



Residential Rental Program Operationalization

Department of Excise and Licenses

BIZ Committee
November 30, 2022

Why are we here?

- Last year, [Councilwoman Gilmore championed legislation](#) to establish the [Residential Rental Licensing Program](#) in Denver.
- With the **first phase of required licensure beginning on January 1, 2023**, Excise and Licenses has been working diligently to prepare for the new license requirements. As part of this work, we have been conducting robust **community education** and **outreach**, hiring **additional staff**, and **building the technology** necessary to administer the license.
- In doing so, we've been answering questions from applicants about the bill language and have identified a **four** places in the legislation where improvements can be made to **clarify and operationalize** the original bill's intent.

Clarifying the Fee Term

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

(1) Application fee:

i. Two (2) or more dwelling units on a parcel(s) (Fee is \$25.00 if application is submitted before January 1, 2023)\$50.00

ii. Single dwelling unit on a parcel (Fee is \$25.00 if application is submitted before January 1, 2024)50.00

(2) License fee, per year—license term:

i. Single dwelling unit on a parcel50.00

ii. Two—ten dwelling units on a parcel(s)100.00

iii. Eleven—50 dwelling units on a parcel(s)250.00

iv. Fifty-one—250 dwelling units on a parcel(s)350.00

v. More than 250 dwelling units on a parcel(s)500.00

- This bill updates the language in DRMC 32-105(a)(2), which currently sets a license fee “per year.”
- The license fee has always been intended to apply to the licensing term, which is 4 years, and this is how our Accela record is set up.
- The bill swaps the phrase “per year” for “per license term” to align language with intent. This was likely a scrivener’s error in the original bill.

Clarifying Fee Waiver Requirements

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

(4) A Property that is restricted by law, contract, deed, covenant, lease, or any other legally enforceable instrument to provide at least eighty (80) percent of the total housing units only to income-qualified household receiving low-income housing assistance.

- This language that provides for license fee waivers.
- As written, there are two exemptions in one provision – one for affordable housing properties, and one for properties that provide low-income housing for at least 80% of their tenants. This bill separates the two provisions for clarity.
- In addition, the language currently used for the second exemption could be read in two ways. The bill clarifies the proper reading of the second exemption so it can only be read as intended when the bill was passed.

Posting a License Number

Sec. 27-195. - Licensing requirements.

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

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

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

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

(d) A residential rental property licensee shall comply with section 27-240 herein.

(e) A residential rental property licensee shall, to advertise a residential rental property, clearly display the license number on the face of the advertisement. For the purpose of this section, the terms "advertise," "advertising" or "advertisement" mean the act of drawing the public's attention to a residential rental property. This subsection (e) shall apply to any person, employee, agent or independent contractor advertising on behalf of a residential rental property licensee.

- This change adds a requirement for licensees to post their license number on any advertisements for their property. The advertisement requirement in this draft mirrors the one we have in place for short-term rentals.
- This requirement creates a soft first touch to provide outreach and education to landlords and an easy-to-communicate, proven way to increase compliance.

Clarifying the Timeline for Inspections

Sec. 27-196. – Inspections.

~~(d) *Deadlines for inspections.* All inspections shall be completed within ninety (90) days of the application date. The director shall not accept verification of a successful inspection if the~~

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verification is ~~not within~~ completed more than ninety (90) days prior to of the new residential rental property application date. Applicants for a residential rental property may submit verification of a successful inspection at any time during the application period, as long as the verification occurred no more than ninety (90) days prior to the residential rental property application date. Verification of a successful inspection must be submitted prior to issuance of the license by the department.

- Current language creates unnecessary limits for when an applicant may submit an inspection or reinspection verification.
- At the time the bill was passed, we did not anticipate applicants submitting applications where they were required to be reinspected. In practice, we are seeing applicants who are submitting applications while on a path to compliance.
- In order to encourage this voluntary compliance and align the practices for this license with those for our other licenses, the bill clarifies that the 90-day timeline applies only to the age of an initial verification; any additional verification or reinspection may be submitted at any point during the year after initial application.

Questions?

Bill Questions

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