

COUNCIL ACTION FORM

SUBJECT: **2016/17 RENTAL REGISTRATION FEES & BILLING PROCEDURES**

BACKGROUND:

Rental registration fees are billed to landlords annually after approval by City Council. The total revenue needs for the program are calculated by dividing the current year's adjusted budget by the current number of registered rental units. This method was established as an attempt for the City to closely match the actual cost of administration of the rental program to the user fees charged.

Based on the proposed expenditures for amended FY 2016/17 budget, fees will be increased by approximately 3% to cover the costs of this program and alleviate a potential \$11,187 shortfall in expected revenue.

2016/17 Program Costs - \$352,631

| | | | <u>Recommended Fees For Current Billing Cycle</u> | |
|--------------------|-----------------------------|-------------------|--|--------------------------|
| | <u>FY 15/16 Fees</u> | | <u>FY 16/17 Fees</u> | <u>% Increase</u> |
| Single Family | \$28.50 | | \$29.38 | 3.09% |
| Duplexes | \$24.20 | | \$24.94 | 3.06% |
| 3-6 Apartments | \$23.80 | | \$24.53 | 3.07% |
| 7-20 Apartments | \$23.80 | | \$23.75 | 3.08% |
| > 20 Apartments | \$21.03 | | \$21.68 | 3.09% |
| Lodging & Boarding | \$23.30 | | \$24.00 | 3.00% |
| Condominium | \$28.50 | | \$29.38 | 3.09% |
| Revenue | \$341,443 | (\$11,187) | \$352,631 | Neutral |

It should be noted that the current practice is to establish the rental housing fees for property owners based on the current year's amended budget. However, Staff has found this procedure can lead to inconsistencies from year to year. For example, if there is an unexpected vacancy in a given year that results in salary savings, the amended budget comes in less than the budgeted amount. Based on our past practice, the fees for that year would be decreased. However, once the position is filled in the coming year, the required fee increase to return to the previous budgeted level would be significant.

Therefore, in order to avoid wide variation in requested fee amounts from year to year, staff is suggesting a new process. Beginning with next year's process, rental housing inspection and enforcement fees will be based on the upcoming fiscal year's recommended adopted budget instead of the current year's amended budget.

ALTERNATIVES:

1. Approve the proposed 2016/17 (current fiscal year) rental housing inspection and enforcement fee schedule that includes an approximately 3% fee increase *and* approve the proposed changes to the billing process, beginning with next year's rental housing registration fee schedule, thereby utilizing the upcoming fiscal year's recommended adopted budget to set fees.
2. Approve only the proposed 2016/17 (current fiscal year) rental housing inspection and enforcement fee schedule that includes an approximately 3% fee increase.
3. Approve only the proposed changes to the billing process, beginning with next year's rental housing registration fee schedule, thereby utilizing the upcoming fiscal year's recommended adopted budget to set fees.
4. Refer the rental registration fee schedule back to staff with direction to develop an alternative fee structure.

MANAGER'S RECOMMENDED ACTION:

In order continue the goal of full cost recovery from user fees for this inspection service a 3% fee increase is warranted. In addition, the current billing procedures, though developed to try to accurately match the program costs with fee charged, have led to inconsistencies from year to year. Therefore, a new timeline for establishing the program costs is being recommended.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed 2016/17 (current fiscal year) rental housing inspection and enforcement fee schedule that includes an approximately 3% increase to the fees *and* approve the proposed changes to the process, beginning with next year's rental housing registration fee schedule, thereby utilizing the upcoming fiscal year's recommended adopted budget to set fees.

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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 | \$24.53/apartment |
| Seven to Twenty Apartments | \$23.75/apartment |
| Over Twenty Apartments | \$21.68/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-four dollars (\$24.00) 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-nine dollars and thirty-eight cents (\$29.38) 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-nine dollars and thirty-eight cents (\$29.38) per unit for single family dwellings and twenty-four dollars and ninety-four cents (\$24.94) 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-three dollars and fifty-six cents (\$53.56) 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-three dollars and fifty-six cents (\$53.56) 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 eighty dollars and thirty-four cents (\$80.34) shall be charged to defray the costs thereof.

H. Condominiums. A fee of twenty-nine dollars and thirty-eight cents (\$29.38) 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, 2017.

Adopted this _____ day of _____, 2017.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor