



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Housing & Neighborhood Services

To: City Council

From: City Manager & Staff

Council Meeting Date: July 15, 2024

Re: Fee adjustments and amendments to the Rental Unit Conservation Law

Executive Summary

The Rental Unit Conservation Law, found in Chapter 22 of the City's Code of Ordinances, requires registration and inspection of residential rental dwelling units. Staff is proposing fee increases for this program in FY25 along with additional amendments to the law.

Discussion

Chapter 22 of City's Code of Ordinance includes the Rental Unit Conservation Law which requires operators of rental properties (both long-term and short-term) to apply for certificates of compliance for each dwelling unit that's offered for rent. Prior to receiving a certificate of compliance, the rental unit must pass an inspection and the operator must pay the requisite application and inspection fees. Fees pay for the City's cost to administer the program, conduct inspections and respond to tenant complaints. Fees were last increased 10 years ago. Staff is recommending: increases to the fees to recover a greater portion of the City's operating costs; making changes to the fee structure and certificate length; and relaxing the transfer provision for properties that change ownership.

Fee changes: Rental owners and operators pay application and inspection fees to recover the City's cost to conduct the program. The average revenue from the last four fiscal years (FY20-FY23) was \$341,000 with the FY23 expense of the program near \$400,000. Since fees were last adjusted, expenses, in particular salaries and benefits, have increased contributing to this discrepancy. Current fees include an application fee of \$60 per building plus a \$26 per dwelling unit inspection fee; units may renew without a City inspection for \$43; re-inspection fees are \$43 per unit; and failure to meet the inspector fees are \$34 per incident. Staff is recommending a revised fee structure to go in effect January 1, 2025 for long-term rentals:

- Single family homes - \$130
- Two family structures/duplexes - \$195
- Complex up to and including 30 units - \$70 per unit
- Complex with more than 30 units - \$50 per unit
- Re-inspection fees - \$70 per unit
- Failure to meet inspector fee - \$40 per occurrence
- Transfer fee - \$15 per license

Similarly, the fee for a short-term rental certificate of compliance would be amended to \$130, with a \$70 re-inspection fee and \$40 failure to meet inspector fee.

Certificate length: The amendment would eliminate the three-year certificate that can be renewed for three additional years without a City inspection and replace it with a five-year certificate where City inspections are required at each renewal (for both short-term and



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long-term certificates of compliance). This change would reduce the program administration for City staff and rental owners/operators and increase City inspection intervals by one year.

Transfer provisions: The amendment would also amend the transfer provisions in Chapter 22 for long-term rental certificates of compliance to revert back to similar to what they were more than a decade ago, allowing any long-term rental certificate to transfer upon sale of the property and be valid until expiration. Staff suggests allowing 90 days after the sale to transfer.

Citizen Engagement: Neighborhood Services sent information on the proposed changes to about 2,300 contacts via email to rental property owners and managers, and other interested parties on June 11. Comments were directed to BeHeard. There were 23 independent comments received through BeHeard or sent directly to staff via email. Of those seven supported the fee increases and changes, 10 opposed the changes and six were general comments. The project on BeHeard had 145 visits from June 6 to June 27. The Columbia Apartment Association tentatively voted to approve to support the proposed changes. A summary of comments is attached.

Staff recommends the amendments to Chapter 22 have an effective date of January 1, 2025.

Fiscal Impact

Short-Term Impact: Increased revenue is anticipated to be an additional \$60,000 per fiscal year.

Long-Term Impact: Revenue may increase above the two-year fiscal impact as more rental housing units are added to the City.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Safe Community, Secondary Impact: Organizational Excellence, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

| Date | Action |
|------------|---|
| 09/15/2014 | Ordinance 022214 increased fees for the Rental Unit Conservation Law (RUCL) for FY2015. |
| 09/17/2012 | Ordinance 21425 increased fees for the RUCL for FY13 and included other text changes. |
| 01/18/2011 | Ordinance 20848 added provisions to address violations of Chapter 29 and amended the transfer of ownership process. |
| 09/21/1992 | Ordinance 21425 increased fees for the RUCL for FY93 |



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| 08/03/1992 | Ordinance 13407 required inspections for heating & ventilation systems with fuel-burning appliances. |
| 1965 | The RUCL was established in City Code. |

Suggested Council Action

Approval of the proposed amendments to Chapter 22.