

I. PROJECT DESCRIPTION

Project Name: Wellington Rental Registration Program (Single-Family)

Date: September 2014

Purpose of Report: To provide an update on current conditions in Wellington's

rental market

II. BACKGROUND AND HISTORY

Since 2008, Wellington's rental registration program requires all multifamily rental units be registered. This includes duplexes, triplexes, quadplexes, and larger rental apartment communities. Updates to this program have been a topic of debate especially on the subject of including single family rentals in the registration requirements and requiring an annual fee rather than the current one-time fee. Below is a timeline of Council action and decision related to the rental registration program.

February 12, 2008: Ordinance for Multifamily Adopted with End Date Ordinance 2008-05 (attached) passed unanimously to create a rental registration program for multifamily housing units in Wellington. The ordinance exempted single family units from the registration requirement and established a one-time, non-recurring fee. Ordinance had a sunset date of October 2008 with reconsideration to determine effectiveness at that time.

October 14, 2008 (2nd Reading): Ordinance for Multifamily Amended

Ordinance 2008-17 (attached) passed unanimously establishing the rental registration program with no sunset date. There was debate on whether single family rentals should be included in the licensing requirements but ultimately they were not included. Ordinance included annual licensing and a one-time fee, unless the renewal was late in which case a fee would apply. Council requested that staff return in January with an update on the single family rentals.

January 27, 2009: Ordinance Including Single Family Tabled

Ordinance 2009-04 proposed to include single family rental homes in the registration requirement for the program. After debate Council tabled the ordinance and directed staff to bring additional data on the single family rentals in 6 to 12 months "when the economy turns around."

January 26, 2010 (1st Reading): Ordinance Including Single Family Denied Ordinance 2010-01 proposed to include single family rentals in the registration program. Ordinance was denied with little discussion.

May 7, 2012: Discussion Tabled at Council Workshop

The rental registration program was discussed at Council Agenda Review on May 7, 2012 to determine direction on including single family rentals in the rental registration program and on establishing an annual fee to help fund the program. There was some support for including single family rentals in the rental registration program but Council voiced some concerns. The following is a summary of the concerns with a response in blue.

1. The single family registration requirement would be unfair for those property owners who maintain their property properly.

All property management and landlord information on file will assist Wellington in informing landlords of code violations so they can be corrected which is in the best interest of all property owners in that neighborhood and Wellington. Understanding the rental character of the neighborhood will also allow us to proactively anticipate and address any issues that may arise particularly in the areas with a high concentration of single family rentals. (Refer to attached map)

2. Wellington should simply focus on the homes that are an issue rather than a blanket registration requirement on single family homes.

Our current code compliance process currently is focused on properties that have code issues. The problem is it is difficult to get cooperation from absentee and disconnected landlords to address the code violations. Should the property manager or owner's information be on file with Wellington through a registration, compliance would increase because of the improved communication.

3. The fees collected and the registration itself would not address the problem of landowners not maintaining their property.

The registration provides contact information that will allow staff to reach the owners more quickly. The one-time fee simply off-sets the cost of program management.

4. Requiring single family rental registration is a violation of personal property rights. Government need not be involved.

The intent of the rental registration program is to protect Wellington's neighborhoods and homeowners from real estate businesses and landlords that don't maintain their property to standards. Many of the single family rentals are owned by corporations and are no different from Wellington's multifamily units that are used for income and investment purposes (25% of the 1,750 single family rentals are owned by companies). It is also becoming an issue when working with multifamily rental owners who have expressed a sense of discrimination regarding multifamily vs. single family rental registration.

Council decided to table the discussion and have another workshop discussion at a later date.

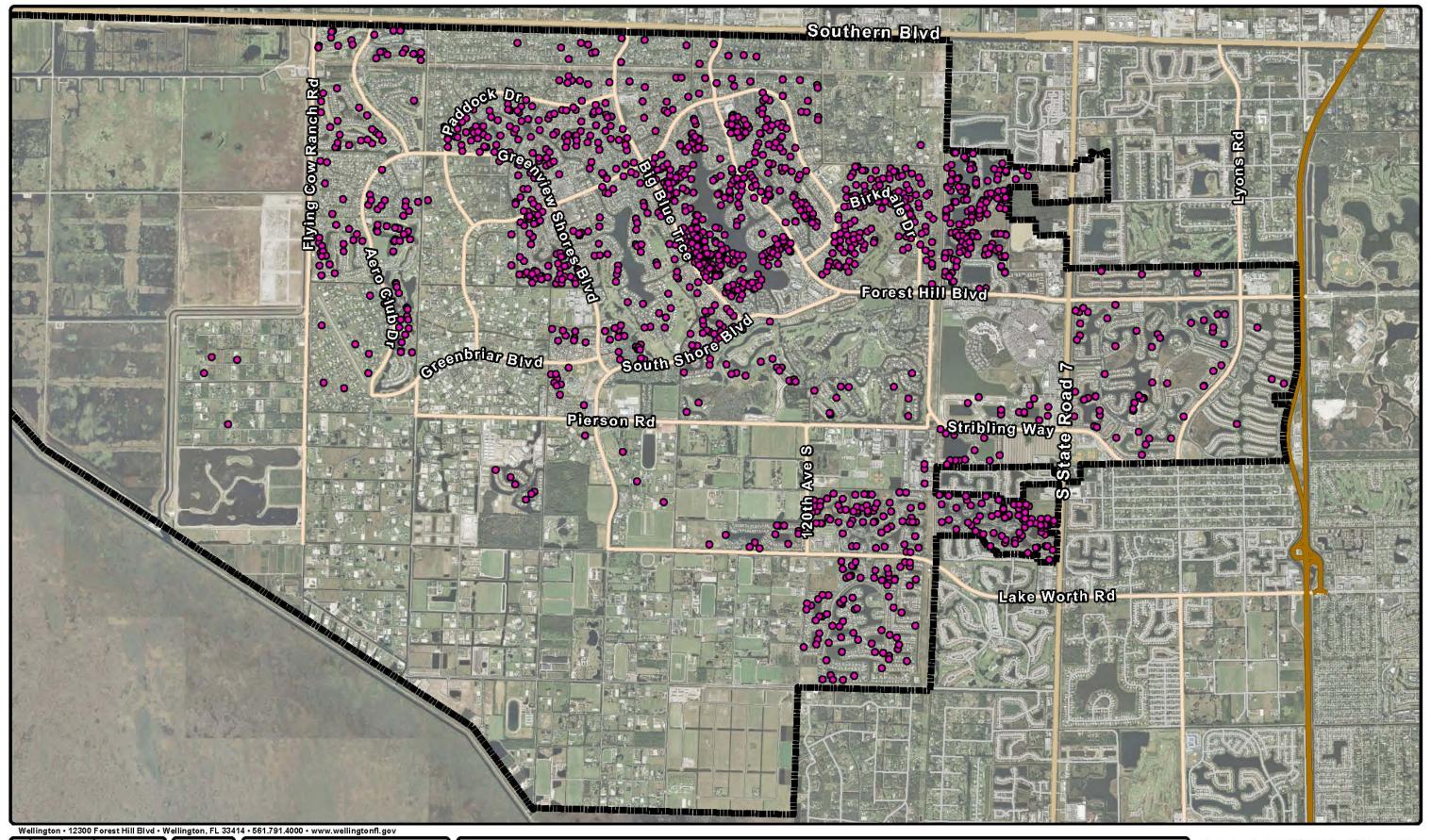
III. 2013 UPDATE

In August 2013, there were 450 company owned single family rentals in Wellington. As of January 1, 2014, that number has grown to 550. The growing nationwide trend in the real estate market is for investors to purchase single family properties with cash to rent the units. The number of single family rentals is expected to continue to increase.

There are an estimated 1,482 (~10%) single family units being rented in Wellington as of January 2014 (See Attached Map). Of these rentals, 550 (37%) are owned by LLCs, corporations, or other for-profit entities. In one case, a company owns 117 homes. A registration for single family rentals will establish a more equitable rental registration requirement consistent with multifamily rentals, will provide a tool to monitor how the character of our neighborhoods changes over time, and provide information regarding property ownership to address any issues which may arise regarding the property.

IV. STAFF RECOMMENDATION

Amend Wellington's rental registration program to require single family rentals obtain a rental license.



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Single Family Rentals Village of Wellington Palm Beach County, FL

Single Family Rentals (1458)



