



## Memorandum

<b>To:</b>	Stillwater Township Planning Commission	<b>Reference:</b>	Potential Zoning Ordinance Amendment – Residential Short-Term Rentals
<b>Copies To:</b>	Barbara Riehle, Clerk	<b>Project No.:</b>	18410.000
<b>From:</b>	Evan Monson, Planner	<b>Routing:</b>	
<b>Date:</b>	January 28, 2022		

**SUBJECT:** Potential Ordinances for Residential Short-Term Rentals

**MEETING DATE:** February 3, 2022

### BACKGROUND

A short-term residential rental is a house that would be rented for a period of time of less than 30 days. In the last few years, homeowners have opened up their homes for rent online by visitors who typically rent for a week or weekend. As noted previously, the township has no ordinances or rules addressing short-term residential rentals. The Planning Commission has reviewed and discussed the topic at a number of meetings now over the last few months.

At the last Planning Commission meeting in January, the consensus was to look at some different options to allow and regulate this type of use. It was noted that Bed and Breakfast establishments are a use currently permitted in the township, and that short-term residential rentals are a use that is similar. The draft ordinance first reviewed in 2021 outlines the regulations for short-term residential rentals, and permits the use through a Certificate of Compliance, which is a permit that can be approved and issued administratively. Also included for review is a draft of a potential ordinance with similar regulations, but the approval of the use would be through a permit that goes through the Planning Commission and Town Board, such as a Conditional Use Permit (CUP) or an Interim Use Permit (IUP). The pros and cons of each are discussed later in this staff report.

The regulations and requirements in the ordinances are able to be changed, along with the permitting processes. The two drafts are meant to show what a potential ordinance would look like, and are not 'set in stone' final copies for adoption.

## ISSUES TO CONSIDER

Below are things to consider in terms of what, if any, regulations should be adopted in regards to these uses.

### *Owner-occupied*

Certain communities limit short-term rentals to homes that are owner-occupied; the homes are not just used for rentals but are actually the residence for someone. Limiting it to owner-occupied residences can prevent people from buying a house just to list as a short-term rental unit.

### *Owners present during stay*

Some communities required owners of the residence be on-site during a stay by guests, likely as a way to discourage bad behavior by guests. Regardless of whether an owner is present the guests would still need to follow any local rules regarding noise, nuisances, etc. Potential issues with this requirement would be enforcement and ways to ensure compliance with the requirement.

### *Limited number of days*

There are communities that have limited the renting to a certain number of days each year. This can be a way to prevent residences from having a 'revolving door' of guests every week or weekend. At the same time, it may not be necessary to set a limit if there are no issues currently. Enforcement and ensuring compliance with the requirement may not be easy given the resources available to the township.

### *Permit vs License*

There are different ways such a use can be permitted. It can be permitted through a license, such as what the Township has for dogs or kennels. It can be permitted through a zoning permit, which could include a Conditional Use Permit (CUP), an Interim Use Permit (IUP), or a Certificate of Compliance (COC). An IUP and CUP would require review and approval from the Planning Commission and Town Board, whereas a COC or a license would be able to be issued administratively by staff. There could be requirements for inspections of the site prior to the issuance of the permit or license to ensure safety and building code standards are being met.

## POTENTIAL ORDINANCE DRAFT

Included in the meeting materials is a potential ordinance for short-term residential rentals; this one was drafted and reviewed in 2021 by the Planning Commission. It would involve having some language defining the use, and identifying where it is permitted. There are also requirements on the owner occupying the residence (a residence could not be used only for short-term rental use), as well as the number of days it can be rented out each year. A license would be required to have a short-term residential rental, which would need to be renewed each year. Inspections of the property would be required, to ensure building, fire, and safety codes are met. The tenants of a short-term residential rental would be required to follow the same laws as other residents of the township in regards to noise, disorderly conduct, etc. It would be the responsibility of the owner to take action to abate nuisances. A violation of these rules would be a misdemeanor under Minnesota State law.

The second draft is similar in scope, but is permitted through a different process. For this one, I put in the need to get an Interim Use Permit (IUP). An IUP is similar to a CUP, in that it goes through a public



hearing process, and conditions can be added onto the permit. Unlike a CUP, the township can add a 'sunset' or end date of the use onto the permit. This would mean that once the permit ends, the use either has to cease, or the applicant would have start the process over and reapply for a new IUP. The maximum time limit for an IUP is five years, though a shorter time period can be set as well.

*Table 1: Comparison of Draft Ordinances*

Item/Requirement	Draft 1	Draft 2
Permit required?	Certificate of Compliance	Interim Use Permit
Length of permit?	1 year / annual	1 year min, 5 years max
Rental must be owner-occupied?	Yes	Yes
Rental must have owner present during stay?	No	No
Limit on # of days to rent	Yes	Yes
Inspections required?	Yes	Yes

*Pros & Cons*

Below is some pros and cons of each permitting process, based off my observations.

Draft 1 – Permit through a license

Pros

- Cost to applicant is less for a Certificate of Compliance compared to an IUP
- More streamlined process; review time would not require multiple meetings or public hearings
- If review and approval is handled administratively, would keep politics out of the process
- License can be required to be renewed annually

Cons

- No public hearings or notices would be required; neighbors are not 'in the loop'
- Potential increase in work for administration and staff; less staff time for other tasks

Draft 2 – Permit through an IUP

Pros

- Neighbors and public are informed
- As an IUP, flexibility to set time limit between 1 and 5 years
- IUP can have conditions placed on it to address potential concerns/issues identified during review

Cons

- Increased costs and longer review times for applicants
- More meetings and hearings for Planning Commission and Town Board
- Public pressure at meetings can increase risk of Commission or Board making arbitrary decisions



**ACTION REQUESTED**

The Planning Commission is encouraged to review the attachments and note possible changes or issues. No official action is required of the commission at this meeting.

Attachments

- Draft of potential ordinance from 2021 (draft 1)
- Draft of new potential ordinance (draft 2)

