



CITY OF LA CROSSE | 400 LA CROSSE STREET | LA CROSSE, WI 54601

Single-Family Conversion Ad Hoc Committee

Recommendations for Neighborhood Livability

12/4/2013



Single-Family Conversion Ad Hoc Committee

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Preface

The City of La Crosse formed the Single Family Conversion Ad Hoc Committee in response to the growing concern that the conversion of single-family homes into rental properties had a deleterious effect on its neighborhoods. The La Crosse City Council put a six-month moratorium on conversions of single-family homes in the R1 and Washburn Residential Zoning Districts in effect on July 12, 2013. The City tasked this Committee with determining the impacts that rental conversions have on public health, safety, welfare, quality of life, aesthetics, and tax base of its neighborhoods, as well as coming up with remediating recommendations.

The committee had the nearly impossible task of completing its recommendations in four months, but was able to build from previously completed studies as well as new data. This information showed that not only did La Crosse have nearly 50% of its housing stock as rental, but that 8.5% -24% of the single-family homes in the R1 and Washburn zoning districts were rental or possible unregistered rentals as well. With a predominately aging housing stock valued much lower than homes in surrounding communities, it is important for La Crosse to stabilize this decline with retention in home ownership.

At the Committee's meetings, residents expressed concern for the changes in their neighborhoods attributed to rental properties. The Committee discussed better code enforcement and examined current rental housing ordinances to hammer out recommendations. We are not trying to re-invent the wheel here, but want to start moving forward by implementing ideas that are necessary to preserve the quality of life for all residents.

I want to thank all of the committee members for their diligence and focus, as well as their creative contributions. I also want to thank everyone who contributed in any way to this endeavor, whether it was presenting information to the committee or through public comment. I sincerely hope that this document will be the springboard for the changes that La Crosse neighborhoods so desperately deserve.

- *Peg Jerome, 10th District Council Member*
Single-Family Conversion Ad Hoc Committee Chairperson

Single-Family Conversion Ad Hoc Committee Purpose

The City of La Crosse Common Council adopted Ordinance #4764 on July 12, 2013 enacting a moratorium on the conversion of single-family owner-occupied homes to single-family rental property in both the Single-Family Residence District (R-1) and the Washburn Residential District (WR). The ordinance creates Section 8.07 (I) of the City's Code of Ordinances, establishing a Single-Family Conversion Ad Hoc Committee to investigate the impacts of converting one-family dwellings to rental property in these two zoning districts on the health, safety, welfare, quality of life, aesthetics and tax base. The purpose statement is presented below.

The Common Council finds that it is necessary to preserve one family dwellings within the (R-1) Single-Family Residence District and Washburn Residential District in order to study the impact of the conversion of such dwellings to rental dwellings to determine the public health, safety, welfare, quality of life, aesthetic and erosion of tax base implications created by this type of conduct. The Common Council notes that this Code currently regulates the conversion of one-family dwellings into rental dwellings in Section 8.07 by prohibiting conversions without registration. However, the Council finds that the City's existing definitions and regulations as set forth in this Code may need to be amended to codify its current intent and purpose and also may be inadequate to respond to current trends, externalities and effects. Therefore, the Council finds that a study is necessary to determine whether this Code and regulations are adequate to regulate the conversion of one family dwellings or whether it is necessary to adopt new regulations. The Common Council establishes by this ordinance a moratorium protecting the public health, safety, and welfare and preserving one-family dwellings within the (R-1) Single-Family Residence District and Washburn Residential District. (8.07 (I)(1))

A committee to be called the Single-Family Conversion Ad Hoc Committee is hereby established and directed to commence a study of the impacts of the conversion of one family dwellings into rental dwellings within the (R-1) Single-Family Residence District and Washburn Residential District on the public health, safety, and welfare, quality of life, aesthetics and tax base in light of existing regulations and to propose such amendments to this Code or other regulations that it deems necessary and advisable. Said committee shall consist of two (2) citizen members and three (3) council members to be appointed by the Mayor. The Mayor shall be an ex officio non-voting member of the Committee. (8.07(I)(4))

Executive Summary

The City of La Crosse created the Single-Family Conversion Ad Hoc Committee by ordinance in July of 2013 and after appointments were made, held its first meeting on September 4, 2013. The Committee met a total of eight times, meeting every other week during a 14 week period. The Committee acknowledged on numerous occasions that the focus and purpose of the Ad Hoc Committee was to study the impacts of the conversion of one-family homes to rental properties. However the root causes of such conversions were quite complex and intertwined.

Some of the root causes include market forces (inside and outside the City), the collapse of the national economy in 2007-08, deterioration of the student neighborhood lying between Western Technical College and UW La Crosse, and the phenomenon of parents buying houses for their child to rent while they are in college. In other cases, the nearby Single-Family homes made money for investor owners. It is unknown without further research but some homeowners may have reached their tipping point and moved out and became landlords. Homeowners have felt the brunt of the conversions as their neighborhoods changed and their quality of life was diminished and they began to wonder if their investment was being jeopardized.

Some of the intertwining issues include a need for an improved code enforcement system, a streamlining of the rental registration and inspection program as well as a heightened level of education for tenants, landlords, homeowners, neighborhood associations, Realtors, lenders and city officials.

Many cities have and are facing these same issues and La Crosse can learn from their experiences. La Crosse first faced this issue back in the 1980s as UWL expanded and surrounding neighborhoods either became part of the campus or were becoming housing areas for an expanding enrollment. On-campus student housing did not keep pace with enrollment increases and there were not sufficient multi-family housing units to meet the demand. Surrounding neighborhoods were negatively impacted as homes were converted to student housing. The City's response at that time was to create a Zoning and Housing Study Committee. The same can be said for the Western Technical College and Viterbo University areas. In Saint Paul, Minnesota, their Plan Commission found that:

The conversion of housing to student occupancy, particularly the conversion of previously owner-occupied single-family and duplex housing, has substantially affected the character of the neighborhoods in and around the moratorium area and has had a negative impact on quality of life for many residents. Students tend to live at higher concentrations of adult residents as compared to rental housing as a whole. As a result, traffic and parking impacts tend to be greater than for rental housing in general. In addition, students as a population have a different lifestyle than the population as a whole, and in particular in comparison to families with young children. Students also are a transient population with respect to the neighborhoods they inhabit, and so have less connection to the long-term well-being of that neighborhood than more permanent residents may. As a result, noise can be an issue, and inattention to things like litter or property appearance can lead to negative associations with students and student housing for other residents. Finally, poor student behavior, exacerbated by alcohol use and abuse, can have a dramatic, negative impact on neighborhood livability. In general, these negative impacts associated with student housing are felt more acutely in lower density neighborhoods, as the conversion of even a single unit measurably changes the make-up of the neighborhood.

La Crosse's situation is both a combination of university related housing issues along with the disinvestment by established residents (see Greenville, NC study on page 20 below). In any case, La Crosse must tackle the deterioration and disinvestment taking place in many of the City's neighborhoods.

Summary of Committee Recommendations

Recognizing that the issue of converting Single-Family homes to rental is a complex one, the committee has made recommendations along four themes. These recommendations included both regulatory and programmatic suggestions. The committee recognizes that, while its work is done, there needs to be a sustained collaborative effort by the Common Council, Neighborhood Revitalization Commission, Neighborhood Associations, landlords, universities, tenants, Realtors and so on. There may be more actions that can be taken but the Committee is recommending that the actions found in this study be undertaken so that conversions from rental back to owner-occupied status begin occurring. This "reverse" phenomenon will help to turn around the City's neighborhoods.

- 1) Encourage Single-Family home ownership
- 2) Require rental registration and inspection of all rental property
- 3) Improve code compliance and include inspection of all property in the City
- 4) Educate tenants, landlords, neighbors, Realtors, lenders, title companies and others on city codes, programs that improve neighborhood living

Introduction

Not long ago, one city official referred to the City's extraordinary quantity of rental property as the "Achilles heel" of the City. According to the U.S. Bureau of the Census, for the years 2010-2012, the City had 49.6 percent of its occupied housing units in a rental occupant status. That figure is considerably higher than most other communities like La Crosse. The following table illustrates this point.

2010-2012 American Community Survey 3-Year Estimates

	Eau Claire	La Crosse	Oshkosh
Population	66,087	51,478	66,301
Median Income (\$)	42,226	38,440	41,842
Total Housing Units	28,240	22,356	27,572
Median Value of Owner-Occupied Units (\$)	137,300	127,400	115,300
Owner-Occupied Units (%)	55.7	50.4	54.8
Rental-Occupied Units (%)	44.3	49.6	45.2

The City has been grappling with a high renter to owner occupancy rate for over 40 years. La Crosse has one of the highest renter-to-owner percentages in the State. While it is difficult to find an exact peer, La Crosse has a higher rental occupancy rate than other Wisconsin cities with a UW System University. It is acknowledged that the City has approximately 16,000 college students attending its two Universities and one Technical College, however many of these students commute from outlying communities and the figure also includes graduate students.

As noted in the Moratorium Ordinance, this study starts with the premise that the conversion of Single-Family owner-occupied dwellings to rental property is detrimental to the City of La Crosse and its neighborhoods. The conversion threatens the public safety, health and welfare of the City. The conversion is detrimental to the overall quality of life, quiet enjoyment and the aesthetics of our City. The conversion of owner occupied property to rental property erodes the City's tax base, thereby affecting the City's ability to provide an optimal level of services to its citizens and property owners.

With the knowledge and understanding that the conversion of owner-occupied Single-Family homes to tenant-occupied Single-Family homes is in fact happening and that these conversions are detrimental to the public health, safety and welfare of the City, the Ad Hoc Conversion Committee studied the causes of the conversions and more importantly prescribe a series of recommendations to prevent conversions and reverse course and stimulate owner-occupancy of the converted dwellings.

The Background section of this document provides some context for this issue. The background section includes a discussion of the City's efforts or lack of effort over the years along with some information that further provides the setting for the City's housing (primarily single-family housing) and neighborhood issues.

Rental property is not maintained as well as owner-occupied property. To be sure, there are owner-occupied properties that could use more maintenance. But the data and research shows, quite clearly, that rental property is not maintained to the same degree as owner-occupied property. The City's monthly and annual reports from the Building and Inspection Department unequivocally reinforce this. The studies referenced in the section on the effects of rental property on Single-Family home values conclude that from a financial standpoint, rental property by its economics is not as well maintained as owner occupied property. This issue should no longer be debated.

This document provides clear evidence that cities such as Saint Paul, Minnesota; Fort Collins, Colorado; Shorewood, Wisconsin; Austin, Texas; and Greenville, North Carolina have all experienced a decline in central city investment as a result of fewer owner-occupied homes. This decline relates precisely to a declining tax base through disinvestment in these neighborhoods. Regardless of the causes of disinvestment that include: student housing influx, movement of the middle class to the suburban city neighborhoods and outlying communities, an aging housing stock, crime and the perception of crime, or the loss of neighborhood cohesion by the construction of parking lots and expansion of institutions, the City must face this issue head on as these other communities have done.

UW-L has had an enrollment increase of 704 students since the 2000/2001 academic year and nearly 500 in the last two years. The on-campus housing capacity has only increased by 197 over this time frame. Students are therefore finding housing in and around the campus and elsewhere in the City. Viterbo has added approximately 300 students during this same timeframe.

La Crosse's predicament has now been well documented. There are a myriad of groups that are working on these issues. Reports have been written, meetings have been held, recommendations have been made, organizations have been created, programs have been started, and policies have been made, changed and changed again to address the collective and complex issue of neighborhood revitalization. This report recommends a series of actions from the perspective of the Single-Family Conversion Ad Hoc Committee. These recommended actions should be coordinated and honed with the recommendations of the Neighborhood Revitalization Commission Action Plan, the City's Executive Committee Priority Project List, the City/County Housing Task Force report, and of course the City's five neighborhood plans and the City Comprehensive Plan.

Number of Housing Units by Zoning

The following table (next page) was prepared by the City Planning and Development Department and UW-Extension was prepared to assist the committee in its study of the conversion phenomenon. It was estimated that approximately 800 units are registered as single family rentals in the R-1 and WR district but that there may be an additional 1,400 units that may be rental. The committee is recommending that an outreach program be administered to ascertain the exact number of single family homes that are rental property.

Zoning	Parcels	Single-Family	Duplex	Triplex	4 + UNITS
R1	10,390	9,130	693	40	34
R2	1,572	985	327	34	51
R3	3	1	1	0	0
R4	201	112	30	16	32
R5	1,007	531	93	37	178
R6	78	18	8	0	21
TND	53	5	5	2	13
PD	741	495	0	0	25
WR	472	211	116	39	67
Total	14,517	11,488	1,273	168	421

R1: Single-family housing allowing occupancy of 3 unrelated

R2: Single-family housing & Duplex allowing occupancy of 4 unrelated per unit

R3: Single-family housing Duplex & Triplex allowing occupancy of 5 unrelated per unit

R4: Single-family housing through 4 family units allowing occupancy of 5 unrelated per unit

R5: Single-family housing units through apartment buildings allowing occupancy of 5 unrelated per unit

R6: Apartment buildings allowing occupancy of 5 unrelated per unit

TND: As approved by Council

PD: As approved by Council

WR: Single-family housing through triplex with 3 unrelated per unit

Total # Single Family Housing: **11,488**

Total # Single Family Housing in R2 or greater: **2,358**

Registered SF rental: approximately **800**

Background

In 1987, the City convened its first Zoning and Housing Study Committee and completed its first neighborhood plan in 1998. The City completed its first comprehensive plan in 1962 and waited 40 years when it completed the "Confluence" Comprehensive Plan in 2002. Back in 1962, the comprehensive plan noted that some neighborhoods were in difficult straits. In particular, it noted that that the "Amtrak Depot" neighborhood was in need of revitalization. The North Side and Depot Neighborhood Plan was adopted in October of 1999, 37 years after the Comprehensive Plan took note of the neighborhood's need for attention.

As is noted below, one of the things that the City did not do was to carry out many of the recommendations of the 1987 Zoning and Housing Study Committee. The recommendations were political and therefore the City was not able to overcome the special interests affected by the recommendations. The action/inaction resulted in the City not acting in the best interest of the neighborhoods. The inaction is partially manifested in the current state of the neighborhoods in 2013.

Three examples provide evidence. Rental licensing was recommended in 1987 but was not enacted. In the 1998 Powell-Hood (now Poage)-Hamilton School Neighborhood plan, licensing of rental property was again recommended, a committee convened and the issue was too intractable to approve. When two drug houses were demolished at the corner of 4th and Jackson, the City's present registration and inspection program was enacted (2004), however it was not a licensing program and it was met with an outpouring of resistance.

Another example is the adoption of multi-family housing design standards. The City hired a consultant to assist in developing the standards. The City staff and consultant met with the La Crosse Apartment Owners Association four times over the course of two and a half years. When the Ordinance was presented to the Common Council for approval, the Council could not adopt the standards because of resistance from some members of the Apartment Owners Association. The Council instead formed a committee. This Ad Hoc Multi-Family Design Committee met for one year and the Council adopted revised standards. This was not without continued opposition from those who opposed any type of design standards.

A final example relates to the review of the rental inspection program. In 2010, after six years of rental inspection, the city evaluated the program. An evaluation committee was formed consisting of six landlords, one tenant who refused an inspection, and a city building inspector. Upon the completion of the review, the committee recommended cancelling the inspection program. The program was re-instated by the Common Council in 2012 after the chair of the evaluation committee, who was a Council member, was not re-elected.

There have been casual observations that the "student intensive housing area" which is located between the La Crosse River Marsh on the north and State Street (generally) on the south and from Eighth Street on the west and the UWL campus to the east is no longer safe and it is no longer desirable for student renters. It is speculated that this may be part of the reason that Single-Family homes are being converted to rental. The City up-zoned this area to create a student intensive area with the thought that if higher density were provided through zoning, then the surrounding Single-Family neighborhoods would be spared. This apparently worked for a number of years but is no longer the case. The student area is no longer an area limited to student housing and some student renters are choosing to reside outside the immediate student housing area.

Additionally, it was also thought that by changing the definition of a family from five unrelated to three unrelated that this too would limit the influence that student rentals would have on established Single-Family neighborhoods. There were 189 properties that were "grandfathered in" via an affidavit system that allowed five unrelated persons to make up a "family" in perpetuity so long as an affidavit was filed and the non-conforming use status was maintained per City code and State law. The limit of three unrelated persons was to limit the expansion of student housing into Single-Family neighborhoods. This again is being found not to be the case.

In completing five neighborhood plans all of the plans found similar issues affecting the neighborhoods. The City created a Neighborhood Revitalization Commission to address the following unifying themes:

- Maintaining a Decent Housing Stock, Unkempt Properties
- Traffic Issues (speed, pedestrian safety...)
- Improving the Sense of Community
- Address Litter and Garbage Concerns
- Design Standards for New Construction
- Preservation of Historic Houses and Structures
- Maintain Single-Family Neighborhoods
- Flood Plain Areas
- Homeownership
- Spot Zoning
- Institutional Expansion and Parking Issues
- Crime, Gangs, and Drug Houses

Since World War II, central cities like La Crosse have been fighting for relevance as a result of urban sprawl. Federal and State transportation and housing policies supported the move to the suburbs at the expense of central cities. Cities like La Crosse attempted, to some degree, to respond however these external forces overpowered most communities, including La Crosse. The City responded to these external forces with the following programs and actions:

- Completed five Neighborhood Plans
- Created the Neighborhood Revitalization Commission
- Launched the Restore Everyone's Neighborhood Effectively and Win (RENEW) Program targeting the Powell-Poage-Hamilton School Neighborhood
- Constructed 46 homes with the City's Replacement Housing Program
- Worked with Couleecap on a Homebuyer Program (over 300 homes upgraded for owner-occupants)
- Helped nearly 1,200 homeowners via the Housing Rehabilitation Program
- Established Four Residential National Register of Historic Places Districts
- Initiated three Paint/Fix Up projects
- Ultimately approved Multifamily Design Standards
- Instituted a Rental Inspection Program (took three attempts in 1997, 1998 and 2004)
- Created a Vacant Building Registration Program (2012)
- Changed Definition of a Family in Washburn to three unrelated
- Created three quasi neighborhood TIF's

- TIF #7 Amtrak Depot
- TIF #14 Gundersen Lutheran TIF
- TIF #15 Chart/Trane Park TIF
- City Comprehensive Plan 2002 (first since 1962)
- 10th and Cass Historic Preservation Plan 2004
- Comprehensive Rezoning in 1996 for both north and south sides (reduced amount of multifamily zoning in the City)
- Down-zoned the Powell-Hood-Hamilton Neighborhood in 1999, 2013
- Down-zoned the Washburn Neighborhood in 2004, 2013
- Code improvements such as CUP for Mini-Warehouses
- New, Single-Family Conversion Rental Registration Program
- Convened City/County Housing Task Force

Within just the Powell-Poage-Hamilton Neighborhood the City:

- Constructed the South Side Neighborhood Center
- Constructed 24 owner-occupied homes (four to be constructed in 2014)
- Renovated the Hood Park Shelter
- Installed new playground equipment in Hood Park (twice)
- Improved lighting in Powell Park
- Improved and landscaped the 7th and Farnam Tennis Court
- Assisted Hamilton School with Federal Community Development Block Grant funds for the playground and bike parking improvements

Recent measures help but dramatic changes are needed, especially for replacement of 1,000 homes where improvements are valued below \$50,000.

Beyond neighborhood revitalization efforts, the City has made overall community improvements that add to the quality of life for its citizens. These efforts could be termed "community placemaking" actions.

- Received the National Mainstreet Award, 2002
- Created a downtown commercial National Register of Historic Places District
- Silver Designation - Bike Friendly Community
- Bronze Designation - Walk Friendly Community
- Created a model Bluffland Protection program
- Constructed two neighborhood/community zero depth pools (\$3.6 million dollars)
- Constructed the Black River Beach Neighborhood Center
- Waterfront Revitalization
- Numerous Bicycle-Pedestrian Trail Construction
- Historic Walking Tours
- Park Improvements (\$300,000 planned for Poage Park)
- Boulevard Restoration Program

Summary of Completed Reports

Zoning & Housing Study Committee Report (1987)

The City's Zoning and Housing Study Committee made a total of 22 recommendations in the following categories. Many recommendations were implemented, but many were not.

- ENFORCEMENT OF CITY ORDINANCES (8)
- PARKING (4)
- HOUSING INSPECTION (1)
- HOUSING MAINTENANCE (2)
- ADMINISTRATION (4)
- ZONING (3)

In summary of the report and recommendations:

- Snow removal ordinance needed several more modifications since 1987.
- Fines were not all increased.
- Stepped up inspection for repeated violators not implemented.
- Rental Inspection not created until 2004, then suspended, now occurring again.
- Refuse was allowed to be placed in bags not cans/carts with lids.
- Staffing was never really addressed. There were two dedicated Housing Inspectors but now all staff do building/code enforcement inspectors, department has shrunk by three personnel.
- Conditional Use Permit for conversion of SF homes was never implemented.

Challenging Trends Facing Housing in La Crosse Report - UW Extension

The following excerpts from this document illustrate La Crosse's dilemma with regard to both its housing situation and investment outside the City. (Figures are not included in these excerpts)

- *The City of La Crosse's residential value per capita seems to stagnate in comparison with other local municipalities, with a significant mass of municipalities surpassing the City's residential value/capita rate between 1960 and 1970. During this period, the townships of Medary and Campbell, as well as the City of Onalaska and the Village of Holmen all exceeded the City of La Crosse in residential value per capita. The town of Shelby surpassed the City during the period 1950 – 1960, and the towns of Onalaska and Holland surpassed the City in the 1980's. Since then, the City continues to rank lowest in the urbanized area of La Crosse County.*

The Downward Spiral

- The City of La Crosse is essentially experiencing the classic example of urban sprawl. As more urban flight occurs, commercial development follows the population centers. As illustrated in **Figure 4**, the Onalaska commercial property value per capita exceeded La Crosse during the mid-1990's. This was likely due to the development expanded by the Valley View Mall project completed in 1980, as well as previously discussed transportation access points. The decade between 1980 and 1990 illustrates Onalaska's commercial value per capita growing quicker than La Crosse's commercial value per capita, as new developments sprouted up along Hwy 16 and HWY 53/157. Unfortunately, although relocating

commercial sectors tend to follow the population, manufacturing sectors looking to relocate will not necessarily relocate in neighboring municipalities, but into other states or countries.

- **Figure 5 (not included in this Single-Family Conversion Ad Hoc Committee report)** illustrates the City of La Crosse's Total Assessed Value per capita (**Heavy Black Line**) appears to stagnate, as both residential development and commercial development migrates to the ring suburbs.
- This low value per capita creates a situation of low revenues for the expenses generated by a large municipal body, thereby ultimately raising the municipal mill rate at a level sufficient to provide core municipal services such as police, fire, library, roads and transportation, debt service, etc. These services make up approximately 75% of the City's total annual expenditures.

La Crosse has Low Housing Values:

- As part of this housing study, residential tax parcel information was collected and sorted, in order to look at the volume of homes in various price ranges. **Figure 6** illustrates a significant challenge to keeping property taxes low in the City of La Crosse. The City of La Crosse has by far the largest volume (and percentage) of residential properties in the category: <\$100,000 of improvement value.
- Unfortunately, the City's low valued homes have a base value, which is created by the City's rental market. Rental demand in the City of La Crosse is high due to the two universities (UW-La Crosse and Viterbo) as well as Western Technical College. Thus rental investment opportunities create a price floor, for which the majority of properties never drop enough to make neighborhood redevelopment an option for private investors.

How can we change this direction?

- *The City needs to seriously consider ways to change the concentrations of poverty that are developing. Without significant efforts to redevelop or improve its housing stock, the City will continue to battle high taxes. The City should attempt to better understand the issue between demand for services and revenues generated from various property types. It must be understood – it is a problem of proportion, which cannot be cut by limiting expenses. We are unable to cut the City's mill rate lower than our neighboring municipalities.*
- *The largest segments of housing stock that could be addressed could be any of the following groups:*
 - *All properties located within the floodplain (approximately 13% of City of La Crosse's housing stock is in the flood plain, requiring flood insurance, an additional cost associated with property ownership.)*
 - *Many properties with the Hamilton and Roosevelt school boundaries (free & reduced lunch programs indicate 77.5% and 67% participation respectively)*
 - *All properties with improvement values <\$100,000, with greatest focus on lowest assessment values*
 - *Develop internal City of La Crosse acreage such as Park Plaza, Mobil Oil Site, etc. With the proximity to the Mississippi & Black River frontage, these locations offer attractive amenities that may appeal to new home buyers.*
 - *Consolidation of rental units to locally designated geographic districts with denser student housing (high-rise), with the former housing units developed as single-family residential. The City of Madison has significant examples of attractive, high-rise style large volume student housing.*

City/County of La Crosse Housing Task Force

In its report titled La Crosse Housing: A Plan to Reinvest in the City's Housing Market, the Task Force made the following recommendations to improve the City's housing stock. The report also puts the City's housing situation in a regional context: as the County currently has more than a 10 year supply of lots.

- (1) Better education and enforcement of existing codes and standards
- (2) Better enforcement of existing laws
- (3) Reinvest La Crosse
- (4) La Crosse Neighborhood Partnership
- (5) Private equity group
- (6) Replacement Housing Program
- (7) Neighborhood Commission
- (8) Guerilla Landscaping
- (9) Landlord and Rental Licensing
- (10) Community Real Estate Investment Trust (REIT)

Effects of Rental Property on Surrounding Property Values

Most individuals who own a Single-Family home have a sense that when a property on their street or in their neighborhood becomes a rental there are negative consequences. Many of the overt effects are visual and can include an extra vehicle in the driveway or on the lawn, ongoing vehicle repair, more unkempt lawn or yard, or perhaps sidewalks that are not shoveled as often or as timely as they once were. It may be that there are now more frequent parties and overnight guests. Usually it is difficult to determine the actual number of residents residing on the premises.

While many homeowners intuitively know that a rental property can and often does bring about a changing dynamic in their corner of the world, the effects are not well quantified. They could be quantified by citations, orders to correct, or nuisance violations. Other aspects not as easily quantified or studied include how long an adjacent owner-occupied home that is for sale sits on the market or whether the seller had to lower their price because of the adjacent property.

In a recent example in La Crosse, a buyer chose to build a new home outside the city because "they couldn't pick their neighbors." The home they were considering purchasing had "location, location" but was also impacted *because* of its location. It did not have all three "locations." The beautiful stately home just east of the UWL Campus had rental properties to the north, across the street, and to the south. With the exception of this particular event, these anecdotal stories are not well documented.

The following information is presented to assist in quantifying what many homeowners already know: rental property has a negative effect on surrounding properties.

A peer reviewed article from the Journal of Urban Economics (1991) found that there is "an inverse relationship between the value of a house and the presence of rental properties in the study area" (p. 164). The study entitled The Impact of Rental Properties on the Value of Single-Family Residences was undertaken as a result of a lawsuit wherein a class-action suit was filed on behalf of thousands of single-family homeowners that claimed that a Texas developer had constructed too many rental properties in proximity of their homes and therefore negatively affected their property values. Previous research in this area had not been undertaken and this study was the first to show that there is a correlation between rental property and home values. The article acknowledges that housing maintenance is reduced in rental properties (landlord has less of a financial incentive than does an owner to maintain their property) and therefore has a negative effect on adjacent values. Property values decreased from two to twelve percent, depending on the overall percentage of rental property in a particular neighborhood. Home buyers would pay a premium to purchase a home in a neighborhood with fewer or no rentals.

The accumulation of single-family rental properties in a residential neighborhood seems to have the same negative impacts as the intrusion of apartments or other types of undesired properties. This study demonstrates that there is perhaps a need for city planners, or others, to regulate the number of single-family rental properties in a given residential neighborhood. Home buyers, in search of residences, should also take this factor into consideration. (p. 164)

This is borne out in a recent survey of La Crosse's Weigent-Hogan Neighborhood. At the inaugural meeting of the neighborhood group last summer, attendees were asked to comment on the following questions.

- (1) What do you love about your neighborhood?
- (2) What is your vision for the Weigent-Hogan Neighborhood in 5 years?
- (3) What would you change to achieve this vision?

People appreciate a well-maintained home and yard. There is a prevailing sense that rental properties in the neighborhood should be better maintained (25% made reference to rentals). Comments include:

- Stop homes from becoming rentals
- Limit rentals
- Make sure rentals are well maintained
- At least keep the rental clean and picked up and noise level down
- Provide decent rentals for people and get rid of inadequate/unsafe ones
- Strict enforcement of the rental rules
- Cooperation between renters and homeowners

Teow-Hwa Kaw authored a research paper titled “An Investigation of the Effects of Single-Family Rental Properties on Housing Values within a Single-Family Neighborhood in a University Town”_which sought to refine the scope of real estate value studies in a university town setting. The study was primarily focused on the “influence of renter-occupied properties on an individual unit basis on single-family home values within single-family neighborhoods in a university town” (page 1). The community that was studied was College Station, Texas.

The abstract notes:

This study concludes that in the context of single-family neighborhoods within a university town, a renter-occupied housing unit suffers a significant loss in value when it changes tenure from owner-occupied to renter occupied and it significantly affects the values of surrounding owner-occupied units. This study from an urban management and sustainability standpoint has immediate and long-term implications for single-family neighborhoods with encroachment of renter-occupied properties, and perhaps more so for neighborhoods in university towns. Implications may include impact of property tax valuation, neighborhood quality, quality of life, personal investment of homeowners, financial institutions' debt service and politics between residents and town elected officials.

This study found that there is "significant empirical evidence to clarify, quantify, and support the strong public perception that a renter-occupied single-family unit suffers a loss in value with a change in tenure from owner- to renter-occupancy and that such a change affect the values of surrounding owner-occupied units" (page 8). For this particular study and community, it was found that there is "an overall 3.5 percent significant" drop in value when housing units become rental and that there is "an increase of 0.56 percent of owner-occupied property value for every 100 feet away from the nearest renter-occupied unit" (page 8).

In fulfillment of a Master of Science Degree in Economics, a thesis titled [The Rental Next Door: The Impact of Rental Proximity on Home Values](#) authored by Wendy Usrey at Colorado State University, Fort Collins, Colorado, 2012, the author concludes that there is strong evidence that a home's selling price is a consequence of its proximity to single-family rental homes. The study used Geographic Information System (GIS) to specifically

measure the density of rental property in proximity to each home as opposed to larger geographic areas such as a census tract. The study found that a one percent increase in the number of rentals that were located within 500 feet of the owner-occupied Single-Family home resulted in a home sale price decline of 0.0439 percent. The sales price decreased by 0.0532 percent for every additional percent increase in rentals within 500 feet to 1/4 mile. Conversely, home sale prices increased by 0.0559 percent when the rental property was greater than 1/4 mile to 1/2 mile away.

Overall, these results indicate that while rental homes that are closely located to a property detract from its selling price, as distance from the home increases, the presence of rental homes increase its price. ... If there is a rental directly across the street that perhaps is not well maintained, it is considered an eyesore, but a rental a block away, which the buyer doesn't see from the driveway, may not matter as much to the buyer" (page 27).

There is a commonly held notion that a neighborhood is more stable when home ownership is the prevalent form of tenancy. A report published in 1996 by the Fannie Mae Foundation, William M. Rhoe and Leslie S. Stewart titled Homeownership and Neighborhood Stability found that neighborhood stability is characterized by:

- (1) Length of tenure of the current residents
- (2) Property Values
- (3) Physical condition of properties
- (4) Social conditions in the neighborhood, such as school dropout rates or crime rates

The authors utilized both a literature search and census data to conclude that "homeownership leads to greater neighborhood stability as measured by length of residence and property condition" (page 70). The authors state that "homeowners, unlike renters and landlords, have both an economic and a use interest in their properties. This combination of interests seems to provide powerful incentives for owner-occupants to maintain their properties at a higher standard and to join organizations that protect the collective interests of homeowners in the area" (page 71).

The census data reinforces the association between length of tenure and homeownership and therefore neighborhood stability. The authors also look at property value increases as directly related to homeownership rates. In their analysis "a five percentage point change in the homeownership rate of a [census] tract would be associated with about a \$4,000 increase in mean single-family property value over a 10-year period."

Summary

While the City was unable to duplicate such studies in the time allotted, these published reports clearly indicate that the City should be very mindful of the homeownership percentages in the City's neighborhoods. Regardless of the tenant, student or otherwise, the City should be concerned with the overall implications to its tax base and the stability of its neighborhoods.

Rental Property Maintenance

As noted in the previous section, from an economics standpoint, it is inherent that rental property is not maintained like an owner-occupied property. Local data suggests this to be the case here in La Crosse. By looking at the Building and Inspection 2012 year-end data, a survey of properties within the Powell-Poage-Hamilton School Neighborhood by Couleecap and a summary of data of the City's Orders to Correct (OTCs) that proceeded to the Board of Public Works from 2007 to May of 2013 all clearly indicate that rental property is not maintained like owner-occupied property.

Building and Inspection Annual Report, 2012

Of the 1,698 service requests in 2012 for "repair building," "garbage and refuse," and "open storage," 1,061(62.4%) were for rental property and 637 (37.5%) were for owner-occupied property. The data is consistent year after year.

Couleecap Powell-Poage-Hamilton Property Inventory Evaluation (P.I.E) Study

Couleecap initiated a systematic property condition (exterior) study within the Powell-Poage-Hamilton School Neighborhood in 2013. All of the field team members received training prior to surveying the properties. Of the properties studied, 82 properties were rated as high or low quality. Of these 82 properties rated high or low in quality, 40 were owner occupied and 41 were rental properties. There were four tri-plexes, 15 duplexes, 61 Single-Family homes, one large apartment complex and one garage.

The property condition survey indicated that:

- Of the 40 properties that were rated low quality, 30 were landlord-owned property and 10 were owner-occupied
- Of the 42 properties rated high quality, 29 properties were owner-occupied and 13 were rental property

City Orders to Correct (OTCs) Data - 2007- to May of 2013

Charlie Weeth, President of Livable Neighborhoods compiled data from Building and Inspection OTCs that were sent to the Board of Public Works for final cleanup. It should be noted that not all OTCs are directed to the Board of Public Works as many OTCs are cleaned up by the property owner and therefore do not need intervention by the Board of Public Works. Properties that are not cleaned up in the time specified in the OTC are then sent to the Board of Public Works and the City or a contractor is sent to the property to complete the clean-up. Of the OTCs sent to the Board of Public Works, almost three times as many are issued to rental property for every one owner-occupied (874 or 70% to 305 or 24%).

- 70 percent were rental properties
- 24 percent were owner-occupied properties
- 6 percent were commercial properties (Commercial, Foreclosure, Industrial, Life Estate, Marina, Not classified, Park, Trailer Park, Unknown, Vacant lot)
- Three rental property owners have been issued 30 OTCs *each* (6.9% of the total). Two owner occupied property owners have been issued 9 OTCs *each* (1.4% of the total).
- The top 25 property owners have 342 OTCs, which account for 26.3% of the total.

- Of the top 25 property owners, 21 are rental, three are owner-occupied and one is both rental and owner-occupied.
- One address (owner-occupied) has had 15 OTCs and two (rentals) have had 14 OTCs.
- The top 25 property addresses have had 179 OTCs (13.8% of the total).
- Of the top 25 property addresses with OTCs, 18 are rental and seven are owner-occupied.

The number of OTCs in the R1, Single-Family Residence District and the WR, Washburn Residential District are presented below. There are more OTCs on Single-Family owner-occupied property than on rental property in the R1 District but the reverse is true in the WR district. In the R-1 District there are more owner-occupied homes so the percentage would be expected to be greater.

Amount of Orders to Correct by Zoning District

	R1	WR
Total Addresses	319	43
Total Orders	573	71
Rental Addresses	135	39
Rental Orders	267	66
Owner Addresses	184	4
Owner Orders	306	5

*OTC Data from 2007 to May 2013

*Data collected from Charley Weeth from City Supplied Data.

Learning from other Communities

The conversion of owner-occupied, Single-Family homes to rental is often seen as a consequence of a high student population in the City of La Crosse. While it is true that the neighborhoods closest to UW La Crosse have witnessed a significant increase in student rentals in what has been predominately Single-Family neighborhoods in the last few years, other neighborhoods are also feeling the effects of an increase in rental property.

For example, in the Washburn Neighborhood (and most notably within the 10th and Cass Street National Register of Historic Places District of the Washburn Neighborhood), the City took additional zoning steps to reduce the conversion of Single-Family homes to duplexes. The City changed the zoning Conditional Use Permit requirement to now require any conversion of a Single-Family home to a duplex or higher to obtain a Conditional Use Permit (CUP). Previously, any Single-Family home could convert to a duplex without first obtaining a Conditional Use Permit. A Conditional Use Permit was only required if a Single-Family home or duplex was being converted to a triplex or four-plex. While the measure controls the overall density, it does not control the tenancy. The measure was enacted as a means to stop the conversion of a particular home to a duplex that had recently been owner occupied. The property became a rental when the owners got divorced. The new owner converted the property to a rental and the neighbors were concerned that the new owner could convert the home to a duplex at any time without a Conditional Use Permit. The City responded by enacting an amendment to the zoning code to require a CUP for converting a single family structure to a duplex.

Saint Paul, MN

The city of Saint Paul, Minnesota is home to nine colleges and universities. In 2011, it enacted a moratorium of the conversion of owner-occupied homes to rental property in portions of the community. The conversion of homes to rental was having a negative effect on the character of various neighborhoods and the quality of life residents. Saint Paul found that in certain neighborhoods owner-occupied housing dropped by 11 percent as more and more properties became rental. A citizens group conducted its own study and found that a particular neighborhood was on the verge of falling into "a reinforcing pattern of disinvestment and decline, a concept known as the "tipping point" theory.

The City of Saint Paul's response was to create a "student overlay" zoning district that limited the number of student rental dwellings by requiring that they be spaced 150 ft. apart. The City also requires all housing units to be inspected. The Saint Paul report also noted that the City Plan Commission recommended that the City study a requirement to have all first and second year students live on campus, conduct a more detailed study to determine if there were areas that could be up-zoned to accommodate student housing demand, and create a historic conservation district to preserve certain neighborhoods. Other approaches that were recommended to be further investigated were "occupancy limits, conditional reviews, distance separation requirements and zoning district restrictions."

The Saint Paul report from the City Planning Commission, May, 2012 titled Student Housing Zoning Study: Report and Recommendations also offers approaches for code enforcement, permitting, imposing more requirements for universities, educating students about acceptable behavior, improve leases so landlords can evict problem tenants, and finally to engage parents, neighbors, student groups to model better behavior.

Austin TX

The City of Austin, Texas is home to the University of Texas at Austin. The Central Austin Community Development Corporation noted in its report that the central city of Austin was losing its families as a result of increased enrollment and a lack of suitable housing for students. The City of Austin had an occupancy limit of six, allowed duplexes in the Single-Family zoning district, conducts no proactive code enforcement and did not regulate rental property. The report collected data on 112 college and university communities to research their occupancy limits. The report recommended:

- Reduce occupancy limits and redefine a "Single-Family"
- Define a High Occupancy Use and create a HOU zoning district (prohibit HOU/Duplexes in the Single-Family District)
- Create a rental licensing program
- Regulating rentals as a business (pre-leasing, tenancy, and renting by the room)
- Establish a town and gown commission

The report titled Family Displacement in Central Austin: Approaches for Regulating the High Occupancy Unit, Central Austin Community Development Corporation, August 21, 2013 noted that (pages 5-6):

- **Economic Impact:** For owner occupants, the high intensity units have depleted the supply of Single-Family housing.
- **Lasting Effects on Single-Family Neighborhood Character:** Family flight accelerates when neighborhoods reach a tipping point. The areas become a street where yards are not maintained, parking is inadequate and a monoculture is formed that lacks social cohesion and continuity.
- **Disinvestment by Owner Occupants:** Higher occupancy units create disinvestment by Single-Family owner-occupants. To most homeowners, the purchase of their homes is the largest investment they will make. These investments were made in good faith with the expectation that zoning would insure the integrity of the area. Homes would be beside like-properties, and neighboring properties would not negatively affect theirs.
- **Impact on Public Education:** Family displacement reduces the ability of the local school system to serve these areas.

Greenville, NC

The City Greenville, North Carolina created a 15 member task force and met for nine months in 2004 to address a community concern regarding struggling neighborhoods. Greenville is North Carolina's tenth largest city and is experiencing rapid growth which is fostering new development on the fringe of the City. Older neighborhoods were struggling to attract and retain homeowners. Greenville is home to East Carolina State University but there is no mention in the Task Force on Preservation of Neighborhoods and Housing: Report to City Council that the deterioration of neighborhoods is related to student housing.

The report identified broad market forces and long-term housing trends as "loosely" being defined as the "disease" and shorter term or recurring problems as the "symptoms" of the larger disease. As housing development shifted to the fringes of the City, fewer resources in terms of public infrastructure and private investment were occurring in the City's older neighborhoods. The City had a high rental vacancy rate and renters were also choosing to move to the areas with newer housing. The City was experiencing a depressed rental market with depressed rents

resulting in landlords scrambling to rent their units but at a lower rate. For some property owners, the lower rents equated to not having the funds to make costly improvements which exacerbated the cycle of neighborhood deterioration.

The "symptoms" were summed up in terms of higher levels of nuisance and housing code violations which the City did not have the capacity to enforce. Other symptoms included failure of property owners to maintain their property, the City's lack of a coordinated effort, and finally the declining rate of owner-occupied housing in established central-city neighborhoods.

The Task Force recommended 10 neighborhood improvement strategies to overcome the disease and symptoms of the disease. These were:

- (1) Create a violation-based Rental Property Registration and Certification Program
- (2) Create a code enforcement tracking system and rental property database
- (3) Revise the City's Code Enforcement and Appeals Process
- (4) Revise City ordinances to prohibit parking on yards (on the spot ticketing)
- (5) Revise City ordinances pertaining to noise violations (on the spot ticketing)
- (6) Identify neighborhoods that are predominantly Single-Family in character and downzone to prohibit further intrusion of duplexes or multi-family uses
- (7) Create economic incentives to encourage reinvestment in established Single-Family neighborhoods
- (8) Adopt strategies to empower Neighborhood Associations, build their capacity
- (9) Develop and adopt neighborhood plans to guide public policy and investment decisions in older neighborhoods
- (10) Adopt land use policies that recognize the link between suburban residential development and the health of established neighborhoods

Shorewood, WI

The Village of Shorewood, Wisconsin is just north of Milwaukee and in particular just north of the University of Wisconsin-Milwaukee. The Village recognized that they had a community issue with the influx of student rentals and a decline in the number of young families moving into the Village. The Village hired S.B Friedman & Co to conduct a Duplex Housing Strategy report as part of the Central District planning process. The City staff utilized the report to extract data beyond duplex data to ascertain the Village's position with regard to owner-occupied housing as part of the regional housing market. The study is known as the Housing Feasibility Study: Planning and Development Department Report, 2006.

Shorewood is similar to La Crosse in its high percentage of renter-occupied units. The report notes that "Shorewood is a unique community where 52% of its housing units are renter-occupied, higher than comparable communities. ... Whitefish Bay has 15.4% of its housing units renter-occupied with Glendale at 26.9% and Brown Deer at 28.8% respectively" (page 6).

In the introduction, the report states: "At present, Shorewood is being faced with several internal and external factors that may hinder an optimal number of young families from moving into the Village. Plainly stated, young families are necessary for maintaining and enhancing healthy communities. Young families encourage economic growth, help maintain the tax base, promote healthy school systems, and strengthen the social fabric of communities. ... S. B. Friedman & Co suggested a three-part strategic approach involving goal setting, code enforcement

and targeted Village programs. This report focuses on creating a Village-wide program based on local population and housing trends, decline in school enrollment, and aforementioned citizen concerns in order to increase the demand for Single-Family homes is needed in Shorewood” (page 1).

The report recommended creating a homebuyer incentive program (HBIP) in the form of loans or grants as a means to increase the owner-occupied housing supply with one strategy to incent homebuyers to convert duplexes back to Single-Family dwellings.

Committee Recommendations

The recommendations in this study fall into four general categories that consist of both regulatory and programmatic changes and actions. These are actions that the City can take to reduce the number of conversions and increase the livability of neighborhoods. The recommendations also include a recommendation for additional research and data collection/synthesis that was not possible during the short time allotted to this study.

The four categories include recommendations that:

- (1) Encourage Single-Family home ownership
- (2) Require rental registration and inspection of all rental property
- (3) Improve code compliance and include inspection of all property in the City
- (4) Educates tenants, landlords, neighbors, Realtors, lenders, title companies and others on city codes, programs that improve neighborhood living

Encourage Single-Family home ownership

The Ad Hoc Committee recommends that the City proceed along two themes in order to stop the conversion of owner-occupied Single-Family homes:

- (1) Create or continue programs that make living in the City worthwhile
- (2) Use the City's Regulatory Zoning Police Power to improve neighborhood livability

Programmatic/Marketing Approaches

The City created a Neighborhood Revitalization Commission for the very purpose of tackling issues like the deterioration of the City's neighborhoods caused by the conversion of owner-occupied homes to rental property. The City can continue to improve all its neighborhoods but especially its most vulnerable neighborhoods by:

- Enhancing the role and effectiveness of the Neighborhood Revitalization Commission (NRC). The NRC is chiefly responsible for engaging neighbors and neighborhoods, they are creating a spirit of "working together."
- The NRC must continue to encourage, support and promote existing neighborhood associations/creation of new ones.
- The City should consider creating a City Livability-Marketing Officer - this is an asset-based marketing/branding approach similar to what the Outdoor Recreation Alliance Branding effort is attempting to achieve.
- Continue Paint and Fix-up Programs.
- Continually funding the ReInvest La Crosse program is as a program that encourages investments by homeowners.
- More actively support Neighborhood beautification programs including guerilla landscaping
- Encourage employer assisted housing programs.
- Review the Village of Shorewood's program for giving grants to homebuyer that move into the City.
- Fund and support a La Crosse Housing Promise program.

Regulatory Approaches

The City has used its regulatory powers as a means to protect and improve neighborhood livability. The City has had some degree of success with a regulatory approach. The measures that the City took over the years were difficult to adopt and had opposition from the profit seeking rental industry. The measures such as "down zoning" some areas and "up-zoning" other areas, limiting occupancy to three-unrelated were inadequate to protect Single-Family owner-occupied neighborhoods. The following action items, along with the programs noted above and in the next sections will further assist in stabilizing the City's Single-Family owner-occupied neighborhoods.

- Ask the Common Council to address neighborhood parking concerns through the use of the Parking Utility Board and the Neighborhood Revitalization Commission.
- Update the definition of "family" using Madison's ordinance as guide and communicate this to the public. Conduct inspections of property using a GIS project to enforce the existing adopted city ordinance.
- Create legislation requesting that the Mayor, City Attorney and City Planning and Development Director create a Conditional Use Permit for conversion of owner-occupied Single-Family homes to rental.
- Continue down-zoning or up-zoning where appropriate (e.g. recent Washburn Residential code change and the Powell-Poage-Hamilton School Neighborhood down-zoning to Single-Family Residential).
- Create a Mixed Used and Mixed Occupancy high intensity zoning district between Western Technical College and UW La Crosse that encourages a mix of commercial, active senior housing (aka "University Related Senior Housing"), graduate student housing, workforce housing and student housing.

Require rental registration and inspection of all rental property

The Ad Hoc Committee spent considerable time thoughtfully evaluating various mechanisms to ensure that rental properties are adequately identified and registered. Communities throughout the country that have a significant student population and rental unit count have responded with various methods to regulate rental properties. These programs vary from registration at one end of the spectrum to licensing at the other with a permit system as a form of middle ground. Registration of property is simply a mechanism to identify all the rental property in a community and often includes the requirement to list a property manager. Licensing programs provide for a much more systematic approach to regulating residential rental property. Just as pets and taverns are licensed annually to ensure public safety, a residential rental property is licensed to ensure that the unit is safe and habitable.

Any type of system, whether it is registration, permitting or licensing is a regulatory response to a community's issue of how to deal with large volumes of rental property. In Saint Paul, Minnesota, a licensing program is in place along with a Student Overlay Zoning District. In River Falls, Wisconsin a rental permit is required. In La Crosse's case, the City created a registration program by municipal ordinance which is found in 8.06.

Over the years there was a phenomenon of the conversion of student housing back to Single-Family, owner occupied housing but then in the mid 2000s, the opposite was again occurring. The City's response was to create a municipal code section 8.07 (A.K.A. the Doug Farmer-Dorothy Leonard Ordinance) which was enacted to stem the tide of the conversion of single-family owner-occupied homes to rental property.

During the Committee meetings, it was recognized that requiring a rental property to register twice was problematic. The ordinance was difficult to enforce as many property owners did not know they needed to register a property under both 8.06 and 8.07. Property owners also did not know that they needed to register a property 60 days prior to it being used as a rental. This ordinance (8.07) "speaks" directly to the very formation of the Ad Hoc Committee.

8.07 RENTAL REGISTRATION – ONE FAMILY DWELLINGS IN R1 (SINGLE FAMILY) RESIDENCE DISTRICTS.

- (A) Registration Required. Not less than sixty (60) days prior to its conversion to a rental dwelling, the owner of a one family dwelling within a Single Family (R-1) Residence District or Washburn Residential District WR shall register the one family dwelling with the Chief Inspector. (Am. Ord. #4678 – 6/14/2012)

[Note: Washburn Residential was added in 2012]

The Single-Family Conversion Ad Hoc Committee recommends the following regulatory changes in order to protect Single-Family Owner-Occupied Neighborhoods:

- Revamp and Merge 8.06 and 8.07 and require a two year registration cycle for all rentals (one registration form regardless of dwelling unit type) and that the owner and property manager's contact information is required, to not require an initial registration fee with an amnesty period of 90 days after the date of the mailed notice and that if a property owner fails to register then a non-registration penalty at \$300.00 per unit.
- The City shall notify all property owners annually via the tax bill to register rental property.
- Inspections should go beyond "life safety" issues and include general condition of units, utilize the U.S. Department of Housing and Urban Development (HUD) Minimum Housing Quality Standards (HQS) that are used for Section 8 Rental Housing Vouchers as a framework for city inspections (without the lead-based paint requirement).
- Inspections could be done by a city-licensed property inspector.
- Conduct Registration Drive and identify and register all Single-Family home rentals as primary effort.
- Send out reminders for re-registrations every two years.
- Obtain additional information on registration form such as number of bedrooms, number of units, number of tenants, and copy of lease.
- Eliminate/discontinue sending letters to neighbors regarding Single-Family Rental Re-registration.
- Develop clear standards for revoking registration such as create specific revocation standards within a specified time frame.
- Registration list should be available on-line.

Improve code compliance and include inspection of all property in the City

Improving code enforcement activities brought up by the City/County Housing Task Force, the Neighborhood Revitalization Commission and recently by the City Executive Committee. The City Building and Inspection Department is viewed as the primary code enforcement entity. However, code compliance is also undertaken by the Park and Recreation Department (weeds), City Engineering (sidewalk snow removal, signs in the right-of-way), Public Works - Street Department (refuse and recycling violations), Police Department (property nuisance ordinance), Fire Department (fire safety codes) and the Building Inspection Department (housing and property maintenance, refuse and recycling).

The City Building and Inspection Department workforce has been reduced by three employees over the last several years. The number of Orders to Correct (OTCs) has gone down in recent years as the workforce has been reduced. Other departments, more particularly Park and Recreation, Engineering, and the Street Department have seen a similar decrease in staffing levels. However, there is an expectation that code enforcement must be im-

proved. For the 2014 Operating Budget, there was an attempt to add one position in the Building and Inspection Department however this position was cut during the budget process as other City priorities were funded. If it is given that the City does not have the resources to add staff to enforce codes, then the City has to attempt to improve its operations through efficiencies using existing staff resources.

In light of this, the Ad Hoc Committee recommends that the City Executive Committee continue its efforts to improve code compliance and consider the following:

Code Compliance in general

- Create one central city phone number for all code complaints and advertise this change.
- Create a Code Enforcement Tracking System utilizing a central data base so that inspections, citations, and OTCs are coordinated with all departments.
- When issuing an OTC, the City would do well to have a well worded and pleasant cover letter that explains the OTC and why the City is seeking compliance.
- Nip problems in the bud - do not let property maintenance concerns escalate and therefore address concerns ASAP.
- The City's chronic nuisance ordinance appears to be very effective in dealing with certain types of properties and property managers -continue enforcing the chronic nuisance ordinance.
- Use the Assessor's office, general public, realtors, to find properties that need repairs.

Educate

- Strictly enforce current codes and communicate current codes.
 - Use an insert in the tax bill and/or water bill to educate property owners on common code compliance issues.
 - Utilize additional resources such as PSAs, neighborhood associations, Facebook, Universities, Hospitals, and La Crosse Magazine.
 - Advertise the city portal for on-line submittal of complaints.
 - Create a tandem public safety program with the Police Department "take back our streets" to reduce criminal behavior.

Inspect all properties

- Create a residential health and safety inspection program for all residential properties at time of sale. **[Note: Committee Member Donna Proudfit did not concur with this recommendation.]**
- Continue inspection of rentals every 3-5 years.
- Inspection fee should be based on actual costs.
- Raise the Bar on rental inspection standards (see recommendation above for using HUD Section 8 Minimum Housing Quality Standards).
- Inspect vacant buildings under the City's Vacant Building Registration Ordinance (VBRO).

Educate tenants, landlords, neighbors, Realtors, lenders, title companies and others on city codes, and programs that improve neighborhood living

The Ad Hoc Committee recognized that the City could do a better job at educating its citizens and property owners about various code requirements and property and tenant obligations. If the City wishes to improve its Single-Family neighborhoods, the City must further engage the community. That audience consists of home owners, landlords, tenants, Realtors, neighborhood associations, institutions, city staff, lenders, title companies and others. Communicating through the La Crosse Tribune via legal ads or newspaper articles or on AM radio talk shows is no longer adequate in the new age of blogs, RSS feeds, email, City Website, Twitter and Facebook. Even the City's reverse 911 system for notifying the public is no longer adequate. The City must use modern communication medium to inform and educate the community.

- Require landlord/property managers take a class.
- Establish landlord/tenant commission (or revamp/merge Equal Opportunities Commission or various housing committees) to address complaints and hear license revocations (similar to what J&A does for liquor licenses).
- Expand contact and educate landlords, tenants, Realtors, Neighborhood Associations, institutions, lenders, city staff, title companies via email, texts and social media.
- Develop a rental information packet to be provided to all title companies, realtors, and lenders.
- Develop specific landlord/tenant resource materials (use MOST Rental Guide as a starting point).
- Require landlords to supply information on refuse and recycling, disclose the tenant's right to abate rent (reduce rent payments to enforce the completion of inspector-mandated repairs), off-street parking requirements, and occupancy standards (how many people can live in an apartment).
- Discourage student lease sign-ups in September/October for following year.
- Communicate up-zoning and down-zoning efforts for public input.

Additional considerations

During the time allotted to the Ad Hoc Committee there was not sufficient time available to conduct original research to further understand the housing dynamics affecting the City's single-family neighborhoods. In addition, there was pending state legislation that may or may not affect the City's ability to regulate and inspect multiple dwellings and other rental property. The City would be wise to devote considerable resources to its neighborhoods, housing is economic development. The following suggestions are intended to highlight the City's predicament/opportunities in these areas:

- The Village of Shorewood, Wisconsin completed a detailed study of the City's housing market to determine where the Village "fit" into the regional housing market. The City should do the same as a means to refine its approach to marketing the City to people moving to the area or those contemplating a move back to an urban setting. Without a thorough understanding of the regional housing market forces, the City will continue to be guessing at how to attract families back to the City.
- The City must keep a close eye on Madison and the erosion of local regulatory control regarding rental property.
- The City has spent nearly a quarter of a century and \$80,000,000 to \$100,000,000 (depending on which projects are counted and when the count begins) on downtown revitalization programs and incentives. The City has used its Federal CDBG fund to revitalize neighborhoods but not nearly enough has been de-

voted to neighborhood revitalization. This is not a recommendation to cease funding downtown projects and programs, but rather an acknowledgement that the older neighborhoods closest to the historic downtown need revitalization the most and offer the most potential and therefore deserve equal consideration. By way of example, the City recently spent \$11,000,000 on a parking ramp downtown and years ago spent nearly the same amount on the Pammel Creek and Ebner Coulee Flood Control Channel and Box Pipe (local funds) to remove 800 homes from the floodplain. The City should give the same consideration to north side neighborhoods with floodplain issues and aging housing stock.

Communication of the Study Recommendations

The Single-Family Conversion Ad Hoc Committee recommends that this study be disseminated in the following manner:

- Place the Council Resolution and Study on the City's Home Page between December 6, 2013 and January 30, 2014.
- Permanently place the documents on the City Planning Department's Neighborhood Commission Web page.
- Make the document available to the Neighborhood Revitalization Commission for their Facebook Page
- Offer to make a presentation to each of the five existing neighborhood associations as well as the new neighborhood associations.
- Route the Council Legislation to the Board of Public Works, Board of Park Commissioners, City Plan Commission, Neighborhood Revitalization Commission, Judiciary and Administration Committee, Committee of the Whole and Common Council.
- Host a Common Council working session prior to the December Committee of the Whole or Council Meeting.
- Transmit the document to:
 - the La Crosse Promise Foundation Board
 - La Crosse Area Realtors Association
 - La Crosse Apartment Owner's Association
 - County Board, County Administrator, County Staff
 - La Crosse Community Foundation
 - Media

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Appendices

Appendix A Ordinance 4764

ORDINANCE NO.: 4764

A THIRD AMENDED ORDINANCE to create Subsection 8.07(I) of the Code of Ordinances of the City of La Crosse to establish a moratorium regarding the conversion of single-family homes into rentals in the (R-1) Single Family Residence District and Washburn Residential District.

ORDINANCE

WHEREAS, the Common Council finds it necessary to study and develop an effective program to regulate the location and impacts of single-family home conversions to rental properties within the (R-1) Single Family Residence District and Washburn Residential District;

WHEREAS, the need for a moratorium on single-family home conversions to rental properties within the (R-1) Single Family Residence District is further defined in the attached Issue Brief entitled, Moratorium on Granting New Rental Registration for Single-Family Homes in the R1 District from the Planning Department;

WHEREAS, the attached final report from the City-County Housing Task Force dated January, 2012 identified the proliferation of rental properties in La Crosse as well as the disproportionate number of orders to correct for rentals versus owner occupied units;

WHEREAS, Municipal Code Section 8.07 requires that a one family dwelling within the (R-1) Single Family Residence District and Washburn Residential District register not less than sixty (60) days prior to its conversion to a rental dwelling;

THE COMMON COUNCIL of the City of La Crosse do ordain as follows:

SECTION I: Subsection 8.07(I) is hereby created to read as follows:

(I) Moratorium.

(1) Purpose. The Common Council finds that it is necessary to preserve one family dwellings within the (R-1) Single Family Residence District and Washburn Residential District in order to study the impact of the conversion of such dwellings to rental dwellings to determine the public health, safety, welfare, quality of life, aesthetic and erosion of tax base implications created by this type of conduct. The Common Council notes that this Code currently regulates the conversion of one family dwellings into rental dwellings in Section 8.07 by prohibiting conversions without registration. However, the Council finds that the City's existing definitions and regulations as set forth in this Code may need to be amended to codify its current intent and purpose and also may be inadequate to respond to current trends, externalities and effects. Therefore, the Council finds that a study is necessary to determine whether this Code and regulations are adequate to regulate the conversion of one family dwellings or whether it is necessary to adopt new regulations. The Common Council establishes by this ordinance a moratorium protecting the public health, safety, and welfare and preserving one family dwellings within the (R-1) Single Family Residence District and Washburn Residential District.

(2) Establishment of Rental Dwelling Restricted. For a period of up to six (6) months from the effective date of this ordinance, no

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zoning, building or other approval, permit, license, registration, or privilege shall issue for the conversion, change, transfer, establishment or registration of any one family dwelling into a rental dwelling on any parcel of land, lot, or part thereof, within the (R-1) Single Family Residence District or Washburn Residential District within the boundaries of the City of La Crosse.

(3) No Action. For a period of up to six (6) months from the effective date of this ordinance, no City department, officer or employee shall take any action which would authorize, approve or otherwise facilitate:

(a) The establishment of a rental dwelling contrary to Section 8.07(I)(2) of this Code; or

(b) The issuance of any initial registration, including, without limitation, a one family dwelling that is currently being used as of the effective date of this ordinance as a rental dwelling and is not registered with the City, Building & Inspection Department or a renewal registration after revocation of a one family dwelling to a rental dwelling under Section 8.07 of this Code.

(4) Committee. A committee to be called the Single Family Conversion Ad Hoc Committee is hereby established and directed to commence a study of the impacts of the conversion of one family dwellings into rental dwellings within the (R-1) Single Family Residence District and Washburn Residential District on the public health, safety, and welfare, quality of life, aesthetics and tax base in light of existing regulations and to propose such amendments to this Code or other regulations that it deems necessary and advisable. Said committee shall consist of two (2) citizen members and three (3) council members to be appointed by the Mayor. The Mayor shall be an ex officio non-voting member of the Committee.

(5) Hardship. In cases of hardship, any person having a legal or equitable interest in land and aggrieved by the requirements of this ordinance may apply to the Common Council Judiciary and Administration Committee for a waiver of all or a portion of the applicable restrictions as provided in Section 8.07(I). A waiver may be granted where the Common Council Judiciary and Administration Committee finds substantial and extraordinary significant hardship caused by the restrictions and finds that the waiver will not unduly affect the integrity of the study or the purposes for which this ordinance is enacted.

SECTION II: This ordinance shall take effect after its passage and publication

Tim Kabat
 Tim Kabat, Mayor
Teri Lehrke
 Teri Lehrke, City Clerk

Passed: 7/11/13
 Approved: 7/12/13
 Published: 7/20/13

Appendix B Preliminary Summary of Issues

As the Single-Family Conversion Ad Hoc Committee began its work, it gathered data and information and heard from the landlords and homeowners in affected areas. The Committee heard from the City Police Department, the Building and Inspection Department, Livable Neighborhoods and the Chair of the City's Neighborhood Revitalization Commission among others. Professor Karl Green from La Crosse County UW-Extension assisted the committee in "back-casting" their work effort. The Committee spent a considerable amount of time completing their research studies and identifying the underlying issues surrounding the conversion of owner-occupied homes to rental property.

During the course of the back-casting exercise the following issues were identified as issues or problems to be tackled during the Committee's work efforts. Additional issues were identified by each Committee member and were tabulated by the City Planning and Development Department. Those issues/solutions/recommendations are now found in the Committee Recommendations section of this report.

- (1) "Farmer-Leonard" Ordinance - This ordinance was passed by the Common Council on July 10, 2008 and became effective on July 19, 2008. This is the ordinance in the municipal code in Section 8.07 that requires all conversions to rental to register 60 days prior to converting to a rental. Notification of neighbors of Single-Family registration renewals is the heart of the Farmer-Leonard 8.07 Ordinance. The ordinance requires that letters be sent to surrounding property owners to ask the neighbors if the rental property owner has been a good steward of the property and neighborhood. The City received 117 letters with complaints and the complaints consisted of 287 issues. The issue with the Farmer Leonard Ordinance is that there were not clear standards to revoke a registration (based on letters received). Additionally, there is/was confusion that all Single-Family rentals had to register under both 8.06 and 8.07.
- (2) Improving the rental/Single-Family registration process. City staff suggested that sending a reminder, eliminating the confusion between 8.06 and 8.07 and perhaps a higher registration fee. Many people are unaware of the process. Notification was via Council Action in the newspaper and the Building and Inspection Department is charged with implementing the ordinances as approved by the Council. One committee member suggested that the City could send out a questionnaire in the tax bill to determine whether properties are rentals or not.
- (3) Should the City keep rental registration or move to licensing?
- (4) Should a postcard be sent to the 1,400 potential SF rentals to determine their ownership/rental status?
- (5) The City's Chronic Nuisance Ordinance which went into effect on January 1, 2012 appears to be working for problem properties (Presentation by Lt. Pat Hogan).
- (6) Ordinances limiting occupancy to two unrelated (Madison, Wisconsin has two unrelated)
- (7) Explore Conditional Use Permit Process for Single-Family Conversions