

BY AUTHORITY

ORDINANCE NO. _____

COUNCIL BILL NO. CB21- 0420

SERIES OF 2021

COMMITTEE OF REFERENCE:

Business, Arts, Workforce & Aviation Services

A BILL

For an ordinance establishing a system of licensing and inspections of certain long-term residential rental properties.

BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

Section 1. A new Article VIII of Chapter 27 shall be added to read as follows:

ARTICLE VIII. –LICENSING OF RESIDENTIAL RENTAL PROPERTY

Sec. 27-191. – Legislative intent.

The purpose of this article is to supplement the provisions of state law governing the rights and duties of landlords and tenants of residential property in the City and to license and regulate certain buildings, structures, dwelling units or accessory dwelling units that are rented or offered for rent as long-term residential rental properties. This code shall be construed to ensure public health, safety, and welfare insofar as they are affected by the continued occupancy and maintenance of these structures and premises. In the future, efficiency standards for rental properties to ensure emission reductions, improved indoor air quality and affordability of rentals for tenants and landlords may be implemented into these provisions.

Sec. 27-192. – Definitions.

In addition to the definitions provided in article II of this chapter, the following terms shall have the respective meanings assigned to them:

(1) *Department* means the department of excise and licenses.

(2) *Director* means the director of excise and licenses.

(3) *Dwelling unit* shall have the meaning set forth in the Denver Zoning Code.

(4) *Home inspector* means a professional who meets the following qualifications:

a. Certified by either the American Society of Home Inspectors, Inc., the International Association of Certified Home Inspectors, Inc., or the Master Inspector Certification Board, Inc.; and

b. Certified as a Combination Building Inspector by the International Code Council.

(5) *Rent* means receiving or offering money, services, or other remunerations in exchange for occupation of a residential rental property.

(6) *Residential rental property* means any building(s), structure(s), or accessory dwelling unit

1 that is rented or offered for rent as a residence. Residential rental property does not include on-
2 campus college housing, facilities licensed pursuant to article I of chapter 26 of this Code, or facilities
3 licensed pursuant to article II or article III of chapter 33 of this Code.

4 **Sec. 27-193. – License required.**

5 (a) *License required – residential rental property: apartment complexes and multi-unit homes.*
6 After January 1, 2023, it shall be unlawful for any person to offer, provide, or operate a residential
7 rental property consisting of two (2) or more dwelling units on a parcel under that person’s ownership
8 without first obtaining a license for that residential rental property as provided in this article VIII and
9 in compliance with any and all applicable laws. Examples of two (2) or more dwelling units on a
10 parcel include, but are not limited to apartment complexes, multi-unit structures, and any other type
11 of home where two or more dwelling units are provided for rent. The director may issue a single
12 residential rental property license for any residential property situated on two (2) or more contiguous
13 parcels under the same ownership.

14 (b) *License required – residential rental property: single family homes; rowhouses; and*
15 *condominiums.* After January 1, 2024, it shall be unlawful for any person to offer, provide, or operate
16 a residential rental property consisting of a single dwelling unit on a single parcel without first
17 obtaining a license for that residential rental property as provided in this article VIII and in
18 compliance with any and all applicable laws. Examples of a single dwelling unit on a parcel include,
19 but are not limited to single family homes, a single dwelling unit within a rowhouse, a single dwelling
20 unit within a condominium, and any other type of home where a person is offering only one dwelling
21 unit on the parcel is for rent.

22 (c) Notwithstanding the provisions of paragraphs (a) and (b), an applicant for a residential
23 rental property license may continue in operation on and after the date a respective license would
24 be required, if:

25 (1) The applicant has submitted an application satisfying all provisions of this article VIII to
26 the department prior to the date that the respective license would be required;

27 (2) The application is pending at the time of the date a respective license would be required;

28 (3) The applicant has completed an inspection subject to the provisions of this article VIII;

29 and

30 (4) The applicant complies with all provisions of this article VIII, and any rules and regulations
31 adopted pursuant thereto.

32 **Sec. 27-194. – Application.**

33 (a) *Application requirements.* All residential rental property license applications shall be made

1 on forms provided by the director and shall include, in addition to any information required by chapter
2 32 of this Code, all supplemental materials required by this article and any rules adopted pursuant
3 thereto. The director may, at the director's discretion, require additional documentation associated
4 with the application, as may be necessary, to enforce the requirements of this article VIII.

5 (b) *Referral to other agencies.* Applications for a residential rental property license may be
6 referred to other appropriate city agencies, including but not limited to the department of public
7 health and environment, department of zoning administration, fire prevention bureau, building
8 inspection division, and the wastewater division of the department of public works. The applicant
9 shall obtain any and all necessary permits, licenses, or other regulatory approvals as provided for
10 in section 32-10.

11 **Sec. 27-195. – Licensing requirements.**

12 In addition to the provisions applicable to all licenses, all residential rental property licensees
13 shall comply with the following provisions:

14 (a) A residential rental property licensee must maintain premises in compliance with article
15 II, and all rules and regulations adopted pursuant thereto.

16 (b) A residential rental property licensee shall ensure that all appliances supplied by the
17 owner are in good working condition, free of leaks or other defects, so as not to cause any unsafe
18 or unsanitary condition.

19 (c) A residential rental property licensee shall ensure that all dwelling units within a residential
20 rental property contain a functioning smoke detector, carbon monoxide detector, and fire
21 extinguisher.

22 (d) A residential rental property licensee shall comply with section 27-201(a) herein.

23 **Sec. 27-196. – Inspections.**

24 (a) *License inspections.* Except as provided in subsection (c) of this section, the director
25 shall not approve a residential rental property application unless the applicant provides verification
26 of a successful inspection, in the form required by the manager of public health and environment or
27 its designee, that the licensed premises comply with the provisions of article II. Residential rental
28 properties with multiple dwelling units on a parcel shall cause a minimum of ten percent of their units
29 to be inspected at random, or at least one unit at random if there are less than ten dwelling units on
30 the parcel.

31 (b) *License inspections to be completed by home inspectors.* Inspections for residential rental
32 properties must be completed by a home inspector as defined in this article VIII. Verifications of
33 successful completion shall include a copy of the home inspector's certifications required by this

1 article VIII.

2 (c) *Special license inspections.* An applicant whose fees may be waived pursuant to section
3 32-105(b) may submit an inspection report certifying compliance with federal housing standards
4 conducted by a local, state, or federal government agency or state finance agency. Such inspection
5 report must be dated within four years of the application date.

6 (d) *Deadlines for inspections.* All inspections shall be completed within 90 days of the
7 application date. The director shall not accept verification of a successful inspection if the verification
8 is not within 90 days of the new residential rental property application date.

9 (e) *Exemption from initial inspection.* Subsection (a) shall not apply to newly constructed
10 rental properties if the application is submitted within four years after the date of issuance of the
11 certificate of occupancy or temporary certificate of occupancy. This exemption does not apply to
12 existing structures that receive a new certificate of occupancy or temporary certificate of occupancy.

13 (f) *Other inspections.* All residential rental property licensees shall be subject to inspections
14 as provided in article II of this chapter from the manager of public health and environment or its
15 designee. No person shall be deemed to be in compliance with the provisions of article II solely by
16 virtue of having received a passing inspection from a home inspector.

17 **Sec. 27-197. - Causes for denial.**

18 In addition to the grounds set forth in the chapter 32 of this Code, any application submitted
19 pursuant to this article VIII shall be denied if:

20 (a) The issuance of a license to the applicant or licensee would not comply with any
21 applicable federal, state, or local law, and any rules and regulations adopted pursuant thereto.

22 (b) The proposed licensed premises does not conform to the requirements of the Denver
23 Zoning Code, Former Chapter 59, the Denver Building and Fire Code, the electrical code of the City
24 and County of Denver, article II of this chapter, or the rules and regulations promulgated by the
25 department of public health and environment.

26 (c) The applicant or licensee fails to complete any required inspections or obtain any
27 necessary permits for the proposed premises.

28 **Sec. 27-198. – Transferability of license.**

29 No license granted pursuant to this article shall be transferable from one (1) person or
30 location to another.

31 **Sec. 27-199. – Term license, renewal.**

32 (a) *Term.* Residential rental property licenses shall expire four years from issuance or when
33 ownership of the property licensed pursuant to this article changes from the person recorded on the

1 face of the license.

2 (b) *Application materials and deadlines.* Residential rental property license renewals shall be
3 governed by the standards and procedures set forth in chapter 32 of this Code. Applications to
4 renew a residential rental property shall be made in the manner provided by the director.

5 (c) *Inspection prior to renewal.* Residential rental property licensees shall cause the licensed
6 premises to be inspected pursuant to section 27-196 prior to renewal. The director shall not accept
7 verification of a successful inspection if the verification is not within 90 days of the renewal
8 application date, except as provided for in section 27-196(c).

9 (d) *Denial of renewal.* An application to renew a residential rental property license may be
10 denied if there are causes for denial, suspension, revocation, non-renewal or other licensing
11 sanctions as provided in chapter 32 of this Code, this article VIII, or rules and regulations
12 promulgated thereto.

13 **Sec. 27-200. – Suspension, revocation, and other sanctions.**

14 (a) *Disciplinary actions.* In addition to the grounds set forth in chapter 32 of this Code, a
15 residential rental property license may be suspended or revoked for any of the grounds for denial
16 set forth in this article VIII.

17 (b) *Disciplinary procedures.* Procedures for investigation of license violations and for
18 suspension, revocation or other licensing sanctions as a result of any such violation shall be as
19 provided in chapter 32 of this Code and any rules and regulations promulgated by the director.

20 (c) *Effect on leases.* The suspension or revocation of a license shall not affect any lease or
21 other arrangement for possession between the licensee and a tenant. However, the licensee shall
22 not enter into any new arrangement for possession, nor renew any arrangement, during active
23 suspension or revocation of its license. Additionally, the licensee must comply with any conditions
24 related to the disciplinary action.

25 **Sec. 27-201. – Executed written leases and notice of tenant rights and resources.**

26 (a) Executed written lease and notice of tenant rights and resources. Beginning January
27 1, 2022, no owner or operator shall allow any person to initiate a new occupancy of a rental property
28 for a period in excess of 30 days for valuable consideration unless and until such owner or operator
29 has provided a copy of an executed written lease, in the timeframes and manner set forth in C.R.S.
30 §38-12-801. In addition, at the time of providing a copy of the executed written lease and at any
31 time the owner or operator makes any rent demand posted pursuant to C.R.S. §13-40-104, an
32 owner or operator shall provide written notice of tenants' rights and resources on a form provided
33 or approved by the City. Such notice shall contain information concerning minimum housing

standards required under article II of Chapter 27; 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, to utilize or seek legal representation, or in any court proceeding related to their rental housing; and, how to locate rental assistance and legal service providers.

(b) Enforcement. An owner or operator who violates the provisions of this section 27-201(a) is subject to the penalties and procedures set forth in Article XII, Chapter 2 of the Code, Administrative Citations, of this Code. This subsection (b) shall sunset at the time a license is required under 27-193, and thereafter any residential rental licensee failing to comply with section 27-201(a) may be subject to suspension, revocation, or sanctions in 27-200 herein, in addition to the grounds set forth in chapter 32 of this Code.

Sec. 27-202. – Rules and regulations.

The director may adopt such reasonable rules and regulations as may be necessary for the administration and enforcement of the provisions of this article and any other ordinances or laws relating to and affecting the licensing and operation of residential rental properties. It shall be unlawful for any person to violate a rule or regulation adopted by the director pursuant to this section.

Section 2. Article I of Chapter 32 shall be amended by adding the language underlined to read as follows:

Sec. 32-19. Expiration.

Unless provided for otherwise, No license shall extend beyond one (1) year from the date of its issuance and shall expire on the date specified on the license.

Section 3. Article II of Chapter 32 shall be amended by adding the language underlined and deleting the language stricken to read as follows:

Sec. 32-46. - Generally.

The application and license fees required by this Code are set out in the following sections of this article. Fees may be waived for federal, state, and local government applicants.

Sec. 32-105 – Reserved Residential rental property fees.

(a) Residential rental property owners are subject to the following fees beginning on January 1, 2022:

(1) Application fee:

1 i. Two (2) or more dwelling units on a parcel(s) \$50 (Fee is \$25 if application is
2 submitted before January 1, 2023)

3 ii. Single dwelling unit on a parcel \$50 (Fee is \$25 if application is submitted before
4 January 1, 2024)

5 (2) License fee, per year:

6 i. Single dwelling unit on a parcel \$50

7 ii. 2 – 10 dwelling units on a parcel(s) \$100

8 iii. 11 – 50 dwelling units on a parcel(s) \$250

9 iv. 51 – 250 dwelling units on a parcel(s) \$350

10 v. More than 250 dwelling units on a parcel(s) \$500

11 (b) Application and license fees shall be waived for the following residential rental properties:

12 (1) owned in whole or in part by or leased and operated by a local, state, or federal
13 government agency;

14 (2) owned by or leased and operated by any organization that has been exempted from
15 federal income tax as a nonprofit organization in good standing under section 501(c)(3) of the United
16 States Internal Revenue Code of 1986, as amended, and has been designated as income-restricted
17 housing in section 27-154(d); and,

18 (3) affordable housing projects that are constructed with the support of any combination
19 of federal, state or local financial resources, including private activity bonds, tax credits, grants,
20 loans, or other subsidies to incentivize the development of affordable housing, including support
21 from the affordable housing permanent funds created in section 27-150, or properties where the
22 tenants are recipients of low income housing assistance and that are restricted by law, contract,
23 deed, covenant, or any other legally enforceable instrument to provide housing units only to income-
24 qualified households where 80% of the total units are income restricted.

25
26
27 COMMITTEE APPROVAL DATE:

28 MAYOR-COUNCIL DATE:

29 PASSED BY THE COUNCIL: _____, 2021

30 _____ - PRESIDENT

31 APPROVED: _____ - MAYOR _____, 2021

32 ATTEST: _____ - CLERK AND RECORDER,
33 EX-OFFICIO CLERK OF THE

CITY AND COUNTY OF DENVER

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NOTICE PUBLISHED IN THE DAILY JOURNAL: _____, 2021; _____, 2021

PREPARED BY: Reginald Nubine, Assistant City Attorney

DATE: _____, 2021

Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to § 3.2.6 of the Charter.

Kristin Bronson, Denver City Attorney

BY: _____, Assistant City Attorney DATE: _____, 2021

