion (about college students).” He seemed to feel that it was unfair that such an approach was being taken when he and his roommates had not caused any trouble.

Neighbors

To start the interview, neighbors were asked to describe their current living arrangements by explaining who they live with, as well as the neighborhood that they live in.

Current living arrangement. This information for each participant is presented earlier in the report in the Participant Profile tables. To summarize, a variety of individuals were interviewed in this segment, although the majority lived with only one other person or by themselves. Nine participants had lived in Fort Collins over 10 years, and five of those had lived in the area for at least 30 years, some in the same house.

Cost and location are the two main reasons that people have chosen to live where they do. As participants considered why they had initially decided to live in their current neighborhood, responses reflected preferences for location of the neighborhood (close to work or a good school for their children), or of the actual home itself (a corner lot, or because it is not on a through street). Cost was also a stated concern for some participants. People also often said that they had chosen a particular neighborhood in order to meet the needs of their young children.

“It was a new subdivision, close to the foothills, just a good location. We liked the style of homes.”

Although it became apparent throughout the interviews that some residents place a great deal of value on having a sense of community and interaction with neighbors, no one named this as a reason that they had originally purchased a home. This was a major point of discussion for some participants as they considered how their neighborhood had changed over the years.

Even when initially describing their neighborhoods, many people comment that they have seen a marked increase in the number of rental properties where they live. This is considered a major negative to some participants, but perfectly tolerable to others. Opinions varied widely on this subject and had a great deal to do with a participant’s current or previous experiences with nearby renters.

“It’s a great neighborhood, very diverse in terms of ages and student populations. Some renters, some owners...the diversity is what makes it so good.”

“We have a lot of rentals. It’s an established subdivision that has turned into a lot of college rentals.”

“It’s becoming a rental neighborhood, mostly to college students.”

Neighborhoods located relatively further from campus and in more suburban areas had typically not experienced this evolution towards increased rentals. As would likely be assumed, these participants generally had less personal experience with the three-unrelated ordinance.

“It’s very family-oriented, lots of kids...it’s a great neighborhood.”

“Well-established...quiet. (We have) lots of good neighbors. Doesn’t have very many families with young children or college students, but there are some around. Mostly owner-occupied.”

People often describe their neighborhoods by first explaining who lives there. This exemplifies the amount of importance that individuals place on who their neighbors are, and the way that this can affect the feel of a neighborhood. Furthermore, neighbors were typically described first as renters or owners, followed by their life situation such as family, couple, students, or retirees. Participants used the following phrases to describe who lives in their neighborhood:

“Small families or couples, or slime bucket tenants.”

“Still majority of families, but many of the homes that have sold over the last 10 to 15 years have been turned into rentals.”

“A variety, but mostly rentals. Some young couples, some elderly.”

No matter how little a person wants to be involved with neighbors or in neighborhood issues, they can still usually describe who lives closest to them. Everyone could at least somewhat describe who lives in the two houses closest to them. This was often related primarily to safety and a desire to know who is ‘supposed’ to be in a given house. People explained that they begin to feel uncertain about who lives next to them when they start seeing unfamiliar cars parked nearby. For some people, a sense of community is also a reason to know who lives nearby.

“Next to me is owned by a family that I know and they are renting it to college kids. The other is a couple that is original owners. In our cul-de-sac we have seven homes. Four are owned by families.”

“To the north is a wreck. It used to be occupied by a nice couple. (The new people there) let it go to pot. To the south is a young couple. They maintain it fairly well.”

“To the north, it’s a rental now. They rent it out as a five bedroom house so there have been as many as five students there. Now there are just three boys. To the south is owner-occupied but I don’t know who lives there. It’s kind of a hodge-podge (of people) but they don’t have any loud parties.”

Best-liked characteristics about neighborhoods vary according to a homeowner’s personal preferences and their lifestyle. Participants named a number of different aspects that they like best about their neighborhoods. This varied widely by individual, and of course, depended upon the actual neighborhood. Some participants were able to name numerous characteristics that they like about where they live. A list showing what was mentioned during the interview is shown below:

The neighbors. Three people named this as the best-liked aspect of their neighborhood. This did not mean that everyone wanted a great deal of interaction with neighbors, however, they were simply explaining that they like the amount and type of interaction that they have now.

- “Pretty much, people leave me alone, that’s good for me.”
- “Everybody chats with everybody, and we’re all respectful of one another.”
- “The people know each other and they’re very congenial people...everybody says ‘hi,’ and talks to each other.”

Low level of noise. Several participants explained that they like their neighborhood because, “It’s quiet.”

Location. This is generally referring to the fact that a neighborhood is convenient to schools for children or work. Others explained that they like the locations of their lot because it is on a corner, or because it is not on a through street.

Appearance of neighborhood. This tended to come up more during the interviews as participants talked about what they like *least*, but two people did indicate that this is one of the best aspects of where they live. Often this was in reference not only to home and yard maintenance, but the care and the appearance of community areas, and availability of green space.

Increases in the number of rentals and lack of property maintenance are two of the most frequently mentioned aspects that participants like *least* about their neighborhood. Participants also tended to draw a strong correlation between these two neighborhood characteristics. In fact, some people outright stated that they do not like having so many rental properties in their neighborhood, and then explained why:

Increased number of rentals → decrease in property maintenance. This was the most common complaint as neighbors described what they like least about their neighborhood. In

some cases, blame was placed on the tenants, while others blamed the landlords for not making sure that proper maintenance was performed either on the house, the yard, or both.

- “Right now (what I like least is) the rental problem...and the renters don’t maintain (the properties).”
- “The rental homes are never taken care of as well as those that are owner-occupied.”

Increased number of rentals → difficult to get to know neighbors. One person mentioned that what she used to like best about her neighborhood were the neighbors, but that this is no longer the case since a nearby home had been turned into a rental. For some people, it is simply more difficult to establish relationships with renters because they are apt to move when a lease is complete, so they are only there for about one year. Renters also seem less likely to be involved in helping to build a neighborhood in terms of community. This seemed to be especially true with college students who are clearly not likely to be permanent members of a community. In any case, whether valid or not, there is an obvious division between owners and renters in most neighborhoods.

- “(It’s) hard to get to know your neighbors because they are changing from year to year...it’s a real transitional kind of thing.”

It should be noted that two people in this segment were not able to name anything that they like least about their neighborhood, and feel quite happy with things as they are, now.

BRIEF HISTORY

During this part of the interview, participants were asked to talk about the history of their housing-related experiences in Fort Collins.

Landlords

In this section, landlords talked about the history of the rental market in Fort Collins, describing any changes that they might have noticed. Because there were some differences between the smaller- and larger-scale property managers, findings are often divided between the two segments.

Smaller scale owners have not shifted their ownership of rental properties because of the ordinance. Of those interviewed, participants could name a few other reasons that they had bought or sold properties, but none of the change in ownership was due to the initiation of the enforcement of the ordinance.

Management companies are much more likely to say that they have changed the types of properties that they manage over the years, or the way that they manage them. These changes had usually taken place in an effort to meet city regulations, and that includes the ordinance. A number of these companies explained that they are members of groups or associations that require them to conduct business ethically, so they do follow codes and regulations. Others said that they do simply because it is the right thing to do.

Additionally, the types of properties that they manage have changed. In some cases, property owners with homes that have more than three bedrooms decided to sell their properties since they could no longer profit from owning them. In other cases, companies that choose to comply with the

ordinance have lost business as property owners seek managers who *will* break the rules so that they can still earn money on their investment(s).

“When we first started the business, we weren’t aware of the illegal duplexes. We’ve gotten rid of all of them. And we had four-bedroom houses and we had...four unrelated in the place, but since they came up with the three unrelated, we only have no more than three unrelated.” (In other words, they’ve changed their management policies because of it)

“We had quite a few with more than three bedrooms...many owners actually sold the homes, or they (began managing their properties) themselves so they could break the rule. We refuse to do that.”

“Nothing larger than a four-bedroom...I don’t take on any new four bedrooms because of the ordinance.”

Rental properties rarely sit vacant for long, if the rent price is fair. Small-scale owners and managers especially commented that demand for rentals is strong, and that their properties rarely stay empty for long. This was attributed more to the state of the housing industry as a whole, with the difficulty that potential buyers have getting a loan to purchase a home, and with the number of foreclosures.

“There’s been pressure to keep the rents down from a market point of view, as an owner. It’s not a market where you have the ability to earn more cash flow. You have to be competitive.”

“There were many times (we’d) had to put the ‘for rent’ sign in the yard, and it would be empty for a month. We don’t have that problem now, between the fact that it’s becoming a little difficult to purchase a home, and northern Fort Collins has been kind of growing. We’ve had no problems renting the place.”

The main two factors affecting the rental market in Fort Collins are the economy, and the three unrelated ordinance. Overall, these are the two factors mentioned most frequently by participants in this segment. Demand seems to have remained noticeably strong as long as the price is right. Although this research is intended to focus on the ordinance, it is difficult to ignore the effects that the economy has on the real estate and rental markets.

“The economy...lots of people are getting laid off. They can’t pay and have to move out. The three-unrelated ordinance, it’s hard to get them (some properties) rented for the price the owner wants with fewer people. It’s mostly the students. They try to put more people in there. I’m turning away so many people and losing tenants because I’m following the rules.”

“(The rental market has) improved. There are more people in the rental pool now that the mortgage industry has tightened up. Rents are incrementally increasing, not a lot...it’s pretty typical to increase, it depends on the housing market...”

“Getting into a home here is not easy (in terms of purchasing one). The rental market is booming, because of what’s going on in the market.”

Landlords who comply with the ordinance end up losing customers. It is very important to note that participants who work for management companies all commented on the amount of potential tenants they end up having to turn away because the company is unwilling to rent to four unrelated. There is a perception that they can find rentals in violation anyway. Additionally, rental

property owners looking for a management company will sometimes shy away from management companies who adhere to the ordinance, because they feel they will not be able to earn as much money on a four or five bedroom home with only three tenants living there. Since, according to comments heard during the interview research (and the statistics developed elsewhere in this report), there are still many homes in which there are more than three unrelated still living under the same roof, it stands that not all landlords are enforcing the ordinance. Those who comply lose business for doing so.

Additionally, the management companies interviewed stated that they check in on their tenants by scheduling walk-throughs to make sure that they are not breaking the ordinance. One person explained that in some of the homes with more than three bedrooms, they have actually placed locks on bedroom doors so that tenants will not be tempted to sneak in an additional roommate. Each of these measures is disliked by management companies because they feel it is a waste of time and resources, and also creates an atmosphere of distrust where it should not have to exist.

On top of this, most companies explained that they have had to lower rent on homes with more than four bedrooms so that they will still be able to offer it at an affordable price. The homes are no longer as profitable as they once were, so companies lose money or profit in this way, too. One person pointed out that because these homes bring in less money, owners are less suited to make repairs that the homes need. If they are earning less on a house, they are much more reluctant, and are sometimes simply unable, to make improvements.

“With three unrelated implemented, we had to lower the rents and lock bedroom doors to make sure they’re not letting someone else in. It seems so intrusive...we have to do house checks to make sure they haven’t snuck someone else in...we don’t want to get fined for having four people there even though only three are on the lease. It just feels bad. There’s a lot of mistrust, but the biggest thing is that it has impacted us financially.”

“We have had to keep the rents the same or lower them so that three could move into a four or five bedroom home. We follow a code of ethics and professionalism. Sometimes others don’t follow those, so they’ll put four or five in a house, so they’re held to a different standard, apparently.”

“Because (the ordinance) impacted rents, I’ve put off putting a roof (on one of my properties that needs it). So the maintenance of the houses suffers because we can’t afford it. Now there’s an ordinance about the appearance of a property as well. It’s a vicious cycle.”

An increase in demand for units with fewer bedrooms is not apparent to *most* larger-scale owners and managers. Only one large-scale property owner and manager had noticed an increase in business because of the ordinance. In this case, it is likely more noticeable because the majority of the properties owned by this person have only one bedroom.

“The three unrelated law actually has helped our business. By not allowing four in homes, that overflow has to find somewhere to go...” (It is important to explain that despite this, the participant is still not in support of the ordinance.)

Other owners and managers, even those who own numerous properties, did not say that they have noticed a significant increase in demand for smaller units.

The real estate agent who was interviewed commented that clients who come to her to purchase a four-bedroom home for rental purposes change their minds after she explains the ordinance to them. She did not say that she has noticed a change in the number of four-bedroom homes on the

market, but did say that they probably now sell for less due to the decrease in demand. The participant did not seem concerned about any ways that the ordinance might have affected her sales, but was more bothered by the amount of regulation that the ordinance “pushes” on Fort Collins residents.

Tenants

During this part of the conversation, tenants described the history of their own living situations and experiences with the rental market over the past few years.

Participants had ended up in their current living situations coming from all sorts of different backgrounds. Most people interviewed had recently moved into a different house, although some had moved into a single-family home for the first time after living in a dorm or an apartment. Two people lived in a townhome or apartment, but neither of these was a college student.

The ordinance has influenced the decisions that some people make regarding their living situation. It was clear that some participants who would likely have lived with more than three unrelated people in a home chose not to do so because of the ordinance. In these cases, the ordinance did have an influence on the number of people living in a home.

Tenants who choose not to abide by the ordinance sometimes do not worry about getting reported in the first place, because they feel certain that their actions will not draw the attention of their neighbors, which in turn, will likely prevent those neighbors from placing a complaint with the city. There are still others who simply are not worried about the consequences even if they do get reported, because they do not know of anyone who has been affected by enforcement of the ordinance.

Although some tenants do not want to violate the ordinance, they feel that it is the only way that they can afford a place to live. Some people who break the ordinance because they feel they must in order to be able to afford a home. One participant explained that prices have not been reduced on larger homes, so in order to be able to live on her budget, it is necessary to put four people in a four bedroom home. She explained that she and her roommates do worry about being caught for breaking the ordinance, commenting, “We worry about that all the time. We know that (if we’re caught) the landlord will be forced to make one of us move out. With all the other things I’ve got going on, I don’t dwell on it, but it is always in the back of my mind.”

In one situation, the interviewee had usually lived only with two other people, but recently they had taken in a fourth person. She explained that this person had just moved back into the city so they are trying to help him by allowing him to stay with them for a while. In her case, she did not feel too worried about getting caught because they are quiet neighbors and are on good terms with the people in the homes closest to them.

While some tenants have made decisions concerning their living arrangement based on their knowledge of the three-unrelated rule, no one says that they chose their roommates based on the ordinance. This is true other than that some tenants might have initially have preferred to live with three other people rather than only two. One participant said that prior to moving into the house he is in now, he had lived with three other people in an apartment, where they had not had any problems with the three-unrelated ordinance. He now lives with the same roommates, still breaking the ordinance but in a single family home rather than an apartment.

Many tenants feel that rent costs have risen somewhat in the past few years, and in some cases know that this is the case because of their experiences. As participants talked about

changes that they had noticed when searching for a home within the past year (from when they had initially rented a different property), most people commented that there seemed to be a rise in cost. One person had experienced a rise in rent upon renewing a lease. This is likely not too surprising if the rise in demand that was noted by numerous participants from different segments has really taken place.

“When we move out the landlord is going to raise the rent from \$1,100 to \$1,500.”

“I feel like it’s gone up a little bit. The actual prices paid have increased.”

The ordinance is believed to have affected rental rates for people wanting to rent larger houses. Some participants did not say that they feel rental rates are necessarily on the rise, it’s just that they stay the same in larger homes where renters are not allowed to have as many people, anymore.

“When owners are forced to limit renting to three, they can’t lower their rent, just the number of people.”

“I know people who have lived in houses where they’ve had to decrease occupants so (individual) rent went up because of that.”

One participant lived in a five-bedroom house. When he had first moved in there were four people (two of whom were related). Now the situation has changed and there are only three people. The rent has not been lowered, so he is now looking to move because it’s too difficult to keep up with the rent. He goes to college full-time, and works part-time. His rent used to be \$250 per month, but with the change it’s now \$400. On his income, it is difficult to absorb this increase.

In another case, one participant commented that it’s difficult to find a place to afford. He had been looking for a place with three other friends after graduating from high school, but they learned they would not be able to do so because of the ordinance.

It is not necessarily difficult to find *something* available for rent, but it can be difficult to find a home that is exactly what a renter is looking for. It was apparent that rentals are available, but it can sometimes be difficult to find something suitable for a person’s given situation. Additionally, the time of year can affect availability because of the fact that there are certain times of the year when college students are most likely to be looking for rentals. Several people commented that there is generally enough availability to find the housing that you want, but that properties go fast, so it’s necessary to act quickly when you find something you like.

“Since it’s a college town, it depends on the time of year you’re trying to find an apartment. It’s really hard in July or August because that’s when all of the students are looking.”

“The only time I’ve looked is when I was moving into this place. From what I hear, I haven’t heard people groaning about not being able to find a place. The searching process has started a lot earlier this year, students looking for houses.”

“There was definitely a lot of availability...but everything goes very quick. You pick and choose between price, location, and size. (We rent from) a private renter, we found it on the down-low. Rent is reasonable, split between four it’s good, it’s \$1,250 per month. It’s cheaper than any of my other friends.”

One woman talked about her experience looking for a rental property for the first time in many years due to a change in her personal situation. She remarked, “I thought what they were asking, and what I’d be getting, it wasn’t worth it...the houses I saw for rent, I understand it’s a college town and that students generally don’t take care of the property. I understand why they wouldn’t want to spend too much fixing it up.” Although she understands those things, it still made an impression on her, and she’s glad to have found the place that she did where the complex is well-maintained.

The level of formality involved in renting a property varies widely. Most participants who were renting from smaller-scale owners made comments indicating that there was much less formality involved in the process versus renting from a management company. In each case, renters did sign a lease, but the points emphasized by the landlord varied. One person even said that he had a background check, as well as a credit check, performed.

“They do a thorough background check...there were times I’d get an apartment and as long as I had a job and a down payment I could get it. Recently they do a background check and make sure you have credit.”

“There were a host of differences. The apartment deal was a lot quicker and easier with a national chain company. We made the decision in one day. Looking for a house, it takes a lot more trying to match you to the house.”

Similarly, the rules and regulations stressed are different depending on who is managing the rental property. Although everyone interviewed in this segment was aware of the three unrelated ordinance, the importance of adhering to the ordinance was only emphasized to a couple of people during their leasing process. In other cases, the landlord either knew outright that there would be four in the home, or ignored that fact.

“She just didn’t want us burning the thing down...she didn’t really stress other rules other than what was on the lease.”

“Definitely they use a relatively standard contract. Most of the conduct is talked out face-to-face.”

“They made it pretty clear they did not want to get in trouble with the city of Fort Collins, so it was just us three. In exchange, they gave us a slightly lower price.”

“They talked about the three unrelated, and the way they got around it, we just put three people on the lease. The fourth person, they put them on the lease for a different property or something.”

“We were told about the three unrelated and there was just three of us that signed the lease, but everybody knew there would be four.”

“Some landlords have gotten very scared because of the city’s pressure in threatening to pursue anyone that violates it...there are some pretty heavy fines involved...sometimes...only three people will sign the lease and then the landlord just looks the other way.”

Neighbors

In this section, participants gave a brief history of the neighborhood that they live in and described any changes that they might have noticed take place, especially over the past few years.

Most participants have noted changes in their neighborhoods. Participants had noticed different types of changes taking place, which varied widely depending on the neighborhood. Only one person was unable to name any real changes in his neighborhood. (He lived in a development largely populated by couples in owner-occupied homes.) The changes that were noted by participants are categorized below with supporting quotes:

Increase in the number of rental properties. Everyone who said that this is the case in their neighborhood, a total of five participants, described this change in tandem with a marked decrease in the quality of the neighborhood. Parking issues were frequently mentioned, and property maintenance was also found to be a major issue with rental properties, among the interviewees. It should be expressed that maintenance issues are not always attributed to the number of *college student renters* in particular, but the number of *renters* in general. The following comments were made by participants regarding changes that they had noticed in the neighborhood:

“People who have lived here a long time maintain and keep their properties. Those that are rentals, don’t. There are more cars parked on the street. Homes for sale usually go to rentals, due to the location. They’re investment properties.”

“More renting instead of owner-occupied, I would say over the last three or four years, and there’s more parking on the sides of roads, that I don’t know who (the cars) belong to.”

Increase in the number of owner-occupied homes. Although this was not the most common response, two participants had seen an increased number of homes occupied by the owner. Each of these participants did tend to feel that the ordinance was somewhat responsible for this change, and one person explained, “We’ve become more owner-occupied over the last two years.”

“There was a concern for a while that maybe more of these houses would turn into rentals because it’s an older neighborhood, but that hasn’t really materialized in our immediate sphere.”

In one of these cases a participant talked about the evolutions that she had witnessed in her neighborhood. She commented, “There was a period of seven years when we saw some changes that were causing a number of our friends to move away,” and also noted that fewer families were deciding to purchase in the neighborhood during that timeframe. More landlords were purchasing homes and putting five or six people in a house. There were more vehicles on the street, there were more tenants, and therefore, more friends of tenants. She explained that the cost of housing went up during those years since property owners could charge higher rents. While one might think that this would benefit a homeowner, it actually prevented single families from purchasing in the neighborhood which therefore caused further proliferation of the homes being purchased for rental purposes.

She talked about how, since enforcement of the ordinance had begun, her neighborhood has begun to stabilize. She had noticed more families entering the neighborhood as fewer investors seek to purchase homes with a larger number of bedrooms. She also explained that there is still diversity in terms of renters versus owners, but that the ordinance helps establish some limits as to how many rentals there will be in the neighborhood.

No large change except with the introduction of new renters. One person could not say that they had noticed a marked increase in the number of rentals, but that as renter occupation and owner occupation fluctuates, there are some apparent differences in the neighborhood.

“Yes, there have been changes, but it fluctuates as to the number of rentals...when there are more rentals, the quality of the neighborhood disintegrates.”

Increase in crime. One participant explained that in his neighborhood, there had been some incidences involving graffiti, and a few break-ins. In this case, it seemed to mainly be mischievous teenagers creating the trouble.

Problems with noise vary widely by neighborhood, the behavior of renters in a given home, and the tolerance level of a neighboring individual. While noise is an issue for some neighbors, others feel that volumes are kept at a fairly tame level most of the time.

“It’s fairly quiet. I moved in last summer, and can count on one hand the nights they’ve had late night parties, when people were moving out, like at the end of the semester, but it’s still a fairly quiet neighborhood.” (This participant lives in an apartment complex with majority college students)

Problems with noise did seem to be more related to an influx of college students, although it is recognized that not all college students are the same and are therefore not all likely to be disruptive. One person stated that because of the rentals, they had noticed, “More cars, more parties, and definitely lack of maintenance.” It is apparent that there are some student renters who do not seem to understand or possibly respect the fact that just because they are living in a structure separate from that of their neighbors does not mean that they are not disruptive when returning home at late hours.

An increased number of cars parked on the street raises safety concerns. While an increase in number of cars parked on the street creates an inconvenience, some neighbors also noted that it is an issue of security, as well. Homeowners like to know who is living near them, and often keep track of this by being able to properly identify cars according to owner. When unfamiliar cars start showing up in an area, homeowners become a bit wary.

Increases in the number of rental properties are attributed to the location of a neighborhood, as well as the cost of homes. Decreases in owner-occupied homes in particular neighborhoods were not attributed to any one particular issue. Participants in this segment rarely suggested why their neighborhoods are evolving as they are. It can be noted that as neighbors discussed shifts in property ownership that they had noted, they felt that it was mainly due to the economy and housing market changes in general, and only somewhat due to the ordinance.

“I think (the number of rentals have increased) probably because of the price, the location is perfect for the university, the price is good for what you get. It’s not in the newer part of town, it’s in the older part. People who can afford to buy better and bigger homes are on the other side of Fort Collins.”

“I think (changes are taking place) because somebody’s renting to college students.”

Neighbors note changes not only in a neighborhood as a whole, but in those immediate houses around them, which can directly affect their quality of life. Numerous participants discussed changes in both ownership as well as renters in the houses immediately around them. As would be expected, this could have a major effect on the level of noise, peace, and other factors that most people might consider measures of the quality of life in a neighborhood. One person explained that a house right behind hers had been rented to college students after someone had purchased it for a rental property. She said, “For a little while we had students right behind us and the neighborhood was less peaceful. Mostly it was just having late night-parties...it wasn’t that they had large parties, but after the bars closed they would come home and be out on the back porch and be

drinking and smoking...they didn't realize that it was two in the morning and that sound travels easily across the lawn.”

It should be noted that while most people interviewed would probably prefer to live by owner-occupied houses, there were homeowners living by renters who are content with their situation. These nearby renters were sometimes families, other times more studious college students who do not tend to create so many (or any) disturbances. In any event, it became clear during the interviews that some people do not seem to care for the presence of rental properties in their neighborhoods at all, while others simply want renters to respect neighbors in terms of volume levels, and yard and home maintenance.

The relationship, or lack thereof, that homeowners have with landlords who manage or own nearby properties can add to the stress of dealing with unruly tenants. Most participants who have had problems with disturbances from nearby renters explained that they had initially tried to solve the problem either by speaking directly with the tenants, or to the owner or manager of the property (in a number of cases, it seemed that neighbors know who owns the properties around them). Absent or uncaring property owners only added to the frustration of neighbors left to live near disruptive neighbors.

KNOWLEDGE & PERCEPTIONS OF THE OCCUPANCY ORDINANCE

Next, interviewees were prompted to discuss their knowledge and opinions of the ‘three unrelated persons ordinance.’ Even if they did not know a great deal of information about the ordinance, they were encouraged to share their opinions.

Landlords

In this part of the interview, landlords shared their points of view on the occupancy ordinance. It should be noted that awareness of the ordinance was a requirement for participation in the interviews, though the level of awareness was not specified.

AWARENESS & KNOWLEDGE OF THE ORDINANCE

In this segment, all participants were aware of the ordinance. Smaller-scale property owners and managers in some cases did not have quite as much knowledge as those who work for property management companies, but on the whole each participant understood the general idea.

In order to stay informed on the topic, some participants began attending city council meetings. Others continued to learn more by reading updates in the newspaper, while some people also read stories about households affected by the ordinance. Comments indicating various actions and levels of knowledge about the ordinance are presented below. The reader will note that it was difficult to gather information about the ordinance without soliciting the accompanying opinion:

“I was aware that people were discussing this. (I) probably (heard about it through) the board of realtors that the City was discussing making these changes. I attended some city council meetings.”

“...just by looking at what I see in neighborhoods, like where my other property is, I don't think it's well-enforced. I can tell by the number of cars parked outside. I think people do what they need to do in order to live. But I'm in favor of the ordinance because it keeps things from becoming uncontrollable.”

“From our point of view as a landlord, and the type of people we rent to, I think it’s overly restrictive. Kind of arbitrary, just assuming it’s not going to be good to have more than four. Especially if the unit is big enough, why not? It doesn’t make sense. There was a time we had four people at our place and I looked the other way. It seems like it’s targeted at keeping parking down and noise down, but there’s plenty of parking (at our rental).”

The real estate agent who was interviewed noted that in addition to understanding the ordinance herself, she must often explain the ordinance to parents of college students who are considering the purchase of a home in Fort Collins, for their child and several roommates. The agent said that she explains the ordinance, “and they all want to know what right the City has to tell them how many, and who can live in a house, and I agree. I tell them it’s because of parking, keeping neighborhoods quiet...and they want to know, if those are the issues, why not address it with the people who are causing the problem?”

INITIAL IMPRESSIONS OF THE ORDINANCE & HOW THEY’VE CHANGED

Participants next gave their opinions on the ordinance. They described their initial point of view, and if that had changed over time, they explained how and why.

The ordinance is not initially viewed as a fair solution to the problems that it is intended to address. Some participants commented that the ordinance is in place as a preventative tool, but it ends up punishing people who would not have abused the right to have more than three unrelated people living together in the first place. To some, it simply does not seem to focus well enough on the problems at hand.

“I’ve always thought it was mean-spirited. It holds 100 percent of the people responsible for the misdeeds of the rest.”

“I thought it was stupid, honestly. There’s other ways to get around it, and they had other plans that would’ve worked but they decided to go this way.”

A few participants in this segment said that their opinions had changed from when they first learned about the ordinance. In fact, in many cases opinions had intensified.

“It’s increased to vehemence so strong that I’m planning on moving because the council is planning to make so many more regulations, they are driving me from my hometown!” (Participant explains that these issues are not voted on, but are decided upon by the city council.)

One small-scale property owner (with a one-bedroom home and a five-bedroom home) explained that there are certain goals of the ordinance that she likes, such as the prevention of “letting them jam-pack kids into a house...I do think that some put many more (people) in that it was made for.” However, she also does not feel that the ordinance is accomplishing all that was hoped, and that people who comply with the ordinance, as well as those who take good care of their properties, are being adversely affected.

“Some homes would hold four people very comfortably, that’s one of the cons. What people were trying to do is not let the values of houses go down because of the rentals. I don’t think it’s helped at all. We are landlords who take pride in our house, and take good care of it. We have so many property owners that want to make as much without putting money in. I think they are striving to take care of places like that. I don’t think that it’s helped do that at all.”

Most property managers and owners feel that landlords should not be held responsible for tenants' behavior. Some participants addressed the fact that the ordinance places a good deal of responsibility on the landlord in the event that a complaint is placed. This is a topic that was mentioned several times in each segment, and out of the interviews conducted, a myriad of opinions were heard on the matter.

Even within the landlord segment, there was disagreement heard over who should be most held responsible for unruly tenants—the tenants themselves, and/or potentially the landlords. In cases where an owner is mainly absent or managing from afar, some landlords did comment that they should perhaps be held somewhat more responsible for their investment. It should be noted that there are some property managers and owners who seem to take a great deal of preemptive responsibility in making certain that their properties do not become violators in the first place.

“There was a group (of us) that tried to make the penalty for noise, parking, trash, we wanted it to reflect on the tenants. (Right now) if a house has a problem with noise or whatever it might be, the problem goes with the house, not with the tenant. We thought maybe the tenants should be held more accountable for some of these things.”

“I don't like that (renters) were cramming a bunch in a house, but I don't think that a landlord should be responsible for a tenant's behavior.”

Tenants

In this section, tenants explained their understanding of the occupancy ordinance, and shared their opinions about it.

AWARENESS & KNOWLEDGE OF THE ORDINANCE

Students living on campus before they rent in Fort Collins often learn about the ordinance through the university. Every student interviewed had learned about the ordinance through CSU, either through conversation with other students, the university's newspaper, or other announcements. This does *not* mean that they know all of the details about the ordinance in regards to enforcement or repercussions of violating the ordinance, but they are aware of what it means for their living arrangements.

“When I was coming from the dorms, there was a lot of emphasis on the three unrelated rule. Originally, that was why we had gone with three in the four bedroom.”

Even though most tenants know about the ordinance before pursuing a rental home, many don't understand the purpose of the ordinance. They generally suppose that the purpose is to eradicate college students from the neighborhoods of Fort Collins, regardless of their ability to live responsibly in a home. This causes some students to feel discriminated against.

Everyone understood that the ordinance prohibits more than three unrelated people from living together, but only one person talked about additional restrictions, such as limiting the number of nights that a single guest can stay throughout the year. He explained that the only reason he knew about these restrictions is because he had been reported (even though he only has three people living in his house), and after an inspection, the investigator had explained these details to him. In his case, additionally, he had not known about the ordinance at all until he learned that he was being investigated.

It should also be noted that few people seem to really understand the consequences of getting caught. There were widely varying levels of worry over violating the ordinance. According to responses during the interviews, certainly not every landlord makes a point of explaining everything about the ordinance. One person who is currently violating the ordinance explained that he is not worried about getting caught. He commented, “I don’t even know what they would do to you. I don’t know what the consequences are.”

People new to the area, or those entering the workforce after graduating from high school in the area are much less likely to know about the ordinance. This seemed to be the case with the few participants who fell into these categories. One interviewee was not a college student, but had grown up in Fort Collins and had decided to stay there after high school. His father had told him about the ordinance, but he did not believe that the ordinance really existed until he and his friends were turned down during their attempt to rent a home for four people. He explained that he has many friends who are from Fort Collins who have never heard of the ordinance, but generally learn about it when they attempt to rent a home.

INITIAL IMPRESSIONS OF THE ORDINANCE & HOW THEY’VE CHANGED

Most tenants can understand why some homeowners would be unhappy with certain renters, but feel that the ordinance is the wrong approach to solve the problem. It is often thought to be the wrong approach due to the fact that it assumes guilt before students are able to prove their ability to live responsibly. It seems to punish potential tenants before they have done anything wrong.

“I didn’t like it very much. I understand why people were upset, living near multiple college students, but I feel like it should be (dealt with) more on an individual case. And it’s not just college students. There are a lot of people trying to find cheap places to live.”

“It was kind of unfair to students, at least responsible students. (I) can see that people want to keep property values up, but we take care of the place and don’t really throw parties so it wasn’t fair to us. It doesn’t seem fair to have that increase in rent. There are a few less cars parked outside, but...”

“I thought it was an interesting move. I feel like maybe four unrelated would be a little better. Houses with six people have too many cars, but I feel like four people can get along in a house pretty well...(they might be loud, but) that’s why they have the noise ordinance.”

Answers varied quite a bit as participants considered how their opinions about the ordinance had changed over time. As would be expected, responses depended upon what their personal experiences had been, and how much enforcement they had actually witnessed, or even heard about through friends.

After witnessing a lack of enforcement, some renters are more likely to say that they are not too worried about being reported for violating the ordinance. Roughly half of the tenants interviewed said that they are considerably less worried about breaking the ordinance now as compared to when they first became renters. Generally, these participants had not witnessed a great deal of enforcement, or they feel they are on good terms with neighbors and doubt that they would be reported in the first place. It should be said that most felt they would still worry a bit about getting caught, but they were still willing to try and get away with it if need be.

One tenant talked about how his landlord, who used to live two houses away from him, had been having problems with his next door neighbor who had four people living in the home. The

landlord had called the City to place a complaint. This participant was present when a City employee returned his landlord's call. The landlord was told that "they're trying their best to prosecute every once in a while but when they get it to court it doesn't hold up...there's some loophole in the law...it's easy to avoid getting caught, and five out of six get away. That kind of changed my opinions about it." He went on further to say that they might consider having four in their house now because he doubts that anyone would complain about them since he and his roommates are good neighbors.

A few tenants mention that they feel that the ordinance has become more of an issue than it was when they had first heard about it. While some tenants worried less as time went by, others tended to express that they are more wary than they used to be about the ordinance. This seemed to be related to the amount of worry expressed by the landlord of a property. If the landlord is concerned about getting caught and expresses that to tenants, there seems to be an increased sense of worry.

"At first, I didn't really care. I just didn't think it would make a big difference. It has become more of an issue. The city seems to be putting a little more pressure on homeowners to obey the ordinance."

"(We) weren't worried about it, now they're starting to enforce it much more. (Our) landlords were worried about it, didn't want to get caught."

The ordinance causes a sense of division, and unfairness. This is one opinion that did not change with time. Regardless of enforcement and fear (or lack thereof) of being reported for violating the ordinance, this sentiment is very much attached to the ordinance, especially for students.

"It gives a lot of us a sense of unfairness...I've heard that a lot of people don't feel it's a constitutional thing, to tell somebody how many people (you can live with), when there's plenty of room..."

"...it's an outdated law that really put kind of a lot of strain on student renters and student landlords. Like my house is designed at least for five people. I don't see any reason for five unrelated to not live together if the house can safely support that many people. I don't quite understand the rationale for enforcing (it). It's probably kind of a waste of city resources and time, to be frank."

Neighbors

In this part of the interview, participants in the neighbor segment described what they know about the ordinance, and their opinions surrounding it.

AWARENESS & KNOWLEDGE OF THE ORDINANCE

Most homeowners are aware of the ordinance, but do not necessarily know all of the details. It seemed that most did not seek additional information unless they found themselves in a situation in which they needed to learn how to report someone. Additionally, it is not clear to everyone how the ordinance works, or even how it might help them in a situation with disruptive neighbors. It should be said that there several of the people interviewed had placed complaints (as an intentional sampling), and did seem to have a more thorough understanding of the process.

"No more than three unrelated living in the house. There may be some kind of exception to that, I'm not sure.

“I don’t know what you’re supposed to really do, like in our situation, of contacting the City.”

“I think it’s intended to limit the number of college students that would shack up together, try to put some type of controls within the city limits to keep unhealthy living conditions from existing. I don’t know that it’s the right execution, but I understand the intent.”

Several participants commented that the ordinance has existed for a number of years but that enforcement had begun to take place more recently. Many people heard about the ordinance initially through the newspaper, while others had been familiar with it for a long time. Most participants had read about it at least once in the newspaper, although those who are less affected by the ordinance tend to pay less attention. One person remarked that she had first heard about the ordinance “through the newspaper and the constant articles.”

There was one participant who had initially said that she was familiar with the ordinance, but after having it explained to her, she realized that she had never heard of the three-unrelated ordinance in particular. She had confused it with other existing ordinances such as one intended for noise reduction, and another aimed at yard upkeep.

INITIAL IMPRESSIONS OF THE ORDINANCE & HOW THEY’VE CHANGED

For some neighbors, uncertainty as to how much control the City should have over renters’ living situations caused some initial doubts about the ordinance. These neighbors generally seemed to have concerns about the amount of regulation taking place. It wasn’t that they were against having an opportunity to respond to situations involving unruly rental neighbors, they were just uncertain about this particular means for addressing the problem.

“I wasn’t really sure how I felt about it...because it’s one of those issues, is it really the city’s business to be saying who can live in a house and all that...”

“I thought, ‘oh the poor landlords, they’re not going to make as much money as they thought!’ and, ‘How are they going to enforce that?’”

“In this day and age, I think it’s hard to make a living. As long as they have their own bedrooms, I would think it would be okay. If they have sufficient area and they’re not destroying others’ areas, I think it’s fine.”

“My opinions (about the ordinance) haven’t changed that much, although I think in a five bedroom house, I don’t suppose there’s anything wrong with more than five people living there. One person per bedroom.”

Others supported the ordinance as soon as they heard about it, as a way to keep some control over what happens in neighborhoods. For these participants, the ordinance seemed to provide a sense of empowerment, or at least some opportunity for action. This was especially important to participants who were watching more and more homes in their neighborhoods become rentals, and had to worry about who would be placed in the home each time someone new moved in.

“I thought it was a good idea because I’ve seen it before where you get a lot of people living in a place, and they don’t take care of it.”

Personal experiences cause some people to support the ordinance more than they initially did. Several participants explained that their support for the ordinance grew over time,

especially with the introduction of less than desirable renters nearby. This was sometimes related to issues of home maintenance, other times to issues with noise, and sometimes both.

One participant talked about how she had initially not felt that the ordinance was entirely fair, but when she ended up having disruptive neighbors move in behind her, she began to feel that it carries more validity. She did not end up reporting her neighbors to the City, but felt that her letters to the home's owner might have carried more weight due to the existence of the ordinance. Similar sentiments were expressed by other homeowners who may not entirely support the ordinance, but do want some way to control the number of cars parked on a street, and as one woman mentioned, "The more kids, the more activity we see. And it tends to be a pattern when there are a lot of them, four to six, then you see a lot of parties."

Increased support for the ordinance did *not* always translate to actually reporting neighbors for breaking it. It was noted during the interviews that neighbors seem to worry about reporting renters because they are concerned about retaliation. It seemed that in some cases, homeowners are more likely to act if they have the support of other nearby homeowners. In neighborhoods where homeowners do not interact as much, it *seemed* as though less action had been taken, and less changes had been made.

The situation is reversed for some who were initially happy to learn about the ordinance, but were then discouraged by their experiences. There were neighbors interviewed who expressed frustration because they do not believe that the ordinance is enforced as well as it should be. For some participants, this is their impression even though they have not called to place a complaint with the city. One woman actually had placed a complaint, but in the end, no changes took place. She did not feel that the way the ordinance was enforced was effective, because those who are reported are given too much time to hide any evidence of a fourth, or even fifth, person.

"It seems like it's good, like it's valid and should be okay. On paper it looks good, but in reality, I don't think it works. I'm not really overly impressed with it. I think it's hard to enforce."

Some people draw a connection between disruptions and more than three people in a home, while others do not feel that the number of people matters as much as who the renters are. It was apparent that some participants in this segment do not feel that homes with more than three unrelated people living in them automatically lead to trouble, but that based on their personal experiences, it has been the case. As neighbors recalled some of the issues and incidents that they had had to endure from their nearby renters, it was apparent that some residents were passionate about the issues surrounding this ordinance.

"If the students that are renting the home draw attention to the home they're living in for whatever reason, then yes I think they should be (reported). If there were four people living in a home next to me and they were totally respectable, totally responsible, then I guess I wouldn't have the same issues that I have (participant describes finding broken beer bottles and plastic cups on her lawn). I feel the landlord should be responsible for the upkeep of the property because the kids won't do it. The more people, the more likely it is to have activity. Parking becomes a huge issue because they don't use the driveway. It's not just (cars belonging to) the three or four that live there."

IMPACTS OF THE OCCUPANCY ORDINANCE

After talking about their impressions, participants described the way in which they perceive the ordinance to have impacted Fort Collins and whether they feel that these impacts are positive or negative.

Landlords

Landlords discussed the effects of the ordinance that they have observed, and explained whether they feel that its outcomes are positive or negative.

EFFECTIVENESS OF THE ORDINANCE

Participants in the landlord segment had varying perceptions as to the effectiveness of the ordinance up to this point. They were asked to talk more about their opinions concerning the ordinance, especially about issues like enforcement.

If the ordinance is going to exist, then it needs to be enforced in order to be effective. This is an overriding theme throughout this section of findings as expressed by the landlords interviewed. Even landlords who are generally against the ordinance feel that if it's going to be in place, then more action needs to be taken to enforce it. This opinion branches from several other findings noted in this section in which landlords discuss their concerns with the ordinance as it exists now.

“It needs to be enforced more. Until someone complains, there isn't a way to enforce it. They don't know (how many are in a home), how would they?”

At this time, the ordinance is not effectively creating change, but it potentially could if it is enforced better at some point. Some participants felt that the potential for change from the ordinance exists, but that it would be need much stronger and even enforcement.

“I also think it's not fair to have it when they can't enforce it because people following the rules lose business, they lose money. You still have the same number of cars parking out front, and it's not improving the condition of the houses at all...I think it's been a failure.”

“Where my personal home is, I don't think it's affected it at all...(They're) planning for high density housing, and that's where our townhome (rental) is, so by definition, there's a lot of people living there. I don't think the ordinance has made it better or worse one way or another.”

The ordinance is not creating any improvements because it does not specifically address behaviors. In contrast to the opinions supporting the previous finding, other participants frequently commented that “bad renters” are not defined by the number of people in a home, nor does it have to do with whether they are related or unrelated. They commented that three people can just as easily create disruptions, just as related family members can be quite loud.

“The issue is not how many live in the house. The issue is not affected by their relation. It's a stupid, illogical ordinance. They really wanted to reduce the number of rental properties (in their neighborhoods).” (Participant talks about how this is a very normal progression to take place in neighborhoods.)

“(Even) if it were better enforced, I don't think it would do what it was intended to do. I don't think it goes far enough to require owners to maintain the yard. I don't think the

ordinance addresses that at all. And the city just does not have the money to do it. I think it's ridiculous to have something that you can't manage."

"There is a need to enforce *other* ordinances that already apply, such as the noise ordinance...I think that prevails over that type of situation, or if there were a problem with trash on a property, I believe there are overlapping ordinances that cover those kinds of things."

"There are and were already laws on the books regarding all of the behavioral issues that this is supposed to deal with—noise, yard maintenance, loud parties, parking. Those were already in place. They weren't enforcing them. I know that there were people who called and complained about them, and nothing was done."

Several participants talked about how the underlying purpose of the ordinance is to keep rental properties out of certain neighborhoods. They argued that this is a sort of natural evolution of neighborhoods, and that, "Demographics change—they just don't want it to." The same person commented that this desire to keep renters out of a neighborhood by using the ordinance is, "blatant discrimination, as far as I'm concerned," which is a sentiment similar to what some of the tenants expressed.

Putting the power to report violating houses into the hands of neighbors can create a sense of violation of privacy. Additionally, a few landlords noted that in some cases, homeowners seem to report violating households just to be vindictive.

"I think it's sad in that you can have one neighbor causing so much trouble for a house that may not be causing so much trouble. It's just that a person decides they don't like rentals in their neighborhood. My sense is that this started in a retirement neighborhood where people had a lot of time on their hands. I don't think investors or property managers' voices have been heard. It's just the squeaky wheel...I think a bunch of people got together about rentals in their neighborhood.

"It has given the government more teeth to fine people for having more than three unrelated. It's on a case by case basis, but you have to be turned in, so it's almost like you have little vigilante groups. I knew a guy who cruised the neighborhood looking for it. I had a house with four in it—two were cousins. I thought it was okay, but it wasn't. It wasn't about behavior, or parking, it was about one person cruising the neighborhood and watching, watching, watching...the only reason you get caught is by having someone watch you, which is creepy."

Several landlords also talked about the issue of visitors and the fact that no visitor can spend more than 30 nights per calendar year at a house without being considered a resident. So as a result, neighbors tracking this type of activity end up taking notes on the personal lives of those renters who choose to have visitors stay multiple nights, for whatever reason.

Moreover, a few participants described the ordinance as 'unconstitutional,' especially because of the manner in which it is enforced.

"The enforcement is constitutionally unsupportable. It's based on complaints that can be and usually are anonymous." (Participant explains that they don't tell the renters what evidence they have, and do not tell them what they're looking for when it's time for the inspection.)

Not all feedback from landlords is negative; some feel that it is having some effect in neighborhoods, and others appreciate and support it for certain reasons. Landlords had witnessed different levels of enforcement through their own experiences. One person felt that enforcement had been relatively good, which in turn must be having a positive effect on neighborhoods.

“Yes, in a sense (it is working), because they have enforced it. I know it makes neighbors happy...it has worked, but at the same time, it’s turned ordinary tenants and landlords into criminals, and it’s just because they’re trying to get by. It’s almost like, did I make a mistake buying this five bedroom house?”

One person talked about how he actually likes the three-unrelated ordinance in some cases, such as where students are concerned. He said that his properties with student renters are much easier to manage with only three people living in them because, “a lot of our students aren’t clued into the world, yet...it’s a training process...we try to work closely with student tenants.”

CHANGES NOTED IN THE RENTAL MARKET

The ordinance is not evenly enforced which means that management companies and property owners who follow the rules are essentially punished for doing so. Landlords falling into this category, those who follow the rules, explained that they lose opportunities to rent to tenants, and lose out on managing properties, as these two groups of potential customers choose to work instead with someone who is willing to break the ordinance.

“The people who are following the rule, it’s affected them. Usually, if you have five bedroom houses, you can have five kids there. You can’t charge as much rent [with the ordinance in place]. That’s why a lot of people sold (their properties). We’re following it, but there’s other people that don’t. People (renters) think there are loopholes because other landlords are lying. When someone does call to complain, they take weeks to go and inspect, so of course they’re gone, nobody gets in trouble. I don’t think they’ve even fined one person yet. It’s just irritating.”

“We have lost income because of this. We tell our customers that we can’t put more than three in there so they take the property from us and go elsewhere. About 10 (clients) sold properties because they don’t want to deal with government here.”

The ordinance requires the use of additional resources for property managers to do what they need to do to make sure than tenants stay in compliance. Several property managers talked about the additional time and energy that they spend doing things like walk-throughs in their properties to make sure that tenants have not introduced a fourth person into a home. They commented that there are some properties that are reported because even though there are only three people in a home, the renters have multiple cars. One landlord suggested that, because of all the resources they waste on cases such as these, “We also think that we should go after (neighbors reporting non-violating homes) them for harassment.”

About four participants said that they had had to reduce prices on their homes with four or more bedrooms in order to keep renters in the properties. They could not rent the properties for the same amount that they would have, because renters cannot afford to pay the same amount when split only among three people. One landlord noted that the maintenance of her properties has suffered for this reason because it’s more difficult to afford to make the improvements that are needed.

“I would probably say that it has been detrimental (to the appearance of her homes) because we can’t afford to make improvements anymore (after reducing rents so that fewer people can afford to live in the homes).”

“Yes, I know that some people...have had to drop the price on their larger homes. They drop the price a little and have four instead of five, so they’re not breaking it as much, it’s not as obvious. For those who ignore the law, the prices stay the same.”

Perceptions concerning supply and demand varied based on personal experience, as well.

Some people feel that the demand for one and two bedrooms has increased noticeably. In fact, one landlord who owns mainly one-bedroom units said that they are currently at 100 percent occupancy in Fort Collins, but not in Loveland, where residents are able to live 3+ in a home. Even though this participant might have benefitted monetarily from the ordinance, they are not at all in support of it because of its negative impacts.

“Attention has shifted to smaller properties, which makes it a whole lot more expensive (to rent them). It’s taken away the affordable housing in town. I have two couples that wanted to rent a place together to save money, but they can’t do it. It’s not just students. It’s families, young couples, people struggling, it’s everyone....it’s the affordability for our residents that’s really been affected.”

A number of landlords do not feel that many changes have taken place concerning supply and demand, and that it’s probably because there are still so many people violating the ordinance. The majority of the landlords interviewed were of this opinion, as reflected in the comments that follow.

“People are not buying the four bedroom, two bath houses as much but if they do, they go to a property management company that will rent to over three (people), because they’ll do it until they get caught.”

“I think it’s probably about 50 percent compliance. There’s a huge shadow of landlords renting to three. Many put three on the lease and wink to the fourth tenant. The renters and landlords have an agreement to break the law.”

“It’s all pretty much stayed the same. I thought that one and two bedrooms would go faster, but there are still those who will rent to more than three, so change hasn’t really been that noticeable.”

OTHER PARTIES AFFECTED BY THE ORDINANCE

Landlords were asked to discuss other segments that they feel are probably affected by the ordinance, either positively or negatively. They named the groups listed below:

Investors. Current owners and potential buyers were named as groups affected by the ordinance.

“Do we want people buying four or five bedrooms for investment in Loveland, instead? They are being impacted too, and I think they know it. They may be taking their money elsewhere...they’re not going to make their mortgages. They’re up against the wall to put the fourth person in. They don’t want to sell. The fourth person has extra stress, as does the landlord.”

“This is causing people to go into foreclosure, to not take care of properties.”

“Investors purchased (these properties) with the purpose of generating revenue. Now people want to change the rules so it can’t be used as intended. I know some people who have been badly hurt by that. Students are being hurt by it because they have to pay the rent and go to college.”

Neighbors. Some neighbors are made unhappy by the inability of the ordinance to be enforced, in some cases.

“We have a neighbor right down the street, and she has called (to report violators). And when they (City employee) come check, there’s only three there. I think she has just given up, after three calls.”

The city also incurs additional expenses because of the ordinance. Landlords also talked about costs inflicted not only on their businesses due to the ordinance, but the cost to the city. Several people complained that the city does not have the funding that it would need to enforce the ordinance anyway, which makes the ordinance even more of a waste of the resources that are used on it. One person commented, “The problem is that the city has no funds to enforce it properly.” He later spoke of a new ordinance now in effect geared towards the maintenance of properties. He again remarked, “It’s strange. I don’t know where the city is going to come up with all of the funds...they can’t (even) do the basics.”

Tenants are widely affected by the ordinance, in large part by the financial repercussions of being limited to only three renters. Once again, a few participants commented that those who are following the rules are the ones who are adversely affected by the ordinance. Naturally, landlords talked about college students who simply cannot afford to pay above a certain amount per month for rent. Additionally, there are young people just starting out who need to be able to split the rent among more people rather than less. Numerous participants talked about the fact that two couples cannot live together either, and “you see that actually quite a bit.” The economy was also discussed briefly by a few people who mentioned that the ordinance certainly does not help anyone struggling to get through difficult times.

“...if anything, it’s going to hurt more because of the economy. People who are losing their jobs, what are they to do?”

Aside from the fact that landlords repeatedly commented on the inability of tenants to find affordable properties, they also commented on the general intrusive nature of the ordinance based on the fact that neighbors essentially ‘spy’ on those in nearby homes.

“I have lots of clients who may not be personally affected by the ordinance, but they are outraged by the intrusiveness. They are also looking elsewhere to purchase because of the tactic the council is taking (instigating more regulations).”

“They just don’t have the resources (to enforce the ordinance), (it) relies on neighbors to spy on neighbors, which is never good.”

“There are actually spies out there...this man goes out at 6 a.m. every morning to record what he sees, the number of cars in the driveway...takes his clipboard to monitor license plates. I think that’s mean. I think the ordinance is an absolute slap to four different groups of people: sincere students, disabled adults that are mildly mentally or physically disabled, those people need to be four to a home...there are really trying times out there. The other big group are divorced men who pay child support. These guys need extremely affordable

housing. Mess them up and they won't be able to pay the child support. If they can't find ways to get support themselves, it will fall to the City."

OUTCOMES: POSITIVE OR NEGATIVE?

The outcomes of the ordinance are thought to be a net-negative by this segment. While it is perhaps not surprising to learn that most landlords consider the majority of the outcomes of the ordinance to be negative, it is interesting to learn that there are a multitude of reasons *why* it is felt that this is the case. Not all opinions expressed during the interviews were related to money, and could often be traced back to a concern for tenants in search of situations that could help them save money on their living arrangements. This segment also carries a great deal of concern about 'fairness' as it relates to the ordinance.

"I think it's unconstitutional and discriminatory. It's discriminating against our most vulnerable citizens (the people who need the most financial help)."

"Since it's only on a complaint basis, the neighbors can just pick and choose. Inconsistent enforcement of any law is bad."

"Negative. It was supposed to be a cure-all, except that it's made liars and thieves and cheats out of renters and landlords. So four people who work somewhere together, (let's say) they sneak a fourth person in (a home), that can't be a comfortable feeling. And the students, also. A \$1,200 house used to be \$300 per person, now it's \$400 per person."

Tenants

Tenants discussed any effects of the ordinance that they have observed, and explained whether they feel that its outcomes are positive or negative.

EFFECTIVENESS OF THE ORDINANCE

Tenants who are against the ordinance do not feel that it needs to be enforced, but that there are other more directed laws that should be enforced instead. Numerous participants in this segment reiterated that they understand that homeowners have concerns and are probably tired of living near noisy students, or those who do not take care of the properties that they live in. Similar to some participants in the landlord segment, however, tenants often suggested better and stronger enforcement of laws that address specific behaviors rather than using a tactic like the ordinance.

It seemed that many participants felt that if the ordinance is going to exist, then it should be enforced. However, it was also heard time and again that there should be exceptions made to the ordinance, so that people who are more responsible would be able to live with more than three unrelated under the same roof.

"I think there's a need to enforce any law. This one specifically, I can see why it does need to be enforced in some circumstances, otherwise it's ridiculous. When you do have unruly houses, it might be necessary...five or six just increases the chance of people coming (to visit)."

"I would say that it would be up to the owner of the property to make sure that it's enforced, as well as the City. Obviously if the owner has no clue, somebody needs to take care of it."

“I understand it’s a college town and they don’t want a bunch of college students living in a house...in some situations I completely understand, but if it’s done right, there’s a way to live with more people.”

Additionally, some tenants questioned the choice of the number three, and commented that three people, unrelated or not, are just as capable of being noisy or neglecting house and yard maintenance.

Almost everyone knows multiple homes where the ordinance is not being followed, which leads many people to say that they do not think that the ordinance is successfully doing what it was intended to do. Taken at face value, many people say that the ordinance is not working because they know so many instances in which it is not being followed.

“I guess somewhat, but at the same time I know there are a lot who work around the ordinance and break it all the time.”

“I knew people last year that had up to eight in their house. People just turn a blind eye to it.”

“...not exactly sure what it was intended to do in the first place. In a literal way, no it doesn’t keep three unrelated from living together at all...mostly what I think it is accomplishing is just making landlords really scared which limits the (number of renters and) drives up prices, so I feel like it’s kind of a negative effect. I don’t think they’re enforcing it as much as they need to be if they want to see positives come from it.”

However, a couple of tenants did comment that they might have noticed a slight decrease in noise. They said that the ordinance might have brought about a small amount of change. And it should also be noted that there were several people interviewed who stated that they only have three in their home, specifically because of the ordinance, whether it was a decision that they made themselves, or it was pushed on them by their landlord.

“Most of the houses I go to, most have more than three people living there...I guess it is (working), I mean we got knocked down to three even though we weren’t (fully) investigated. I think it affects landlords more than students. Students don’t really worry about it because they feel like it’s unfair, so they’ll just try and get away with it.”

“I haven’t heard of a lot of enforcement. I’m sure it’s kind of hard to do. I know tons of people who are in violation of the law right now. I know the City is kind of under fire from a lot of students and community members. It seems to target students specifically.”

Most students are able to state some way in which the ordinance has affected them personally. Participants talked about numerous ways the ordinance affects them, whether it is because they are currently violating it, because they had been reported, or it had limited them to three in a home. A few tenants did not feel personally affected by it, two of whom are not students. One was a woman living on her own, and another was a man living with his wife and child.

“We took on the fourth roommate illegally, but it (the ordinance) was more of an afterthought than anything. We just figure we’re not in any danger of getting turned in for that, and it’s not for very long.”

“I would have to say yes, because we know we’re in violation. That’s an effect because it kind of makes you nervous.”

“...my roommate had to kind of get around the lease by not being on it, but it didn’t affect me that much. I think when we were looking for houses, a couple of landlords told us we’d have to kind of lie about it, but it’s easy to get around...it didn’t change who I lived with, we just waited until we found a place that worked.”

One participant explained that he had been reported by a neighbor, although he was not certain who had complained. They received notes indicating that they were under investigation although no one ever ended up coming to the house to inspect it. In their case, there had actually been two brothers living with two other young men, so the ordinance was not technically being broken. However, the incident “scared the landlords. They were worried about having too many people there.” This meant that after the two brothers moved out, the landlord restricted occupancy to only three people, whereas they might have been more lenient if the investigation had not occurred.

Another tenant explained that they would have more people in their home if it weren’t for the ordinance. They only have three people in their home because their landlord made it clear that they would like to limit the property to three people. He went on to say of the ordinance, “It’s made the landlords a little more shady. They’re opposed to the law, and do their best to work with students to keep everyone out of trouble. They’ll have three sign the lease, but five in the house.”

Most people know at least one person who has been affected by the ordinance in one way or another. Participants described hearing perspectives from people who have lost roommates, or who had actually been ‘kicked out’ of a home. One person had a friend who had to move back in with their parents in Loveland because they were unable to afford rent without living four to a home.

In one case, a young man was unable to live with a fourth person who is “like a brother.” These two young men had been raised together part of their lives but were not legally brothers, so were unable to have a fourth person in the home.

“I have one friend who actually got kicked out, but besides that I don’t really know anyone who’s been forced to leave.”

“They got an ultimatum that they had to move within five or six days. This was in the middle of the school semester, so it was hard on that individual plus it changes the financial situation of the people left behind.”

A participant also described situations that several of his friends had been in. They learned that they were to be investigated and hid the bed until the inspection was complete. He wondered how the number of people living in a home could ever truly be counted, which would make the ordinance extremely difficult to enforce.

Tenants can imagine how the ordinance affects landlords, but are not certain to what extent they have actually been impacted. One participant felt that landlords are “probably more strict about who they let rent, probably a little more concerned about making sure it’s only three. I kind of feel like five bedrooms aren’t going to be as valuable anymore.”

“I’m sure it does impact them, I’m not sure how much. When worst comes to worst, you have to rent out a place. It must just be harder to sell (as a rental space).”

Another participant in this segment explained that she has a friend in real estate who was talking about how the ordinance isn't just affecting college students. He knows plenty of people who are looking for cheaper residences and was frustrated because the ordinance is affecting a lot of people who need to be able to find less expensive living situations.

It's difficult to say how neighbors may have been impacted by the ordinance. When asked how they think neighbors have been affected, most tenants guessed that the changes must not have been too substantial, so far. One person pointed out that their neighbors still have rental homes nearby, so on his block, it had not meant a reduction in the number of rentals. He also noted that in his home they had always taken care of the property. Most people tended to feel that the amount of difference the ordinance would be able to make would really depend on who a neighbor is living near, in terms of their level of responsibility and rowdiness.

"It really depends on the three people that live there. You could just have one screw up that lives there. We're all pretty quiet, and we're good at taking care of things."

"I'm sure there are neighborhoods closer to campus where people were probably partying a little bit more. Neighbors might have seen an improvement—people don't want to get evicted."

OUTCOMES: POSITIVE OR NEGATIVE?

Most tenants can imagine that there might be positives associated with the ordinance, but had generally not seen evidence of them. Participants were able to name some positives that they believe could result from the ordinance. These were mainly related to how neighbors might have benefitted from it. Since many of these participants feel that they are able to live in a home responsibly already, and don't feel that they are a part of a problem, they tended to speak of areas needing improvement as if they were in other parts of the city.

"I guess it has placated the people that live in the neighborhoods with a high population of college students. They probably feel a little better, but I don't know if it's changed much at all so I don't really know if that's a positive."

"I guess that you probably might be cutting down on the party houses, but I haven't seen any research that says that cutting down on five people in a house means less partying."

"Those certain situations where there really are five or 10 living there and it's not built for that. It kind of keeps Fort Collins cleaner, I guess."

It is interesting to note that participants in the neighbor segment talked about homes where noise was not necessarily related to massive parties, but that they were often disturbed by people coming home late at night. The noises associated with coming home had awakened numerous neighbors, and meant an interrupted night's sleep. It seems quite possible that these are situations in which some students (or anyone else, for that matter) think they are being quiet when in fact they are not, and while they may not see a problem with their behavior, it creates a disturbance for nearby neighbors.

It is easier for students to name negative results from the ordinance because that is the way they feel they are being impacted by it. Participants reiterated the ways that they have been impacted, such as increased rents, living with worry about getting caught for violating the ordinance, and fewer options available.

“For me it’s definitely been a negative. Now I have to pay \$150 extra per month for rent, and I’m going to move out in a few weeks because of that.”

“It’s harder for kids to get a lease on a place. You might end up paying more if you only have three in a house instead of four...you’re going to pay the same amount for the houses whether you have three or four people. Most don’t rent by the number of rooms.”

“That’s one more to add to the bureaucracy, it’s one more thing to enforce, rather than something like drunk driving. I can see how in my situation it’s limited my options...possibly it could hurt the school, there’s less housing available, less cheap places to live.”

Another participant talked about a situation in which a landlord with a four bedroom place might meet with four people looking for a place to live, but because of the ordinance, they are unable to make a deal. In that case, nobody wins—the potential tenants are still looking for a place to live, and the landlord still has an empty apartment.

Neighbors

Neighbors discussed any effects of the ordinance that they have observed, and explained whether they feel that its outcomes are positive or negative.

EFFECTIVENESS OF THE ORDINANCE

Neighbors who work together and take the initiative to aid in the enforcement of the ordinance feel that it’s working. It seemed that some participants had teamed up with at least a few other neighbors to keep an eye on their own block or area in terms of occupancy. A couple of participants had been a part of several complaints, whether as the person who had filed the complaint, or as a supporter.

One man described a situation in which he was taking pictures and documenting the cars in front of a nearby rental house as a step towards proving that a neighbor was in violation. He was confronted by one of the people living in the house, who explained that living with more than three in a home was the only way that they could afford to pay their bills. So, confrontations can and do take place, which likely makes some neighbors hesitant to report a neighbor.

“I was part of an official complaint on two or three houses. We’re a part of a group that watches homes to see what’s going on, where potential violators are. The city investigates after a complaint...I know a fair amount of how it works and how our neighborhood approaches it. We don’t (place any complaints) unless we feel there’s a solid case. The city has been very good at taking it to the next step.”

“I was kind of the ‘bad guy’ in the neighborhood, taking pictures, logging vehicles...it took about four to five months to get something to happen, to reduce it to three people.”

It happened that one participant had been a part of the initial movement to research the ordinance as it had originally existed in Fort Collins. She and some other citizens had researched other cities where similar ordinances had been instigated. They approached the initiation of the enforcement of the ordinance with considerations for a number of facets. One of these was an issue of public safety, such as homes where people were living in basements without windows, and rooms without proper heating.

They also thought about neighborhoods where people had purchased single-family homes with the goal of living near other families. One of the described goals of the ordinance is not specifically

to keep students from living next door, but to try and maintain a balance of renters and owners in neighborhoods that are intended for single families. She explained, “Keeping everyone happy is a challenge, but we thought that what was happening in our neighborhood (numerous homes being sold to become rentals) could happen other places.”

It was also explained that the enforcement of the ordinance has long-term goals as well, as far as the development of the city of Fort Collins. If the ordinance is able to keep the number of rentals in neighborhoods with single family homes under some control, the character of the city can be better preserved. There were also environmental considerations, such as promoting high density developments closer to campus in order to prevent sprawl and lengthy commutes.

Please note that the above paragraphs provide a brief summary of goals written based on one interview, and are not intended to be a summary of all overriding goals of the ordinance.

“...the people I know that have lived here almost as long as I have...we share the same concerns. They are all coming together and doing their part. It’s been pretty much toned down, fewer cars, very few loud noise or party complaints.”

The results of the enforcement of the ordinance are evident in some areas, where neighbors seem to work together to ensure the ordinance is being followed. Noise reduction, fewer cars parked on the street, and some improvement in maintenance are noted in areas where neighbors are diligent, according to some participants. The results are not apparent to everyone in every neighborhood, however, and this is further addressed in later findings.

“(The reduction in number of cars parked on the street) is visibly noticeable, but the main thing is traffic, especially late-night traffic. (Tenants’) acquaintances are part of what make parking and traffic so bad. We still have a fair number of rentals, so reducing the number of people in a house must make a difference.”

“Our two blocks are pretty much compliant (now). Now in other neighborhoods, I would read what was going on, but you don’t see a whole lot of that in the paper anymore. Certain neighborhoods had individuals who were kind of on patrol. There seems to be less of it going on, so there’s probably more compliance.”

Rental home and yard maintenance are still issues, although this seems to depend upon the landlord. One issue that does not seem to have improved as a result of the ordinance, according to responses heard during the interviews, is the maintenance of homes and yards. While the tenant may be partially responsible for taking care of these things, the landlord often becomes the main focus of these complaints. When tenants will not care for a property, neighbors tend to feel that the responsibility falls then to the landlord.

“A lot of it has to do with what the landlord is like, if they’re totally absent. You can’t have a dirt yard. (Owning) a rental property is a business, and we have a lot of limits with businesses, so there should be some regulation.”

“(The ordinance) hasn’t really improved the visual aspect of the properties.”

“...I think it’s more that it’s a rental, and possibly students (are living there). If someone wants to rent it out, build into the rental price the maintenance of the yard.”

A few people talked about how there is now a new ordinance in place concerning the appearance and upkeep of properties.

"If you're a responsible young adult, you should be able to take care of where you live. Otherwise, live in an apartment or a dorm."

Some people who have placed complaints with the City are sometimes discouraged when no change takes place after a property is investigated. Anyone falling into this category generally did not feel that the ordinance is effective. This was true for a woman who had had this experience herself, and interviewees who knew of neighbors who had placed a complaint to no avail.

One participant said that she had reported a nearby house, and had done what she needed to do in order to have the property further investigated by the City. She did not feel that the process for investigating was very fair to the person reporting, because those who are violating the ordinance are given so many opportunities to hide the fact that they are not following the rules. She explained, "They give (the household) a week before they come check, so of course it's all cleaned up by the time the inspectors get there. So ultimately they found that the renters weren't doing anything wrong. It didn't work." A few people were hesitant to place a complaint because, as one woman said, they "don't want to start any trouble."

It is interesting to note that, in other respondent segments, participants sometimes felt that the process for investigating was unfair because the turnaround is so quick. It is not understood whether the investigation process has changed, if has been executed inconsistently, or if perceptions simply vary based on an individual's point of view.

Some neighbors do not feel as though any changes have occurred on account of the ordinance, and feel that it is because it is not being effectively enforced. Several people expressed that they do not feel the ordinance is making a difference in their neighborhood, and it is because it is not enforced as it should be. One woman talked about areas in her own neighborhood, as well as others throughout the city where properties have not been cared for as they should be because they are rental properties, and more than three people are likely living there. Two people specifically commented that not only having renters on a block, but having more than three people in a home means that disturbances are much more likely to occur.

"There's no sense having a law that's not enforced. Why have it?"

"(It is) absolutely not (making any changes). I see none of it being enforced."

So, there are many who believe that the need to enforce the ordinance exists, but that it is not currently done so properly.

For people living in areas less impacted by the ordinance, it's difficult to say whether or not it's effective, or if it needs to be enforced. Generally, participants in this situation tended to feel that the ordinance must be more put to use in neighborhoods with high volumes of college students.

"I guess I would say no (it does not need to be enforced), but I don't even know...we didn't have to get the city involved (in our situation)...if someone wanted to enforce the ordinance, what do they do? I think it's fine the way it is. I think fines help."

“There are quite a few parties, but I went to college too, and as long as it’s the weekend, it doesn’t bother me. I think some people are too cranky.”

Home values may have been helped in some neighborhoods. Many comments connected the fact that a greater number of rentals in a neighborhood can bring home values down. In other areas, home values had stabilized which enabled more families to purchase homes in an area. Opinions varied on this topic, too, as one woman explained that her home value remains high because of the number of rentals in her neighborhood, which is fine with her.

“In my neighborhood, I don’t think it has affected us, but I can see why it would in other neighborhoods.”

“Our home values have stabilized. For a short while they were going up and up because investors thought it would be a good neighborhood for buying for rentals...that drives out single family home buyers.”

“From what I’ve seen...I believe it has helped upgrade the neighborhood...of course your real estate values are going to go up.”

OUTCOMES: POSITIVE OR NEGATIVE?

Those who feel that the ordinance is not enforced say that its impacts are neither positive nor negative. Neighbors who do not feel that the ordinance has made a difference in one way or another cannot say whether the impact has been positive or negative.

These participants were much less likely to place a complaint with the city. The reasons for this seemed to vary by individual. Some neighbors feared retribution from those whom they might report, others didn’t feel that it would make much a difference, anyway. Still others were bothered by neighborhood situations, but did not feel like the ordinance would solve their problems, like poor yard maintenance.

Even if they haven’t experienced positive outcomes themselves, most homeowners can imagine how some people are benefitting from the ordinance. Others looked forward to experiencing positive outcomes when (if) enforcement is strengthened. And, as already mentioned, there were several respondents who feel that the ordinance has been highly effective in their neighborhoods, with the positive effects of creating a balance between the number of rentals with owner-occupied homes, a better sense of community, and reduced noise levels.

“We’ve seen a revitalization in our neighborhood. People feel more confident about purchasing in our neighborhood. I’ve only heard good things about it.”

“Generally, in my neighborhood, I make my observations almost on a daily basis and I really don’t see anything negative. Students are still wanting to come to CSU...we need to take care of students, because the cost of housing is changing.”

“Probably (there are positives for) people in neighborhoods closer to the college with more students around.”

“If only three lived in a home, I would say there would be room in the driveway for parking, and I just think it would help. Parking would be the number one positive.”

“We can call the police when there are parties. It might not have anything to do with the three unrelated, but when there are four to six in the house, they are more likely to have parties.”

One participant tended to think of the overall effects that excessive numbers of rental homes can have on developments as a whole. He talked about neighborhoods that he had watched change over time in Chicago and Washington, D.C. He commented, “...I’ve seen neighborhood go down the hill and I don’t want to see it here. You start (to see) a little bit and the whole thing deteriorates.”

While most neighbors could understand how the ordinance might affect landlords and renters, they don’t feel that the effect must be extremely damaging because there are still so many homes where violations are taking place.

EXTRA OCCUPANCY RENTAL HOMES DESIGNATION (LANDLORDS ONLY)

This particular section was geared specifically towards the landlord segment, although one person in the neighbor segment did touch on the topic.

There are many obstacles in order to earn this designation, so it does not help many property owners around the ordinance. All participants who owned or managed numerous properties were familiar with this designation. Smaller-scale owners had either not heard of it, or knew a very limited amount. Primarily, most feedback on the topic was geared toward the limited zoning in which such a designation is allowable, as well as the costs required to ensure that a property meets all of the necessary requirements.

“That’s costly to go through, and it’s not a given that you can get that designation. I have a lot of people who have chosen not to do it because of the cost. It’s not just the fees and permits, it’s the upgrades to current city codes.”

“(The designation) only exists (as an option) if your house is in the zone to permit, and there are only a few zones where you can take advantage of it. I have an elderly couple who purchased two four-bedroom homes in 2003, but neither neighborhood is zoned (for this designation). But those certainly aren’t the only ones affected by the ordinance. Owners are losing money.”

“That’s stupid, too. For our properties, we can’t even do that because there are so many things you have to go by (rules to follow)...there are so many things you have to do, like heating, the extra parking, for us it’s just not worth it. We have lots of properties in zones where that can’t be done.”

Most people do not use the designation, so its existence is not considered a positive or a negative to most people. Because the designation requires so much work (and likely investment), it ends up being passed as an option by many property owners, as indicated during the interviews. As such, it is somewhat of a non-factor. One property manager explained that, out of the hundreds of properties they manage, they were only able to convert one house into this type of property, because it was in the proper zone.

“To have it available (as an option) is a positive, but some of the guidelines are just tremendous. It’s just expensive.” (participant explains that if a house is to accommodate five

people, it must also have room and specific conditions for five cars to be able to park there, which can be an extremely expensive requirement to fulfill)

“There are exceptions, but only in those particular neighborhoods, and they’re highly regulated in terms of safety and code. They are inspected, and there has to be a certain amount of off-street parking...so your average person would not be able to apply to it. That’s why I feel there’s a need for some other process.”

One small-scale owner had not heard of the designation. After a brief explanation was given, she was still hesitant to provide many opinions on the topic without having many details. She explained, “I think it might be helpful if it’s done correctly. I just see so many things that they try, but they get all the extra junk in it that it just doesn’t work. It really upsets me when people who have money can buy their way through. I’m afraid that we have things like that happen.” Another small-scale owner made the following remark:

“I know that it makes sense for property owners, but if (you’re) in a single family, owner-occupied home, I would think that they would be negatively impacted by that. I don’t know how the City makes those exceptions. I’m assuming the rules are relatively strict.”

The participant in the ‘neighbor’ segment who mentioned this designation talked about the importance of the zoning requirements in order for a property to be acceptable for boarding purposes. She explained it from the perspective of a person who had purchased a home with the understanding that the neighborhood would be for single families, not to be interspersed with boarding-house type situations.

SUGGESTIONS FOR CHANGES OR IMPROVEMENTS

In the last section of the conversation, participants were asked to share their ideas for improving the ordinance, if they felt that changes were desirable.

LANDLORDS

In the final portion of the interview discussion, landlords were asked to make their own suggestions for improvements to the ordinance. Their suggestions, which varied depending on their level of support for the ordinance, are presented below.

Punish specific people for their specific actions. That is, instead of using the ordinance as a way of preventing behavior, use existing laws to enforce more appropriate behavior. As an example, one woman talked about enforcing noise ordinances with very heavy fines, and following through with the punishment. Make students experience the consequences of their actions, but don’t punish other people who would not have broken the rules to begin with.

“Enforce the already existing ordinances that correct behavior. Hold the tenants responsible for their behavior. I know that there are some landlords that are not responsive...but I think (the City doesn’t) do much at all about dealing with the people that have the bad behavior.”

“If they could keep the neighborhoods quieter, I think that I like that aspect. Everybody has a right to not have wild parties going on, but I don’t think the enforcement on the noise issue, I don’t think they have enough teeth in it. The owner can be fined for the noise, and that should not be. It’s the people who live in the house, and they ought to make the fine really big so that it really hurts, not just a slap on the wrist.”

Considering punishment for particular actions caused some people to think about the other issues that the ordinance had been designed to help, such as parking. Most people agreed that it might be nice to have fewer cars parked outside a home, but that it is not fair or realistic to restrict the number of cars that a person owns. One woman commented, “A family with a bunch of teenagers would have the same problem.” She also noted, “A family can be just as noisy as a group of students.”

“It seems to me that you either have it (the ordinance), or you don’t. Just let people live together in a home where it seems to be appropriate, and let market forces or neighbors (drive change). I don’t think it’s the kind of thing that should be legislated so heavily...living in a neighborhood means you’re a part of it, so it’s your responsibility. You don’t need an ordinance with the City to say what you can have and what you can’t have.”

Choose some areas of the city in which to purposefully grow student populations. Interestingly, this was suggested by one landlord. It should be noted, however, that in this case no one would be limited to a certain number of unrelated people in a home. This participant expressed particular concern for the fact that the ordinance disables numerous groups of people that desperately need to be able to find affordable housing from being able to do so.

“There are some areas where students already are welcome. Maybe limit their presence in other places. Let’s welcome CSU to our economy and not make it really crummy on how it works. Most students are very hard-working, and extremely worried about the recession.”

Increase the number to four-unrelated. One person commented that even allowing just one more person in a home would help not only landlords, but students *and* others who need to live as inexpensively as possible. For example, this would allow two couples to live together, a situation which was frequently raised by landlords.

“What I’d really like to see is four-unrelated...that just seems to be the breaking point. There are a lot of four-bedroom, two bath houses. If it were four unrelated, it would make housing more affordable and help us out as investors. Then you wouldn’t have people sneaking others in. Four would be a good, happy medium for everybody.”

If the ordinance is to be upheld, enforce it seriously so that all landlords are affected in the same way. This relates back to the numerous comments presented in earlier sections regarding the unfairness of the fact that so many landlords still allow more than three to live together. This is much to the detriment of businesspeople who make the decision to follow the rules.

“...they need to do something where people were actually getting in trouble. It probably wouldn’t affect us so much if all the landlords were following the rule. All owners could stick together and keep price ranges reasonable. It won’t work unless you all follow the rule. They give too much time (to renters) to fix it and so no one gets caught...there are a lot of owners with one or two properties who have no clue about (the ordinance), there are others who just break it. We miss out on business because we won’t break the rules.” (Participant comments that renters are given time to remove evidence of a fourth person and that they can just move back in after the inspection.)

Similarly, one person made a suggestion as to how the City might be able to more effectively enforce behavioral issues by having property managers and owners provide a profile of renters in each of their properties so that the City would know who is living where. “My suggestion would be, there would need to be a reporting process for telling the city how many people are in each

property...mandatory reporting for which properties are rentals, and if it's a single family or college renters, so they will know where to look for problems.”

Conversely, several landlords were under the impression that the enforcement of the ordinance is very strict, and that it does not allow a fourth tenant more than seven days to move from a home before they are fined \$1,000 a day. These participants commented that this approach should be changed, with a little more consideration for the stress (both emotional as well as financial) that tenants would experience because of this enforcement. One person commented that one of the reasons Fort Collins has been a great place to live is because a student could rent a bedroom for \$300 per month close to campus, and in a great area. He commented, “If they really start cracking down on it, what else are you going to do as a student?”

Make exceptions for tenants who will obviously not create problems. Landlords talked about people who have come to them to rent, but could not because it would have meant that more than three unrelated people would be living together. These were sometimes situations in which friends were trying to help someone else by inviting them to live in the same house for a while, or maybe two couples wanting to live together. Several people commented on situations involving caretakers who were unable to live in certain situations that would have helped them keep watch over someone else.

“There should be an exception process if they are going to enforce the ordinance.”

With all the frustration and questions that surround the ordinance, some landlords feel that it would be best to scrap the current ordinance and decide on new ways to approach neighborhood issues. One person commented that the lack of resources to enforce the ordinance is even frustrating to the people trying to enforce it. It was stated that the best thing to do might be to get new city council members, and then make a fresh start.

TENANTS

In the closing section of the interview, tenants were asked to make suggestions for improvements to the ordinance.

Regulating the number of people that an individual is allowed to live with seems very restrictive, and neglects to punish specific people for specific behaviors. Tenants tended to advocate enforcing laws concerning behavior, instead of the occupancy ordinance. Numerous people commented that simply having four people under the same roof seems like a ridiculous reason to be punished, especially if they are not causing any disturbances. Furthermore, they could not imagine why a neighbor would need to report a house just because of the number of people living there, if the behavior did not warrant it.

“If they have a good reason to call the city, if the kids are out of line that seems fair, but if you just see four people, that doesn't really justify it.”

Repeal the occupancy ordinance, and direct the City's resources towards enforcing ordinances geared towards noise and other behaviors. Related to the above finding, numerous tenants suggested punishing particular types of behavior when they arise.

“There are noise ordinances in place. If you break the law, you break the law. Start enforcing that more.”

“I think the ordinance is unnecessary. We need to improve the laws that punish the specific instances themselves. (We need) better enforcement of the existing laws. All of these problems, people were already having—we don’t need this ordinance in addition to those (other) laws.”

The size of the property should be taken into consideration. In other words, some people suggested that it makes sense to limit the number of people that can live in a home, but that it should be based on the amount of living space.

“I would honestly say that the ordinance should just (be applied) house to house. If it’s a four bedroom house, then four people should be able to live there, or a two bedroom house with two couples—it would depend on a lot of different things. Couples should have a part in it, and the number of bedrooms and bathrooms, rather than just three people, a blanket on the whole city.”

“I would add a couple more complexities like maybe allow four (people) if parking space is available...but I really think that three is good for those smaller houses...smaller four bedrooms, where if it’s a little tight, it’s pushing it...overall, things are working, but it’s a tough issue.”

It’s difficult to accept the ordinance as-is, when it seems like there are so many situations that should be acceptable. Like the landlords, tenants felt like if the ordinance is to be upheld, there should be exceptions to the rule. A couple of people mentioned that this is true especially if they were trying to help a family member or a friend through a difficult time.

“...what if a family member needed a place to stay for a couple of months, but we got in trouble for letting them stay for bit, when all we’re trying to do is help? There are so many situations where it should be okay.”

Place more responsibility on the landlords to make certain that their properties are in compliance. One person suggested that landlords need to take responsibility for their properties and ensure that rules are being followed.

“I think it’s up to the landlord. Our landlord comes around—he’s around enough to know if somebody’s violating or not. If something like that were going on, I think one of us would tend to say something to him about that. I think it’s up to the landlords and then the neighborhood...out of the four-plex I’m in, I know all of my neighbors, and we watch out for one another.”

Make certain areas of the city rental zones, or areas geared towards college students. Interestingly, two participants in this segment suggested trying to designate certain areas as rental zones. They each acknowledged that this is a college town and that students are likely to want to live closer to campus, and are also more likely to at least occasionally have parties. Separating this population from family homes would be a way to keep everyone happy.

As a final statement, one participant expressed frustration over the fact that she doesn’t feel as though some groups who are highly impacted by this ordinance have been given a chance to be heard, namely students. She noted that meetings intended for public input on issues such as the ordinance have been rescheduled on several occasions so that they occur at times when the majority of the student body is not in town, such as during the summer months.

NEIGHBORS

In the final portion of the interview discussion, neighbors provided their ideas for suggestions to improve the ordinance.

Many neighbors feel that the ordinance has the potential to make more of an impact if enforcement is increased. Several people commented that the city should be more proactive in pursuing offenders. Some participants thought that the city should be more aggressive so that offenders will actually be caught in the act, while others felt that an inspector should actively seek out offenders.

“...if they want this in compliance, someone should drive out and do a visual look and then do some questioning. I think that seeing is the actual means, and then giving notice on their door or then a mailer. They can’t let it linger because by the time they investigate, the college students are out so they don’t get caught.”

“I think they need to address the complaint right when somebody has complained.”

“They should have enforcement that is not solely on a complaint basis. They should actively seek out violators, just like you seek out speeders. If you see someone breaking the law, you take action. It’s a very worthy ordinance that benefits the city as a whole, and it needs to be enforced.”

Despite the fact that numerous people commented on this topic, few were able to suggest how exactly more thorough enforcement could be pursued. Not everyone seemed completely convinced that enforcing the ordinance would actually make too much of a difference in their neighborhood, even those living in areas with higher percentages of renters. The goal of producing change seemed less attainable to these neighbors. Many of them were also very likely to say that they would *not* be likely to call the City unless they were extremely unhappy with a nearby rental situation. One person commented that there is also the issue of checking out the actual validity of a complaint. She remarked, “It can get out of control...there are definitely some complaints that are very petty.”

“The owners are getting more funding (higher rents) because they’re breaking the ordinance, whereas we’re the ones putting up with the extra traffic and the extra noise. It’s kind of a safety issue, too, for the children.”

Landlords should be held more accountable for their properties. Many residents made comments indicating that they feel this way. Participants in the landlord segment felt that actions should be directed towards tenants and that *they* should be held most responsible.

“It falls back to the city needs to be responsible for making the landlords responsible. They need to hit the landlords with a fine.”

“First, I would talk to the owner about it, and if he didn’t do anything then the City would be notified.”

“They really need to make the landlord responsible, and then make the tenants responsible.”

“At one house, the landlord only rents to kids from the church, and you can tell. It’s the landlord’s responsibility to control who is in their home.”

Even though some neighbors had not yet reported a nearby home, they said that they have used the ordinance as a sort of bargaining chip when talking with nearby renters or landlords, as a way to ensure that tenants respect the rights of their neighbors. It seemed that, often, neighbors began trying to solve an issue with noise by speaking directly with the tenants themselves, or frequently the landlord. The resulting action very much depended on the landlord.

The ordinance is not viewed by all residents as a fair solution to the problems that it seeks to solve, and it does not address property maintenance. This was clearly not a point agreed upon by all participants. Some neighbors clearly stated that they have noticed that homes with more people are more inclined to parties and increased traffic and parking issues. Others really felt that the number three was chosen quite arbitrarily, and that placing this type of a limit is not going to solve problems.

“I just know that I don’t know that limiting it to three is going to...I don’t know why three is the magic number. Why isn’t it just, if the house is a four bedroom house, just have four (people living in it), five bedroom house just have five...it seems like it’s not really in-line with the needs of the full community, including those investors (in rental properties). As three people, they can still cause as many problems as four.”

“I guess the number of people isn’t the total answer. I would like to see some sort of ordinance that would say okay, in addition to how many people live there, you have to maintain the property...it would be nice if rental units would be monitored and had to be maintained.”

“Our other concern is that the property is so run down now, he’ll probably always just rent it to kids. It’s really sad, because the couple that was there before (took excellent care of it), it was beautiful.”

There may need to be a way for exceptions to be made to the ordinance. Even one participant who is very happy with the effects of the ordinance mentioned that the need may exist to look into certain circumstances where exceptions could be made. She mentioned, “Let’s say we try to help somebody out for a while (by allowing them to live with us). If they’re not related, that would break the ordinance...also there are situations with caretakers. I think it just needs to be researched. I don’t have any answers.”

“We like to think that this is just the beginning of really creating a bigger picture of a viable community, more density development where it’s needed, more apartments. More urban renewal...tear down trashy old rentals and put up apartments and house more people on less (land)...more organized space.”

APPENDIX A: PUBLIC PHONE SURVEY INSTRUMENT

FORT COLLINS ORDINANCE QUESTIONNAIRE

Good evening. I'm calling on behalf of the City of Fort Collins, and we're conducting a short eight-minute survey about neighborhood issues. May I begin the survey?

Great. Before we begin, I'll ask you two quick questions to ensure that you're eligible for the survey.

(q1) As a first question, this survey is being conducted only with people who live inside the city limits of Fort Collins. Do you live inside the city limits?

1 Yes

2 No

[IF NO, SAY, "Thank you for your time, but you are not eligible for the survey. Have a pleasant evening."]

(q2) As a second question, this survey is being conducted only with people who currently live in a house or duplex, as opposed to a condominium or apartment building. Do you live in a house or duplex?

1 Yes

2 No

[IF NO, SAY, "Thank you for your time, but you are not eligible for the survey. Have a pleasant evening."]

Okay, we can start the survey now. I'd like to first mention that your phone number is one of several hundred that we have randomly selected for this survey. The survey is being conducted to gather statistical information about neighborhoods and neighborhood problems. The information will not be used to respond specifically to any reported problems, and all of your responses will be confidential.

(q3) How would you rate your neighborhood in terms of the following factors? For each category, please answer Very Good, Good, Fair, Bad, or Very Bad.

	Very Good	Good	Fair	Bad	Very Bad
(q3a) Peace and quiet	1	2	3	4	5
(q3b) Maintenance of lawns					
(q3c) Maintenance of houses					
(q3d) Sense of community					

I'd like for you to take a moment now and think about the four houses that are closest to your home. They can be in any direction. I'll then ask you some questions about those homes. I'll give you a moment to think about it.

(Give the person a moment to think.) Do you have the four nearest houses in mind?

(q4) I'm going to read several categories of potential neighborhood problems. Thinking about the four homes nearest to yours, how many would you say have had these problems during the past six months? For each category I read, please answer zero, 1, 2, 3, or 4 houses.

	Zero	1	2	3	4
(q4a) Animals running loose	0	1	2	3	4
(q4b) Criminal activity					
(q4c) Disruptive parties					
(q4d) Loud noise other than parties, such as stereos or yelling					
(q4e) More than three people who are unrelated to each other living in the house					
(q4f) Parking vehicles inappropriately					
(q4g) Unkempt lawn					
(q4h) Trash or junk in the yard					
(q4i) Poorly maintained house					

I'd like to ask you now a few questions about a specific city ordinance.

(q5) Are you aware of a city ordinance that prohibits more than three unrelated adults from living together? (Note if asked: *More* than three unrelated adults living together is a violation of the ordinance.)

- 1 Yes
- 2 No
- 3 Don't Know

Active enforcement of that ordinance began in January of 2007, in instances where complaints have been lodged. People who might have been affected in some way by the ordinance include renters, landlords, and people who live near households that were affected.

(q6) Thinking again about the four houses that are closest to you, prior to 2007, did any of them have more than three unrelated adults living together?

- 1 Yes
- 2 No
- 3 Don't Know

[IF YES: How many of the four houses?]

(q6a) Were the residents of that house affected by the ordinance? In other words, did some or all residents have to move out?

- 1 Yes
- 2 No
- 3 Don't Know

(q7b) [IF YES: Did this have a positive impact on the neighborhood, a negative impact, or no significant impact?]

- 1 Positive impact
- 2 Negative impact
- 3 No significant impact

(q7c) [IF POSITIVE IMPACT **OR** NEGATIVE IMPACT: Can you describe the impact?]

(q8) Since the enforcement of the ordinance in January of 2007, did you personally have to change your living arrangements or the living arrangements in the property you own to comply with the ordinance?

- 1 Yes
- 2 No
- 3 Don't Know

(q8a) [IF YES: Has this change had a positive impact, a negative impact, or no significant impact on your life?]

- 1 Positive impact
- 2 Negative impact
- 3 No significant impact

(q8b) [IF POSITIVE IMPACT **OR** NEGATIVE IMPACT: Can you describe the impact?]

(q9) Do you own any residential properties in Fort Collins that you rent to tenants?

- 1 Yes
- 2 No
- 3 Don't Know

[IF YES: Has this ordinance had a positive impact on your rental properties, a negative impact, or no significant impact?]

- 1 Positive impact
- 2 Negative impact
- 3 No significant impact

[IF POSITIVE IMPACT **OR** NEGATIVE IMPACT: Can you describe the impact?]

(q10) Would you prefer to see enforcement of the city ordinance that limits the number of unrelated adults who can share a house to three people enforced more strictly, less strictly, or is it currently enforced at the right level?

- 1_More Strictly
- 2_Less Strictly
- 3 At the right level
- 4_Don't Know

(q11) Do you currently own or rent the home you live in now?

- 1_Own
- 2_Rent
- 3 Other/Don't Know

[IF RENT: How many bedrooms are in your rental unit?]

[IF YES to q4e, q6, q8, or q9, or Rent in Q11 with more than 2 bedrooms] I have one more question. Would you be willing to participate in additional paid research on the topic of the three unrelated persons ordinance?]

[IF YES: get name and phone number]

Thank you for your time! We appreciate hearing your opinions.

GENDER:

1 Male

2 Female

APPENDIX B: INTERVIEW GUIDES

On the following pages, we present the guides that were written for the interviewer's use in order to ensure that all appropriate topics were covered during conversation. Three separate guides were written and used for the audiences studied. They are presented in the following order:

Interview guide: Neighbors

Interview guide: Tenants

Interview guide: Landlords

INTERVIEW GUIDE: NEIGHBORS

Name:

Date:

[Introduction] Hello. My name is _____ and I am with Corona Research. We are conducting market research for the City of Fort Collins. [You may have recently taken a brief telephone survey on this topic and expressed interest in participating in additional research]. The purpose of the research is to learn more about residents' perceptions of the occupancy ordinance. Regardless of how much you know, your opinions will be very valuable to the City as it gauges the effects of the ordinance. The results from the interviews being conducted will be compiled by Corona Research into a final report, and will be provided to the City. Your name is *not* included in the final report and everything that you say is reported anonymously.

Some final details for you before we begin: as you probably already know, we'll be on the phone for about 35 to 45 minutes. We have promised to pay you \$40 after your completion of the interview. Where should I have this check sent? (Verify address and spelling of name for the check.)

Address verification:

Do you have any questions for me before we begin?

[Interviewer: Review screener data before beginning interview. Screener data will provide a lot of background information such as length of time lived in Ft. Collins, length of time lived in current neighborhood, whether living in a house or apartment, etc.]

CURRENT LIVING SITUATION (7 MINUTES)

In our first topic area, I'll just ask a few questions about your current living arrangements in Fort Collins.

22. Please tell me about people who live with you in your house/apartment...that is, your relationship with them. Are they family members, relatives, coworkers, friends, etc..?

(Inquire about related, unrelated if not offered.)

23. In general, how would you describe the neighborhood that you live in? [Interviewer: Let them answer this question first, then proceed with the following]

What do you like best? Least?

Why did you choose to live in this neighborhood over another?

Who would you say lives in your neighborhood—mostly families, college students, elderly, etc.?

Describe the two households closest to you.

BRIEF HISTORY OF NEIGHBORHOOD (5-7 MINUTES)

Now, let's talk a little bit about how your neighborhood may have changed since you've lived there.

- 24. Overall, have you noticed any changes take place in your neighborhood over the years? If yes, please talk a little bit about that and how you think it has changed.
- 25. Now please think about your neighborhood and how life has been there, *especially during the past two years*. [Interviewer, give participant time to talk about any experiences they've had or what that they have noticed, in particular—this will be further addressed in the next section.]
 - a. Have you noticed changes during this timeframe? Please describe.
 - b. Why do you think these changes have occurred?

KNOWLEDGE & PERCEPTIONS OF THE OCCUPANCY ORDINANCE (20 MINUTES)

In this section, we'll talk a little bit more specifically about changes that may have taken place in Fort Collins neighborhoods over the past few years. Don't worry if you do not know exact facts – we just want to hear your opinions.

[Interviewer: During this part of the conversation, listen to the person's situation and refer to screener data (e.g. how long they have lived in Ft. Collins). Ask questions accordingly.]

- 26. [If participant has not mentioned it already] Are you familiar with any City ordinance that prohibits more than three unrelated adults from living together?

What do you know about the ordinance? Please describe to me what you know.

How did you first learn about the ordinance?

- Have you seen or heard anything since you first learned about the ordinance?

- 27. What was your first impression of the ordinance?

Have your opinions about the ordinance changed since you first heard about it? Please explain.

At this point, let me explain a little more about the ordinance.

Active enforcement of an ordinance that prohibits more than three unrelated adults from living together began in the City of Fort Collins in January of 2007, in instances where complaints have been lodged. People who might have been affected in some way by the ordinance include renters, landlords, and people who live near households that were affected.

28. Do you believe that there is a need to enforce this ordinance? Please explain.

Are you familiar with any examples of the type of living situation that this ordinance targets? Please explain.

Do you feel like the ordinance is doing what it was intended to do? Why do you say that?

29. Has this ordinance affected you personally and/or your living situation? How?

a. Have you made any personal decisions concerning where you live based on the ordinance? Please explain.

30. Have you noticed changes in your neighborhood since the enforcement began? Please describe these to me. [Probe on bullet points below. These are particular elements to a neighborhood's general quality of life that can be addressed.]

- i. Noise levels
- ii. Appearance of surrounding yards/properties
- iii. Number of cars parked on street
- iv. Sense of community

31. As a homeowner, do you think that home values have been affected by any of the changes that we were just discussing? [Comments about the economy will undoubtedly arise but interviewer will steer conversation back to the issue at hand.]

a. Aside from the obvious impacts of recent economic events, have you noticed any other changes in the real estate market in Ft. Collins over the past few years for either renters or homeowners? [that might have been spurred by local issues/happenings?]

32. Do you know any (other) people or entities that have been affected by the enforcement of this ordinance? If so:

Who?

What were the outcomes?

(If not offered, mention landlords, tenants, neighbors.) How do you think they've been affected?

33. In your opinion, have the outcomes of the enforcement of the ordinance been positive or negative? [The following questions will prompt for additional information regarding this question]

In your opinion, what are the positive outcomes of the enforcement of the ordinance? Why do you say that?

- Even if *you* don't feel like you have benefitted from the ordinance, do you think that there is anyone who has?

What do you think are the negative outcomes of this? Why do you say that?

- Even if *you* have not been negatively impacted by the ordinance, do you think there are others who have been?

SUGGESTIONS FOR CHANGES OR IMPROVEMENTS (5 MINUTES)

Optional section depending on time available and the need perceived by the client.

We'll finish up by talking about your ideas concerning this ordinance.

34. If you feel that the "more than 3" ordinance or its implementation could use some improvements, what would you suggest? What changes would you make?
35. [If participant has shown a negative reaction towards ordinance] It doesn't sound as though you are completely in support of the ordinance, but let's say that its main purpose is to keep Ft. Collins' neighborhoods peaceful and attractive, and the best way that they've found to do it is using this ordinance. (I don't know if that's true or not, I'm just asking a question, here.) Do you have any other ideas as to how they might go about working towards these goals without using this ordinance?

-OR-

36. [If participant seems generally in support of the ordinance] I understand that you are generally in support of the ordinance, but can you think of any ways that it might actually be even more effective? Any ideas how to improve upon it?

Think especially about some of the negatives that we discussed earlier, and what you might like to change about the ordinance in order to reduce those who are negatively affected.

37. Well, those are all of the questions that I have for you. Do you have any final comments that you would like to make on this topic?

CONCLUSION

Thank you for your time! This information is going to be very helpful to the City of Fort Collins as they consider the impacts of the occupancy ordinance has had on the city and its residents as well as any possible improvements...

INTERVIEW GUIDE: TENANT

Name:

Date:

[Introduction] Hello. My name is _____ and I am with Corona Research. We are conducting market research for the City of Fort Collins. [You may have recently taken a brief telephone survey on this topic and expressed interest in participating in additional research]. The purpose of the research is to learn more about residents' perceptions of the occupancy ordinance. Regardless of how much you know, your opinions will be very valuable to the City as it gauges the effects of the ordinance. The results from the interviews being conducted will be compiled by Corona Research into a final report, and will be provided to the City. Your name is *not* included in the final report and everything that you say is reported anonymously.

Some final details for you before we begin: as you probably already know, we'll be on the phone for about 35 to 45 minutes. We have promised to pay you \$40 after your completion of the interview. Where should I have this check sent? (Verify address and spelling of name for the check.)

Address verification:

Do you have any questions for me before we begin?

[Interviewer: Review screener data before beginning interview. Screener data will provide a lot of background info. such as length of time lived in Ft. Collins, # of tenants in household, etc.]

CURRENT LIVING SITUATION (10 MINUTES)

In our first topic area, I'll just ask a few questions about your current living arrangements in Fort Collins.

1. Please tell me about people who live with you in your house/apartment...that is, your relationship with them. Are they family members, relatives, coworkers, friends, etc..?

(Inquire about related, unrelated if not offered.)

2. Why did you choose this living situation? (to save money, wanted to live with friends, etc.)
3. In general, how would you describe the neighborhood that you live in? [Interviewer: Let them answer this question first, then proceed with the following]

Who would you say lives in your neighborhood—mostly families, college students, elderly, etc.?

Describe the two households closest to you.

BRIEF HISTORY OF LIVING SITUATION (5 MINUTES)

Now let's talk a little bit about where you have lived in the past.

4. Have your living arrangements changed, if any, over the past few years? Please talk a little bit about that, and why they may have, or have not, changed.
5. As you think about any renting of properties that you have done over the past several years in Ft. Collins, have you noticed any changes in the process? [Prompt again with:] Does anything else stand out in your mind?
 - a. Have you changed roommates over the past few years?
 - b. How about rental rates, in particular? Have these changed any? If so, how?
 - c. Has rental unit availability changed at all, in terms of either the number of residences available or the types of residences available? If yes, please explain.
 - d. Do you remember the landlord or management company emphasizing any particular rules, regulations or restrictions?

KNOWLEDGE & PERCEPTIONS OF THE OCCUPANCY ORDINANCE (20 MINUTES)

In this section, we'll talk about any changes that may have taken place in the Fort Collins' rental market over the past few years. Don't worry if you do not know exact facts – we just want to hear your opinions.

[Interviewer: During this part of the conversation, listen to the person's situation and remember their status (i.e. violator/non-violator, live/impacted by >3, etc.) and ask questions accordingly. For example, if they've been in the same neighborhood for over 2 years, ask if they have noticed any changes.]

6. [If participant has not mentioned it already] Are you familiar with any City ordinance that prohibits more than three unrelated adults from living together? [Note: Respondents should say "yes" given that this is a screening requirement to participate.]

What do you know about the ordinance? Please describe to me what you know.

How did you first learn about the ordinance?

7. What was your first impression of the ordinance?

Have your opinions about the ordinance changed since you first heard about it? Please explain.

At this point, let me explain a little more about the ordinance.

Active enforcement of an ordinance that prohibits more than three unrelated adults from living together began in the City of Fort Collins in January of 2007, in instances where complaints have been lodged. People who might have been affected in some way by the ordinance include renters, landlords, and people who live near households that were affected.

8. Do you believe that there is a need to enforce this ordinance? Please explain.

Are you familiar with any examples of the type of living situation that this ordinance targets? Please explain.

Do you feel like the ordinance is doing what it was intended to do? Why do you say that?

9. Has this ordinance affected you personally and/or your living situation? How? Please tell me a little bit about what happened.

Have you made any personal decisions based on the ordinance? Please explain.

Have you noticed any changes in your neighborhood since the enforcement of the ordinance began? What? Please talk about this and explain what you think brought about the changes. (Of course, some people may not be able to provide feedback on this question.)

10. Do you know any (other) people or entities that have been affected by the enforcement of this ordinance? If so:

Who?

What were the outcomes?

(If not offered, mention landlords, tenants, neighbors.) How do you think they've been affected?

11. In your opinion, have the outcomes of the enforcement of the ordinance been positive or negative? [The following questions will prompt for additional information regarding this question]

In your opinion, what are the positive outcomes of the enforcement of the ordinance? Why do you say that?

- Even if *you* don't feel like you have benefitted from the ordinance, do you think that there is anyone who has?

What do you think are the negative outcomes of this? Why do you say that?

- Even if *you* have not been negatively impacted by the ordinance, do you think there are others who have been?

SUGGESTIONS FOR CHANGES OR IMPROVEMENTS (5 MINUTES)

Optional section depending on time available.

We'll finish up by talking about your ideas concerning this ordinance.

12. If you feel that the "more than 3" ordinance or its implementation could use some improvements, what would you suggest? What changes would you make?

13. [If participant has shown a negative reaction towards ordinance] It doesn't sound as though you are completely in support of the ordinance, but let's say that its main purpose is to keep Ft. Collins' neighborhoods peaceful and attractive, and the best way that they've found to do it is using this ordinance. (I don't know if that's true or not, I'm just asking a question, here.) Do you have any other ideas as to how they might go about working towards these goals without using this ordinance?

-OR-

14. [If participant seems to generally in support of the ordinance] I understand that you are generally in support of the ordinance, but can you think of any ways that it might actually be even more effective? Any ideas how to improve upon it?

Think especially about some of the negatives that we discussed earlier, and what you might like to change about the ordinance in order to reduce those who are negatively affected.

15. Well, those are all of the questions that I have for you. Do you have any final comments that you would like to make on this topic?

CONCLUSION

Thank you for your time! This information is going to be very helpful to the City of Fort Collins as they consider the impacts of the occupancy ordinance has had on the city and its residents as well as any possible improvements...

INTERVIEW GUIDE: LANDLORDS

Name/Agency:

Date:

[Introduction] Hello. My name is _____ and I am with Corona Research. We are conducting market research for the City of Fort Collins. [You may have recently taken a brief telephone survey on this topic and expressed interest in participating in additional research]. The purpose of the research is to learn more about residents' perceptions of the occupancy ordinance. Regardless of how much you know, your opinions will be very valuable to the City as it gauges the effects of the ordinance. The results from the interviews being conducted will be compiled by Corona Research into a final report, and will be provided to the City. Your name is *not* included in the final report and everything that you say is reported anonymously.

Some final details for you before we begin: as you probably already know, we'll be on the phone for about 35 to 45 minutes. We have promised to pay you \$40 after your completion of the interview. Where should I have this check sent? (Verify address and spelling of name for the check.)

Address verification:

Do you have any questions for me before we begin?

[Interviewer: Review screener data before beginning interview. Screener data will provide a lot of background information such as length of time lived in Ft. Collins, length of timing owning or managing rental properties in Ft. Collins, etc.]

CURRENT ROLE AS LANDLORD (5 MINUTES)

In our first topic area, I'll just ask a few questions about your current role in the rental market in Fort Collins.

1. Please tell me about the types of properties *in the city of Fort Collins* that you own or manage currently.
 - a. How long have you owned/managed each of these?
 - b. What types of residence(s) is (are) these? [House, townhome, apartment, # of bedrooms, etc.] In particular, be sure to ask about *size* of units. The ordinance impacts small units and big units differently. It increases demand for small units and decreases demand for big units.
 - c. Please talk a little bit about the surrounding neighborhood(s)?
 - d. Please describe the types of tenants that live in your rental property (properties).
2. Why do your tenants generally choose to rent your properties? In other words, is it a matter of money, size of property, location, etc.?

BRIEF HISTORY OF RENTING (5 MINUTES)

Now let's talk a little bit about the housing rental market in Ft. Collins, how it may or may not have changed over the years, and whether or not it has affected you.

3. Have you changed the number and/or type of rental properties that you have owned over the years? Please talk a little bit about that, and how they may or may not have changed. [Trying to learn about buying/selling tendencies that may depend on different aspects of the market.]
 - a. [Ask if it seems reasonable based on the response heard above.] Can you just briefly explain to me what your reasoning is, behind buying and selling as you do (or don't)?
 - b. Have you considered buying or selling any of your current properties over the past two years? Why or why not?
4. Now please think about the rental market in Ft. Collins as a whole, *especially during the past two years*.
 - a. Have you noticed changes in the rental market specifically in Ft. Collins during this timeframe? Please describe. [May be necessary to ask participant to focus on local issues taking place.]
 - b. Why do you think these changes have occurred? [Ask how much each stated factor has contributed compared to other factors.]

KNOWLEDGE & PERCEPTIONS OF THE OCCUPANCY ORDINANCE (20 MINUTES)

In this section, we'll talk a little bit more about any changes that may have taken place in Fort Collins neighborhoods over the past few years. Don't worry if you do not know exact facts – we just want to hear your opinions.

[Interviewer: During this part of the conversation, listen to the person's situation and remember how long they have had rental property in Ft. Collins. Ask questions accordingly.]

5. [If participant has not mentioned it already] Are you familiar with any City ordinance that prohibits more than three unrelated adults from living together? [Note: Respondents should say "yes" given that this is a screening requirement to participate.]

What do you know about the ordinance? Please describe to me what you know.

How did you first learn about the ordinance?

- Have you seen or heard anything since you first learned about the ordinance?
6. What was your first impression of the ordinance?

Have your opinions about the ordinance changed since you first heard about it? Please explain.

At this point, let me explain a little more about the ordinance [if necessary].

Active enforcement of an ordinance that prohibits more than three unrelated adults from living together began in the City of Fort Collins in January of 2007, in instances where complaints have been lodged. People who might have been affected in some way by the ordinance include renters, landlords, and people who live near households that were affected.

7. Do you believe that there is a need to enforce this ordinance? Please explain.

Are you familiar with any examples of the type of living situation that this ordinance targets? Please explain.

Do you feel like the ordinance is doing what it was intended to do? Why do you say that?

8. Has this ordinance affected any of your properties in terms of the neighborhoods where they are located? How (or if no effects have been noted, why do you think that is the case)?

a. From your perspective and/or experiences, how has this affected your tenants?

9. Have you noticed changes in your property's neighborhood since the enforcement began? Please describe these to me. [The bullets below are particular elements to a neighborhood's quality of life that can be addressed.]

i. Noise levels

ii. Appearance of surrounding yards/properties

iii. Number of cars parked on street

iv. Sense of community

10. Have you made any changes in your property ownership because of the ordinance? Please explain.

11. How would you say the ordinance has (or has not) affected the Ft. Collins rental market overall?

a. How have potential renters been impacted?

b. Have you noticed a change in supply or demand?

c. Has it affected rental pricing? Is the impact different for different types of units or different locations?

d. Aside from the obvious impacts of recent economic events, have you noticed any other changes in the real estate market in Ft. Collins over the past few years? [that might have been spurred by local issues/happenings?]

12. Do you know any (other) people or entities that have been affected by the enforcement of this ordinance? If so:

Who?

What were the outcomes?

(If not offered, mention landlords, tenants, neighbors.) How do you think they've been affected?

13. In your opinion, have the outcomes of the enforcement of the ordinance been positive or negative? [The following questions will prompt for additional information regarding this question] Note: This answer might be different for different populations. Listen for that.

In your opinion, what are the positive outcomes of the enforcement of the ordinance? Why do you say that?

- Even if *you* don't feel like you have benefitted from the ordinance, do you think that there is anyone who has?

What do you think are the negative outcomes of this? Why do you say that?

- Even if *you* have not been negatively impacted by the ordinance, do you think there are others who have been?

EXTRA OCCUPANCY RENTAL HOMES DESIGNATION (5 MINUTES)

In this section, we'll talk about an option available to some property owners.

14. (If not already addressed) Are you familiar with the option to designate certain properties, if they meet certain criteria, as Extra Occupancy Rental Homes? [If they are not, just let them know that it is a designation that property owners can apply for that would allow them exception from the 3 Unrelated ordinance *IF* the property meets the necessary criteria.]

- a. [If familiar] Please briefly explain to me what you know about it.

15. Do you have any properties for which you've applied for this designation?

- a. Why did you choose to apply (or not to apply) for this?

- b. [If they do have a property with this designation] Please describe to me how this is working for you. Have you benefitted from using it?

16. What is your opinion of this designation? Please talk a little bit about this.

- a. Has this option caused you to change your opinion about the ordinance overall?

- b. Has this option caused you to change your actions or decisions regarding your rental property (properties)?

- c. Are there benefits of having such a designation? Please explain.
- d. Are there any negatives to having such a designation? Please explain.

SUGGESTIONS FOR CHANGES OR IMPROVEMENTS (5 MINUTES)

These questions to be asked only if time allows.

We'll finish up by talking about your ideas concerning this ordinance.

- 17. If you feel that the “more than 3” ordinance or its implementation could use some improvements, what would you suggest? What changes would you make?
- 18. [If participant has shown a negative reaction towards ordinance] It doesn't sound as though you are completely in support of the ordinance, but let's say that its main purpose is to keep Ft. Collins' neighborhoods peaceful and attractive, and the best way that they've found to do it is using this ordinance. (I don't know if that's true or not, I'm just asking a question, here.) Do you have any other ideas as to how they might go about working towards these goals without using this ordinance?

-OR-

- 19. [If participant seems generally in support of the ordinance] I understand that you are generally in support of the ordinance, but can you think of any ways that it might actually be even more effective? Any ideas how to improve upon it?

Think especially about some of the negatives that we discussed earlier, and what you might like to change about the ordinance in order to reduce those who are negatively affected.

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