

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 06.28.10
Item No.: 10.b

Department Approval



City Manager Approval



Item Description: 2010 Rental Registration Report

BACKGROUND

In 2008, the City of Roseville adopted an ordinance which required registration for properties being rented and had between 1 to 4 units. For the 2008-2009 registration period, 339 housing units registered with the City as being offered to rent. For 2009-2010, 390 units registered with the City. A comparison of each time period and the type of units is below:

| Type of Unit | 2009 # of units | 2010 # of units |
|----------------------------|--------------------|--------------------|
| SF-1 unit | 139 | 141 |
| Duplex | 55 | 44 |
| Triplex | 6 | 4 |
| Quad | 0 | 5 |
| Condo | 132 | 157 |
| Townhome | 7 | 18 |
| Twin Home | 0 | 19 |
| 2 residences on one parcel | 0 | 2 |
| Total | 339 | 390 |

It should be noted that the increase in the number of units being rented in Roseville may not necessarily reflect a trend of more units being converted to rental. A contributing factor in the increase may also be as a result of greater outreach by staff and greater awareness of landlords of the City's registration requirement. Roseville continues to see more condos being rented than single-family homes.

Attachment A shows the distribution of properties that have between 1-4 units that are being rented throughout the City for the 2009-2010 period. As was true last year, the map indicates that the single-family homes which are being rented are fairly spread out through the City. There is a small cluster of rental single-family homes around Northwestern College and another small cluster of single-family rentals between Hamline and Lexington, between County Road C and C2. The exhibit also shows a tendency for single-family homes along major arterials (County Roads and State Highways) to be rented. The condos are concentrated in certain areas, probably more due to the fact that these are associated with higher-density developments that are only allowed in certain parts of the City.

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So what does the typical registered rental unit look like? For single-family homes, the average rented home is older, smaller, and valued less than owner-occupied home as indicated in the chart below:

| Single Family Homes | Non- rental | Registered Rental |
|----------------------------|------------------------|------------------------------|
| Total Number | 8,464 | 141 |
| Median 2010 Value | \$225,100 | \$204,600 |
| Median Structure Age | 53 | 57 |
| Median Rooms | 6 | 6 |
| Median Living Area (sq ft) | 1,452 | 1,212 |

38 In regards to the diminished value, staff took a look at the assessed value for both land and building for
39 the rental unit *structures* are valued 15% less than the average owner-
40 occupied home. This indicates that the single-family homes that are being rented are not being
41 maintained as well. It should be noted that only 2% of Roseville’s single-family housing stock is being
42 rented. Nevertheless, the difference in value is dramatic.

43
44 Of the single-family homes that are being rented, 38% are owned by Roseville residents. Two-thirds
45 of the single-family homes that are rented are one-story building. (Currently only 60% of the overall
46 single-family homes in Roseville are classified as one-story).

47
48 For non-single family rented units, the story is similar. These types of units are valued less, are slightly
49 older, and are smaller in size.

50

| Condo/Townhome/Duplex | Non- rental | Registered Rental |
|------------------------------|------------------------|------------------------------|
| Total Number | 2,157 | 225 |
| Mean 2010 Value | \$122,700 | \$96,900 |
| Median Structure Age | 38 | 39 |
| Median Rooms | 5 | 4 |
| Median Living Area (sq ft) | 1,105 | 995 |

51
52 Similar to single-family units, the difference in value for multi-family units is mostly due to the
53 building valuation. A fairly high percentage of condo units (12%) are being rented out.

54
55 In regards to code enforcement activity, staff has found that rental units in general have a higher rate of
56 code violations than typical residential property. Code enforcement issues with rental units are mostly
57 with single-family homes. The table below compares the incidence of code violations between single-
58 family rental units and the rest of the city.

59

| Code Compliance (2008 - present) | Number | Percent of units |
|---|---------------|-----------------------------|
| Rental units with compliance issues | 57 | 15.3% |
| Number of all residential properties with compliance issues | 739 | 6.9% |
| NEP cases for rentals | 9 | 2.4% |
| NEP for all residential properties | 340 | 3.2% |

61 POLICY OBJECTIVE

62 Staff is reporting back to the City Council on the second year of the rental registration ordinance, which
63 was created as a result of community input and the work of the Rental Housing Citizen Advisory
64 Group, the Roseville HRA, and the City Council.

65 FINANCIAL IMPACTS

66 Property owners are charged \$25.00 for each unit they are renting. Given 390 units, the City generated
67 \$9,750 in revenue last year. The administration of the rental registration ordinance is conducted by
68 existing staff. Staff estimates that approximately 215 hours are spent on the rental registration
69 administration for a staff cost of \$7,469 with about \$1,000 in material costs.

70 STAFF RECOMMENDATION

71 From two years of data, we now have a better understanding of how many and where our rental units
72 are, especially single-family homes. It appears that only a small amount of single-family homes (2%)
73 are actually being rented. Continuing the rental registration program will help the City in tracking if
74 there is an increase in single-family rentals. We also know that rented single-family homes have higher
75 incidences of code violations. The information gathered as part of the rental registration program has
76 proved to be helpful in getting into contact with the property owners of problem rental properties.

77

78 Based on the data collected and looking at the typical characteristics of rental single-family homes, staff
79 has done some modeling to determine areas where conditions are ripe for single-family homes to
80 convert to a rental property. Attachment B shows the results of the analysis. Specifically, it appears
81 that the area around Lydia Ave. east of Snelling is an area that could see more rentals in the future.
82 There also is a potential pocket of future rentals along B-2 from Lexington to Rice Street. The area of
83 Western Avenue north of County Road C also have attributes that could lead to more rentals. Generally
84 speaking, the homes along the major arterials through the City also will be susceptible to conversion to
85 rental based on our analysis.

86

87 Staff will continue to monitor these areas. Potential actions for the City to consider in those areas is
88 targeted code enforcement and/or loan programs to assist home owners and/or property owners
89 maintain the structures.

90

91 In regards to rental registration itself, staff feels that the City should continue rental registration as it has
92 proven to be beneficial to staff in enforcing code and gives the City a better understanding of the scope
93 and magnitude of rental properties in the community. The Roseville HRA concurs in continuing rental
94 registration for single-family homes, individual condos and townhomes, duplexes, triplexes, and quads.

95

96 At this point, Staff does not recommend going to rental licensing for these types of units. From Staff's
97 review of the data, it does not appear that there is a huge number or concentration of rental units,
98 especially in regards to single-family homes. Licensing and the subsequent inspections by City staff of
99 rental properties are typically done to ensure that the properties meet minimum standards. The
100 information we have gathered so far does not indicate that there overwhelming need for licensing and
101 inspection. It also should be noted that going to licensing and inspection will require the allocation of
102 dollars to pay for the new program, which would include the hiring of new staff.

103

104 However, staff does feel that there is a need to do some enhanced code enforcement activity on single-
105 family rental properties. Our current Neighborhood Enhancement Program (NEP) views every single-

106 family residential property on a three year schedule. Given the higher incidence of code violations for
107 single-family rental properties, an annual walk-by of rental single-family homes would be beneficial.
108 To that end, staff suggested to the HRA that the current NEP program be expanded to incorporate a
109 walk-by of all single-family rental units on an annual basis. The HRA agreed and staff has implemented
110 the annual walk-by of single-family rental units in the 2010 NEP. Staff has determined that the
111 additional work can be incorporated into the program without any additional cost.

112 Finally, while the City now has better understanding of what low density property is being rented, the
113 City does not have any programs in place to monitor and regulate larger rental buildings and complexes
114 (4+ units). Roseville does have a couple of apartment complexes that are ‘problem properties’ where
115 the Police Department and Code Enforcement staff has spent significant time and noted numerous
116 violations. Stronger City standards on the rental of apartment buildings may have a positive effect on
117 correcting these ‘problem properties’ as well as give the City better tools to make sure that basic
118 standards are met and properties don’t evolve into a ‘problem property’. Staff suggests that the City
119 Council discuss the possibility of requiring the registration or licensing of apartment buildings.

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121 **REQUESTED COUNCIL ACTION**

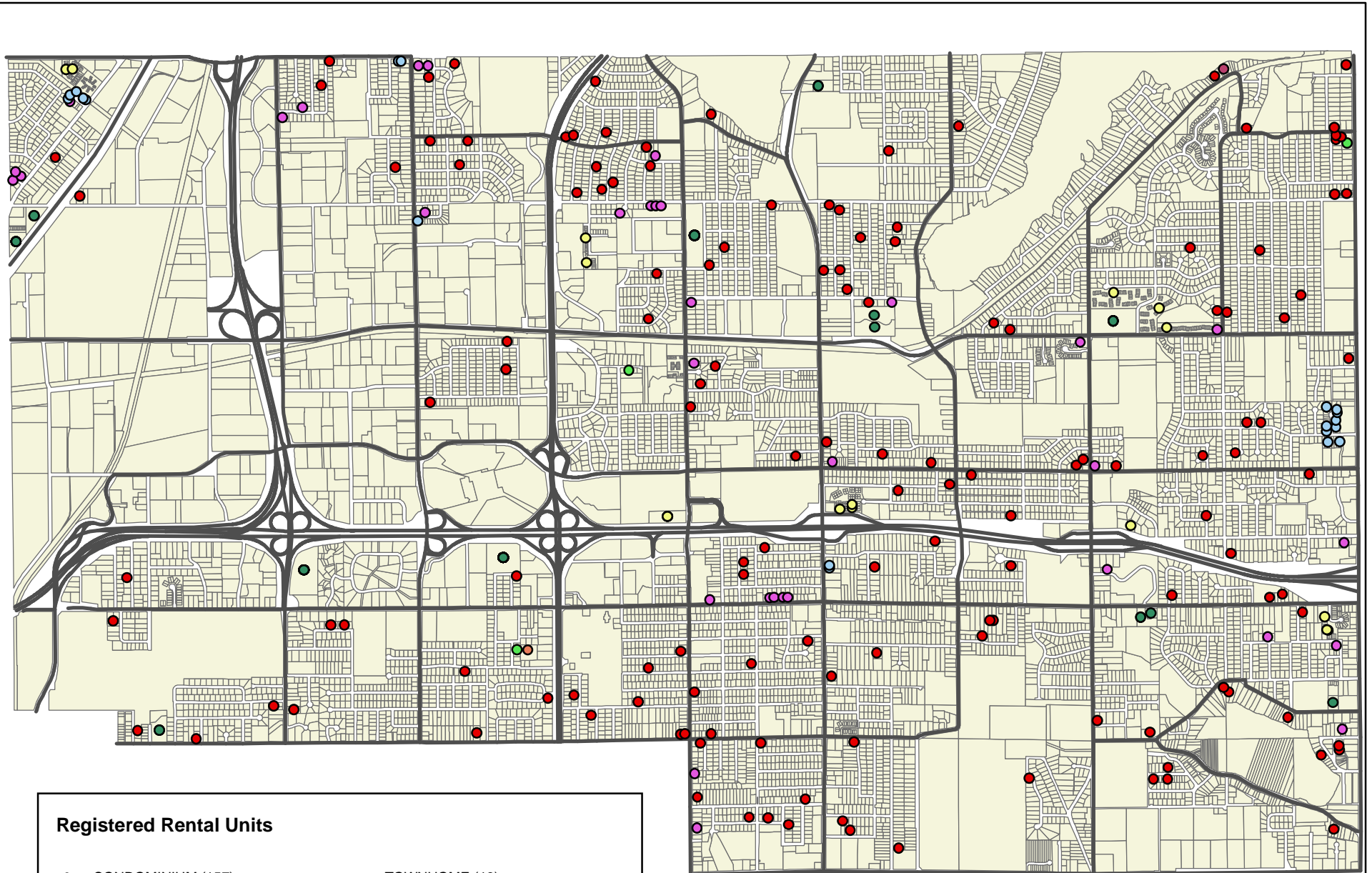
122 The City Council should review the information and direct staff on the following:

- 123 • The continuation of the rental registration program for properties for single-family homes,
124 individual condos and townhomes, duplexes, triplexes, and quads and any modifications of the
125 program.
- 126 • Discuss the creation of regulations governing the renting of apartment buildings.

127

Prepared by: Patrick Trudgeon, Community Development Director (651) 792-7071

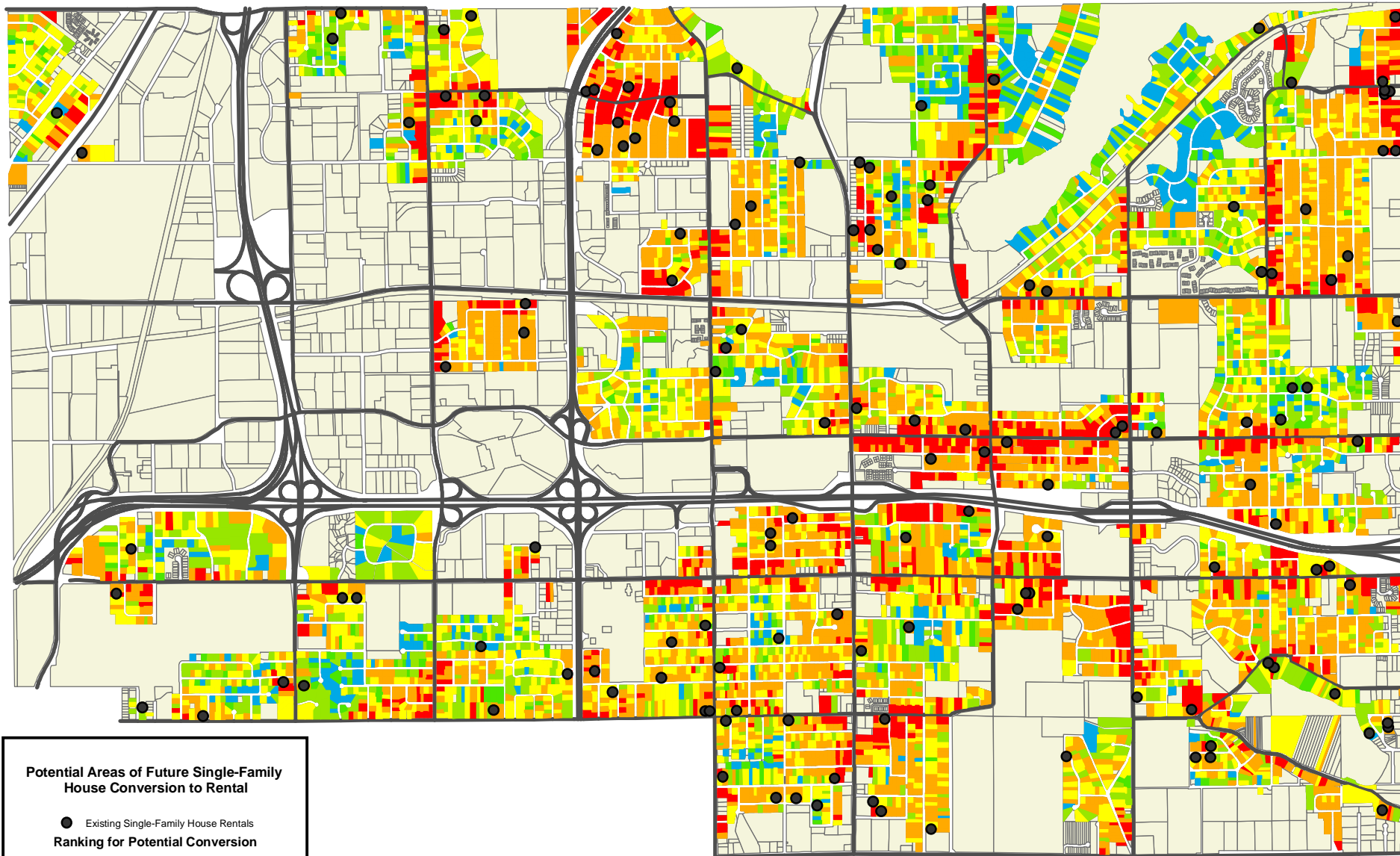
128 Attachments: A: Map showing properties with 1-4 units that are renting.
129 B: Map showing potential areas of future single-family rentals.
130 C: RHRA Minutes dated April 20, 2010



Registered Rental Units

- | | |
|--------------------------------|----------------------------------|
| ● CONDOMINIUM (157) | ● TOWNHOME (18) |
| ● DUPLEX (44) | ● TRIPLEX (4) |
| ● FOURPLEX (5) | ● TWIN HOMES (19) |
| ● SINGLE FAMILY DETACHED (141) | ● TWO RESIDENCES, ONE PARCEL (2) |





Potential Areas of Future Single-Family House Conversion to Rental

● Existing Single-Family House Rentals

Ranking for Potential Conversion

High

Medium

Low

Low



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1 None.

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3 **8. Presentations**

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5 **a. Rental Registration**

6 Executive Director Patrick Trudgeon summarized findings over the last two year registration
7 period attempting to identify rental properties throughout the City, as detailed in the Request
8 for HRA Action dated April 20, 2010. Mr. Trudgeon reviewed the findings for type of rental
9 units; staff outreach to those properties thought to be rentals, based on research of Ramsey
10 County property records for homesteaded and non-homesteaded properties, and word-of-
11 mouth; and a city-wide map showing the distribution of those identified rental units. Several
12 clusters of those rental units were identified, mostly in the vicinity of Northwestern College, at
13 Rice Street, and Snelling Avenue, typically near busier streets. Mr. Trudgeon noted that
14 property owners appeared to be becoming more aware of and cooperative with the rental
15 registration program. Mr. Trudgeon further reviewed percentage of rentals versus total
16 housing stock; rentals of single-family homes and potential diminished value of those homes;
17 and owner-occupied versus non-owner occupied units; average age of the typical single-family
18 rentals and their average square footage; and other types of rental units based on registration
19 to-date. Mr. Trudgeon noted that code violations throughout the City were significantly higher
20 in rentals than in owner-occupied homes, which could become a major issue in the community,
21 and was a valid concern for the RVHRA and City Council to be aware of.

22
23 The staff report detailed staff's suggestions at this time regarding continuation of rental
24 registration for monitoring purposes, but not recommending moving toward rental licensing at
25 this time, due to the lack of concentration of rental units, particularly in single-family homes.
26 However, Mr. Trudgeon suggested that there remained a need to do some enhanced code
27 enforcement activities on rental properties through an annual NEP review, rather than the
28 current three-year cycle; and that if so directed, staff could provide a financial analysis for an
29 additional staff person to perform those annual inspections. Mr. Trudgeon also suggested that
30 if the RVHRA determined to pursue rental licensing, the problem rentals appeared to be those
31 from eight (8) to thirty (30) units, which had been identified with major issues.

32
33
34 Discussion included comparison figures for the number of duplexes rented during 2009 and
35 2010; challenges in identifying rental units based on limited knowledge and inaccuracies found
36 in the Ramsey County property tax rolls until staff had culled that information; response rate
37 for those contacted; compliance rates and limited code enforcement issues in smaller rentals.

38
39 Further discussion included future staff recommendation to the City Council for a problem
40 property ordinance to address larger rental units and related fees and/or fines for non-
41 compliance for larger rental buildings, and ramifications for non-responsive landlords of those
42 units, through the cooperation and coordination of the RVHRA, the City's Police Department
43 and their awareness of excessive calls to a specific address; and financial penalties and legal
44 remedies for their lack of cooperation. Mr. Trudgeon noted that there were a number of
45 multiple rental facilities that were very well-run; however, noted that there were a handful
46 needing to be sent a message to ensure their cooperation in order to protect the health, safety
47 and welfare of the community and those tenants in those larger rentals.

48
49 Additional discussion included next steps for future discussion and recommendation;
50 consensus to continue voluntary licensing but address the larger multi-family units where more
51 serious problems exist; consideration of the role of the RVHRA; and staff's report to the City
52 Council in late May or June of this year based on the RVHRA recommendation.

53
54 **Motion: Member Majerus moved, seconded by Member Pust to recommend to the City**
55 **Council that, based on the last two (2) years of experience with rental registration, the**

1 **RV HRA recommends that there be no licensing requirements for units of four (4) or**
2 **less; with additional considerations be given to pass-by code enforcement on an annual**
3 **basis for those units.**

4
5 **Ayes: 6**

6 **Nays: 0**

7 **Abstentions: 0**

8 **Motion carried.**

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10 Staff was requested to provide additional information to the HRA on a NEP program for
11 rentals.

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13 **9. Action Items**

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15 **a. Inclusionary Housing**

16 Housing Coordinator Jeanne Kelsey summarized previous discussions regarding Inclusionary
17 Housing and its purpose in sustaining affordable housing options in a community, as generated
18 during the *Imagine Roseville2025* community visioning process. Staff recommended that, at
19 this time, the HRA not support adopting an Inclusionary Housing Zoning Ordinance, based on
20 the affordability of existing housing stock and that the private sector appeared to be meeting
21 the needs for affordable housing in the community.

22
23
24 Discussion included the current zoning code rewrite to comply with the Comprehensive Plan
25 in relationship to inclusionary housing and how this concept could be memorialized; private
26 marketplace activity and corrections versus local government mandates; changing philosophy
27 of zoning in the community; need for ongoing review of whether affordable housing needs are
28 being responded to by the private market and to ensure that the City remained committed to
29 affordable housing needs in the community.

30
31 Mr. Trudgeon suggested that the preamble of the City’s zoning code rewrite address a
32 statement committing to safe, affordable housing; while making the community attractive to
33 developers through incentive options when indicated, but not dictated by the City.

34
35 **b. HRA to enter into an Option Agreement with Roseville School District**

36 Chair Maschke noted that discussion had been ongoing with School District 623 administrative
37 staff related to a potential partnership with the RV HRA for an affordable senior housing
38 facility at the former Comcast site (old Owasso School). Chair Maschke emphasized that
39 discussion were only at a starting point with details unknown or fully discussed at this time.

40
41 Housing Coordinator Jeanne Kelsey reviewed the recently-completed Comprehensive Multi-
42 family Housing Needs Analysis completed for the RV HRA by Maxfield Research and
43 findings of that study; various options available and those needed to sustain the community;
44 how the RV HRA can encourage the right type of development of that needed housing; and
45 considerations of the School District in repositioning the site.

46
47 Ms. Kelsey further reviewed specifics of the site itself, with the Comprehensive Plan
48 identifying it as high-density residential; adjacent ball fields, and acreage available for
49 development (total site equals approximately ten acres, with 5.85 available for high-density
50 housing); zoning of the site being high-density with the ball fields identified as Park and Open
51 space; and advantages for the City and School District for the RV HRA to obtain an option n
52 on this site in anticipation of going out for Requests for Proposals (RFP’s) seeking the right
53 type of development and private/public partnership to achieve the most needed facility for the
54 City, and the HRA’s role in that process.

55