

COUNCIL ACTION FORM

SUBJECT: 2013/14 RENTAL REGISTRATION FEES

BACKGROUND:

Rental registration fees are billed to landlords annually after approval by City Council. The total revenue needs for the program, which are billed near the end of each fiscal year, are calculated by dividing the current year final amended budget by the current number of registered rental units. This method allows the City to closely match the actual cost of administration of the rental program to the user fees charged.

This year's projected actual costs for administration of the Rental Housing program are lower than budgeted due to salary savings from staff turnover (e.g., a new Housing Inspector being hired at a lower pay step and a vacant support staff position). Even with the removal of the Greek Houses from the list of billable rentals, this employee turnover and an increase in the net number of billable rental units have assured that fees collected are anticipated to be greater than administrative expenditures.

If Council should choose to keep the fees the same as the previous 2012/13 fiscal year, an additional \$23,683 in fee revenue will be generated. It is hoped that this additional revenue would be used as part of a \$26,000 capital contribution dedicated to the new Inspection Permitting Software. This approach corresponds to Alternative #1 below.

It should be noted that for the 2014/15 fiscal year salary increases and rising annual maintenance costs for the new permitting software all will contribute to a higher overall budget for this program. Therefore, should Council decide to reduce the current fees to match projected administrative expenditures, each registration fee would be lowered by \$1.90/unit in 2013/14 (corresponding to between a 6.7% to 9.1% decrease). This approach would correspond with Alternative #2 below. However, the Council should note that the following year rental property owners will experience double digit increases.

		<u>Alternative 1</u>		<u>Alternative 2</u>	
	FY 12-13 Reg. Fee	FY 13-14 Reg. Fee	No Increase	FY 13-14 Reg. Fee	Decrease
Single Family	\$28.50	\$28.50	\$0.00	\$26.60	(\$1.90)
Duplexes	\$24.20	\$24.20	\$0.00	\$22.30	(\$1.90)
3-6 Apartments	\$23.80	\$23.80	\$0.00	\$21.90	(\$1.90)
7-20 Apartments	\$23.80	\$23.80	\$0.00	\$21.90	(\$1.90)
> 20 Apartments	\$21.03	\$21.03	\$0.00	\$19.13	(\$1.90)
Lodging & Boarding	\$23.30	\$23.30	\$0.00	\$21.40	(\$1.90)
Fraternities and Sororities	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00
Condominium	\$28.50	\$28.50	\$0.00	\$26.60	(\$1.90)
Totals		\$310,350.00		\$295,375.00	

ALTERNATIVES:

1. Approve the proposed 2013/14 (current fiscal year) rental housing registration fee schedule that includes no changes to the fees.
2. Approve the proposed changes to the 2013/14 (current fiscal year) rental housing registration fees to decrease \$1.90 per rental unit per year.
3. Refer the rental registration fee schedule back to staff with direction to develop an alternative fee structure.

MANAGER'S RECOMMENDED ACTION:

Although it would be a nice gesture to reduce fees for the 2013/14 fiscal year, the resulting double digit percentage increase the following year (FY 2014/15) might be difficult for rental property owners to absorb. Keeping fees at the current level for 2013/14 would also allow for a one-time capital contribution for the new Inspection Permitting Software, and require only a modest increase (4.9% to 6.7%) for the 2014/15 fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby adopting a 2013/14 rental housing registration fee schedule that includes no changes to the current fees.

RESOLUTION NO. _____

**RESOLUTION ADOPTING NEW AND REVISED FEES FOR
RENTAL HOUSING REGULATION**

BE IT RESOLVED by the City Council for the City of Ames, Iowa, that the following fees shall be adopted or adjusted to recover the approximate actual costs of city services from those who use and benefit from these services, pursuant to Section 13.300, Ames Municipal Code:

A. Multi-family Dwellings.

Three-Six Apartments	\$23.80/apartment
Seven to Twenty Apartments	\$23.04/apartment
Over Twenty Apartments	\$21.03/apartment

Due and payable within 30 days of date of notice each year is hereby established for multi-family dwellings (Apartment buildings).

B. Lodging House and Boarding House. A fee of twenty-three dollars and thirty cents (\$23.30) per room, due and payable within 30 days of date of notice each year, is hereby established for what are called Rooming Houses, Boarding Houses, and Lodging Houses.

C. Owner-Occupied Single-Family Dwelling with Roomers Paying Rent to the Owner. A fee of twenty-eight dollars and fifty cents (\$28.50) per rental room, due and payable within 30 days of date of notice each year, is hereby established for single family dwellings with rooms to rent.

D. One- or Two-Family Rental Housing. A fee of twenty-eight dollars and fifty cents (\$28.50) per unit for single family dwellings and twenty-four dollars and twenty cents (\$24.20) per unit for duplexes, due and payable within 30 days of date of notice each year, is hereby established for one and two unit dwellings.

E. Special Request Inspection. A fee of fifty-two dollars (\$52.00) per dwelling unit for inspections made at the special request of the owner, a realtor, or potential buyer of a property, is hereby established.

F. Reinspection Fee. A fee of fifty-two dollars (\$52.00) per dwelling unit for a reinspection after one free reinspection, is hereby established.

G. Appeals and Hearings. For petitions for hearings or appeals to the Housing Code Board of Appeals a fee of seventy-eight dollars (\$78.00) shall be charged to defray the costs thereof.

H. Condominiums. A fee of twenty-eight dollars and fifty cents (\$28.50) per unit for condominiums, due and payable within 30 days of date of notice each year, is hereby established.

BE IT FURTHER RESOLVED, that the aforesaid fees shall be in effect from and after April 1, 2014.

Adopted this _____ day of _____, 2014.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor