



City of Blaine Anoka County, Minnesota

Blaine City Hall
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Workshop Item *Bob Fiske, Community Standards Director*

Title

Short Term Rental Properties

Background

In the City of Blaine, all residential rental property regardless of the type, Short term rental (STR) such as Air BNB or standard long term rental property are required to have a rental license and must comply with the City of Blaine Code of Ordinances Chapter 18 Article VIII - Residential Maintenance Code.

This workshop item will recap our rental ordinances, the differences between rental, short term rental and borders as defined by ordinance and our current enforcement practices. It will also provide information on what other cities are doing for short term rentals. And finally, staff will provide recommendations for possibly code changes and discuss what impact these possible changes would have on staffing and/or workload.

Rental types

The Blaine Code of Ordinances (BCO) defines a rental dwelling as any structure or portion thereof which is designated or used for residential occupancy by one or more persons who are not the owner or a member of the owner's family. Rental dwelling includes commercial living facilities, not governed by state licensing requirements. Because the ordinance does not outline a minimum length of time the property must be rented for, both standard long term (30 days or more) and short term (less than 30 days) rental properties fall under this definition.

A third rental type defined and allowed by the city zoning code is a Boarder and/or roomer, a person who regularly receives room and/or meals at another's home for pay or services. The zoning code currently allows as an accessory use in most residential zoning districts, the keeping of not more than two (2) boarders and/or roomers per dwelling unit. Seeing the residence is still occupied by the

owner it does not require a rental license.

Licensing and Enforcement

The majority of rental property owners understand that most cities have a rental licensing program and proactively apply for their licenses, however, there are still some owners who do not. Discovering unlicensed rentals happens several different ways, a complaint from a neighboring residence through the iMS system or phone call, a complaint from one of the tenants, or information from another city department or governmental agency. When this occurs a letter will be sent to the property owner informing them a rental license is required and they must apply for a rental license within 30 days or contact the city and confirm the residence is not a rental property. In some cases the property may be relative homestead or a boarder situation which do not require a rental license. Once the application is received our rental license clerk will review it for the correct information and fees and schedule one of the fire inspectors to conduct an initial inspection. If no violations are found during the inspection a rental license will be issued. However, if violations are found a correction notice will be issued listing the items which must be corrected and the owner is advised they are not able to rent the property until a follow-up inspection has been conducted and all violations have been corrected.

If the owner fails to apply for a license and the city has proof that the home is being used as a rental property, a formal complaint will be sent to the City Attorney's office which will start the process of filing a misdemeanor charge with the courts for operating a rental property without a rental license, BCO Section 18-501. Unfortunately, this is not a quick process and often takes several months or longer to get through the court system. While this is occurring, often the unlicensed rental property continues to operate illegally and the city has no ability to stop it from doing so. The city code does not provide the ability to post the home for no occupancy for simply not having a rental license, that can only be done under very specific conditions dealing with immediate health, welfare and safety hazards as outline in BCO Section 18-343. The only other situation a home can be posted for no occupancy is if it is deemed a Disorderly House as outlined in BCO 50-141. A

disorderly house means any building, dwelling, place, establishment or premises in which actions or conduct occur in violation of any law or ordinance relating to the following:

- (1) Sale or regulation of an intoxicating liquor or 3.2 percent malt liquor.
- (2) Gambling.
- (3) Prostitution, acts relating to prostitution, solicitation to vice, or lewd and indecent behavior.
- (4) The sale, possession or use of drugs or controlled substances as defined by state law.
- (5) Disorderly conduct as defined by state law.
- (6) Assault as defined by state law.
- (7) Public nuisance as defined by state law.
- (8) Any other unlawful conduct or pattern of unlawful conduct pursuant to city ordinance or state law.

Like other code violations a disorderly house violation is a misdemeanor offense, unlike other code violations, the disorderly house code does state, no person shall own, lease, operate, manage, reside in, maintain or conduct a disorderly house, or invite or attempt to invite others to visit or remain in such disorderly house. This ordinance was originally put in place for the Police Department to address problem properties, however, it may be something that the Housing Division can use. Staff will have further discussion with the city attorneys office to determine if this is an avenue Housing can use to address unlicensed rental properties.

Short Term Rental Licensing

The following is a list of what other cities within the metro area require in for to short term rental

properties:

| CITY | REGULATION |
|---------------|--|
| Blaine | Treated the same as long term rental (needs License and inspection). |
| Brooklyn Park | Short Term Rentals not a permitted use in residential zoning district. For other short term rentals such as motels and hotels, the property should be zoned before it is permitted. |
| Burnsville | Regulated - Any rental for less than 30 days considered a STR and must be licensed as such. Also requires the notification of neighbors. |
| Coon Rapids | Treated the same as long term rental with the exceptions for active duty military and "snowbirds". |
| Cottage Grove | Treated the same as long term rental. |
| Fridley | Treated the same as long term rental. |
| Hopkins | Viewed and regulated as bed and breakfast |
| Maple Grove | Treated the same as long term rental. |
| Minneapolis | Regulated. Third party contracted to check website for AirBnB advertisement. License is required depending on the type of short term rental property. |
| Plymouth | Treated the same as long term rental. |
| Prior Lake | Regulated. Minimum rental at least 60 days but no more than 180 days. Rental for less than 60 days prohibited. Also sets limits on number of occupants based on lot and building size. |
| Roseville | Rentals 4 units or less are regulated through rental registration Ordinance. Just registration is required. No inspection needed. |
| Spring Park | Short Term Rentals prohibited . |
| St. Paul | Regulated. - Requires the individual to obtain a license, pay fee and the host. License is valid for a year. |

The majority of the cities researched treat short term rentals the same as any other rental property. Two of the cities prohibit STR's based on residential zoning, but do allow hotel/motels as long as they are in the proper zoning districts. Both Minneapolis and St. Paul allow them and have licensing requirements. Prior Lake regulated STR's but requires a minimum of a 60 day lease and not to exceed 180 days.

Currently there are six licensed short term rental properties within the city. The average number of short term rentals found online during staff research was 5 to 10, several of these already have rental licenses. Of course this number will change during the dates of the big events which occur in the city during the summer, USA Cup and 3M Open to name a couple.

Currently staff does not proactively search online web sites for possible STR within the city. This is a very time consuming process searching and then trying to contact the owner to confirm the property is a short term rental. With over 1150 rental licenses annually and all of the new apartments and rental properties being constructed in the city, the Rental License Clerk is extremely busy with the existing workload.

Staff Recommendation

Licensing & Inspections

For short term rental licensing, due to such a small number this type of rental properties in the city, staff would recommend to continue with current policy and treat STR's the same as long term rental property, requiring an inspection and licensing. By doing so will maintain consistency in the process and does not add any additional inspections or record keeping needs which would again have an impact on staffing workload. Current inspection schedule as set previously by Council for rental properties is all single family property such as houses or townhouses are inspected inside and out every three years and an exterior only inspection on the off years, resulting in an annual inspection of some sort of these properties. Multi-family properties with shared corridors and exits paths such as apartment buildings, are inspected annually. All of the common areas are inspected every year and a third of the units are inspected annually resulting in all units being inspected in a three year period. Of course in all cases if a complaint is received additional inspections would be conducted to investigate the complaint.

Possible Options

The following are possible changes Council could consider going forward for short term rental properties:

- Prohibiting STR's in certain zoning districts as they are a transient use similar to hotels which are limited where they can be located.
- Prohibit them all together.
- Add additional fees for the tracking, licensing, and inspections of short term rentals.
- Requiring minimum number of days for a stay, however this would require close monitoring by staff, which would be very time consuming.
- Some cities have created a local lodging tax to assist in offsetting the cost to the city for regulating and enforcement related to short term rentals.

Attachment List