



**“Healthy Residential Rentals for All”
 Residential Rental License Policy
 Frequently Asked Questions**

What is the problem we are trying to solve?

Today, an estimated 37% – 50% of Denver’s dwelling units are rentals. Unfortunately, low- and moderate-income renters are in a precarious position where rents have dramatically outpaced incomes over the past two decades and many are at risk of being displaced from their homes, especially renters in vulnerable neighborhoods. Renters are afraid to report problems with their homes and some tenants live without leases, creating uncertainty and having limited legal recourse in the event of a rent increase. A residential rental license program will ensure the city’s minimum housing standards are being met in our rental stock, and renters can remain in their communities and live in safe, healthy conditions.

We are currently in a housing crisis in Denver, and COVID-19 has exacerbated those concerns. The contact information and data collected from a residential rental license will allow the city to be proactive with future housing supports and address problems within our rental stock more effectively.

What is the proposal and the phasing?

Phase 1: Jan 1, 2022	Phase 2: Jan 1, 2023	Phase 3: Jan 1, 2024
<p>Early licensing open for all rental dwelling units on a parcel</p>	<p>License required for any person to offer, provide, or operate a residential rental property consisting of 2 or more rental dwelling units on a parcel</p> <p>Examples:</p> <ul style="list-style-type: none"> • Apartment building • Apartment complex • Condo units • Rowhome units <p>Early licensing open for single dwelling unit on a single parcel</p>	<p>License required for any person to offer, provide, or operate a residential rental property consisting of a single rental dwelling unit on a single parcel</p> <p>Examples:</p> <ul style="list-style-type: none"> • Single-family home • Condo unit • Rowhome unit
<p>License is renewable every 4 years, unless ownership changes</p>		

Phase 1: Starting Jan 1, 2022 all rental dwelling units can opt into early licensing and receive half off their application fee (from \$50 to \$25). Those opting into this phase will still need to obtain a passing inspection from a certified, private home inspector and to pay the license fee to receive their license, which is good for 4 years unless ownership changes.



Phase 2: Starting Jan 1, 2023 a license will be required for any person to offer, provide, or operate a residential rental property consisting of 2 or more rental dwelling units on a single parcel. For example, this would require a license for a single apartment building, an apartment complex, or a duplex where both units are rented. Also, in this phase, single units can still opt into early licensing and receive half off their application fee.

Phase 3: Starting Jan 1, 2024 a license will be required for any person to offer, provide, or operate a residential rental property consisting of a single rental dwelling unit on a single parcel. For example, this would require a license for a single-family home for rent or a triplex where one unit is for rent.

How many rentals are there in Denver?

According to American Fact Finder, 49.9% of homes and multi-family units are rentals.¹ However, Denver does not currently track rentals, and this makes it challenging to fully understand our housing stock as well as have current contact information for rental property owners and operators for education and outreach purposes.

Based on the analysis of Denver’s City Assessor office in Dec 2019, we were able to determine potentially 37% of the city housing is rentals including single family, condos, and townhomes. This was done by comparing Assessor owner addresses used for property tax mailings to physical addresses. A rental license would allow the city to have much more accurate data on our rental housing stock.

Type of Housing	# of total housing units	# of potential rentals within the total	Potential rentals of total units in %
Single Family Homes	133,783 properties	25,668 rentals	19%
Condos	41,995 units	15,888 rentals	38%
Rowhouses	22,700 units	5,957 rentals	26%
Apartments	145,582 units	~6,600 parcels	100%
Total	519,838 units/properties	54,113 total with 6,600 apartment parcels	~37% of Denver housing stock are rentals

Data taken from Assessor’s Office (Dec 2019)

¹ American Fact Finder, Denver, 2017.



Why apartment parcels rather than units or buildings?

We intentionally kept parcels to create more equity for apartment complexes in more suburban neighborhoods versus high rises in downtown urban areas. We did not want an unintended consequence of this policy to be that more licenses and fees are required for an apartment complex with multiple building addresses but under one complex versus a singular building with the same number of units.

Why are 2 or more rental dwelling units on a single parcel phased before single units?

The 2 or more dwelling rental units on a parcel are examples of apartment buildings, apartment complexes, rowhomes (where the rowhome is attached housing that is renting out numerous rental units). These examples will typically be run by a business entity and/or management company that is local and are more capable of licensing their rental properties. We want to make sure this residential rental license program is a success for everyone, and single-family homes will require more education and outreach to support with a larger number of out-of-state owners.

What are the fees?

The application fee is a \$50 flat fee. However, if a property owner gets a license for their rental during an early licensing phase, the application fee will be half priced at \$25. There is a license fee based on the number of total units being rented on a parcel.

	Phase 1 - Jan 1, 2022 Early Licensing	Phase 2 - Jan 1, 2023 License required for 2 or more rental units on a parcel	Phase 3 - Jan 1, 2024 License required for a single rental unit on a parcel
Application Fee*	<ul style="list-style-type: none"> \$25 Reduced by 50% for all rentals during early licensing phase 	<ul style="list-style-type: none"> \$50 for Phase 2 required rentals \$25 for early license opt in for single rental unit on a parcel 	<ul style="list-style-type: none"> \$50 for all rentals

*Application fee is non-refundable as it pays for the administrative costs

	1 dwelling unit	2 – 10 units	11 – 50 units	51 – 250 units	Above 250 units
License Fee*	\$50	\$100	\$250	\$350	\$500

*License fee is refundable if license is not approved

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What are examples of the application and license cost?



**Single Family Home
with Early Licensing**

Early Application	\$25
<u>License</u>	<u>\$50</u>
Total Cost	\$75

*Approx. \$1.56 per month**



**Apartment High Rise
with 200 units**

Application	\$50
<u>License</u>	<u>\$350</u>
Total Cost	\$400

*Approx. \$8.33 per month**



**Apartment Complex
with 200 units**

Application	\$50
<u>License</u>	<u>\$350</u>
Total Cost	\$400

*Approx. \$8.33 per month**

***License is renewable every 4 years, unless ownership changes**

The fees were intentionally made to be very low and reasonable for property owners to encourage compliance. Ultimately, our goal is to ensure our rental housing is meeting Denver’s minimum housing standards, so these fees were created to cover administrative costs. Note that for each example of cost above, the application fee is a one-time cost and license fees are renewable every 4 years unless ownership changes before then. There is an italicized monthly breakdown of cost over a 4-year period.

Is there an inspection required?

Yes, to obtain a license an inspection is required by a certified, private home inspector. This mirrors Boulder’s rental license model, where the inspections are also done by a certified, private home inspector. The property owner or landlord will need to secure a home inspector to conduct the rental inspections. The owner pays the home inspector directly and the inspector will have a city created checklist based on Denver’s minimum housing standards. This allows property owners and landlords to schedule their own inspection and creates more efficiencies than being reliant on a city process with over 6,000 metro area home inspector options. The average cost for an inspection of a single-family home is \$150. There is an exemption for inspections for newly built properties under 4 years old. Unlike Boulder’s model which inspects every unit, this would have been too burdensome for rental operators in Denver, so inspections required are:

1. Rentals of 2 or more dwelling units on a single parcel must have 10% of the units inspected at random, if less than 10 units then at least 1 unit must be inspected.
2. Rentals with 1 unit on a single parcel would also need to be inspected.



What certifications are required for private, certified home inspectors?

They must be certified by the American Society of Home Inspectors or the International Association of Home Inspectors Inc. or Certified Master Inspectors **and** certified as a combination building inspector by the International Code Council (ICC).

How can tenants make a complaint regarding issues with their housing?

The Denver Department of Public Health and Environment's Residential Home Program will continue to take complaints and help with remediation for tenants experiencing substandard housing concerns. If property owners or landlords do not make efforts to remediate, Excise and License has the authority to revoke a license. Annually, Denver's Department of Public Health & Environment receives over 1200 complaints regarding rental properties that are experiencing issues with mold, heating, water, ventilation, and many other health and safety concerns, and those are just the ones reported.

What will the application ask for?

The application would be available online via a self-service portal on an Excise and License website, like the Short-Term Rental application and would ask basic information:

- Owner-Applicant's rental location(s)
- Owner-Applicant's contact information
- If out of state, local responsible party contact information
- Manager(s)'s contact information (if applicable)
- Photo ID for Owner-Applicant and Manager(s)
- Number of units for rent
- Legally attesting to the home's living standards as healthy and safe

What are the exemptions?

Exemptions from the entire license program are on-campus college housing, boarding homes, short-term rentals, and commercial lodging.

Exemptions from the application and license fees, but not from securing the license are:

- Rental properties owned in whole or in part, or leased and operated by any governmental agency such as Denver Housing Authority;
- Income-restricted rentals owned, leased or operated by a 501c3 tax exempt organization; and
- Affordable housing rental projects where 80% of the units are income restricted.

These developments have required inspections for income-restricted rentals, so they would need to submit proof of a passing inspection.

How does the residential rental license program help other city agencies with their goals?

A residential rental license will help provide an accurate database of rentals to better inform policy needs and outreach strategy for all city agencies. Below are a couple of examples where the rental registry/license program will support city goals:



- Denver’s five-year housing plan, *Housing Inclusive Denver* recommends enhancing protections and assistance for renters by exploring a rental registry that would require landlords to register their rental properties.² A rental registry and license program will also create a foundation for other housing stability policies such as relocation housing assistance and eviction assistance policies.
- Denver Department of Public Health and Environment (DDPHE) recommends a rental registry/license program to help support the Office of Climate Action, Sustainability and Resiliency's climate goals to ensure residents can reduce energy use through energy efficiency measures making rentals more affordable for tenants and landlords.

How will this strengthen the landlord-tenant relationship?

Landlord-tenant education and city resource sharing is a very important part of this ordinance. A residential rental license will create more opportunities to provide outreach around landlord-tenant roles and responsibilities, provide tenant housing stability resources, and inform tenants of their rights to ensure accountability. For vulnerable populations, including immigrants and refugees the fear of eviction is constant. This ordinance will provide critical data collection that can be utilized to strengthen fruitful dialogue between landlords and tenants through education and outreach.

Will this policy reduce rental options in our city?

We do not believe this program will result in less rentals, because the proposed fees are so low. The license and license fees cover a 4-year period. We do understand that there may be some costs to property owners initially to bring their properties up to the minimum housing standards and look forward to working with the city and partners to expand programs that can help property owners make these health, welfare, and safety improvements. Currently, the city does more to ensure the health, welfare, and safety of our visitors with the Short-Term Rental (STR) license program than we ensure for our own residents who rent in our city.

What are the renter protections?

In partnership with Councilwoman Kniech and from our feedback given during the outreach phase, the following renter protections will be a requirement starting January 1, 2022:

- Owner shall provide a copy of an executed written lease to the tenant within 7 days for all new tenancies exceeding 30 days;
- Owner shall provide tenants with a notice of “Tenant Rights and Resources”; and
- Owner shall provide “Tenant Rights and Resources” to any tenant along with any rent demand posted.

The notice will contain resources and information on how to make a complaint related to minimum housing standards, a statement regarding tenants’ legal rights when receiving a notice to vacate their premises, and how to locate rental assistance and legal service providers.

² Housing An Inclusive Denver, pages 8, 104.