



**MONTROSE
PLANNING AND ZONING COMMISSION MEETING
AGENDA**

Wednesday, March 11, 2020 – 7:00 PM

**Montrose Community Center
200 Center Avenue South
Montrose, Minnesota 55363**

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Approval of Agenda
5. Approval of Minutes
 - A. February 12, 2020 Planning and Zoning Commission Meeting Minutes
6. Old Business
7. New Business
 - A. Zoning Ordinance Review – Short-Term Rentals
 - B. City Planner Updates
8. Next Meeting
 - A. Wednesday, April 8, 2020 to be held at the Montrose Community Center - 7:00 p.m.
9. Adjournment

*** * Please note that a quorum of the City Council may be present
at the Planning and Zoning Commission Meeting. * ***

City of Montrose
Planning and Zoning Commission Meeting
Montrose Community Center
200 Center Avenue South
Wednesday, February 12, 2020
7:00 P.M.

1. CALL TO ORDER

Pursuant to call and notice the Montrose Planning and Zoning Commission met in Regular Session on Wednesday, February 12, 2020 at 7:00 p.m.

Planning and Zoning Commission Chair, Ms. Tracy Gurneau, called the meeting to order at 7:00 p.m.

2. OATH OF OFFICE

A. Mr. Shawn Cuff

Ms. Deborah Boelter, City Clerk-Treasurer, administered the Planning and Zoning Oath of Office to Mr. Shawn Cuff.

3. ROLL CALL

Present: Commissioner Tracy Gurneau
Commissioner Shawn Cuff
Commissioner Justin Emery
Commissioner Sylvia Henry
Commissioner Mike Scanlon
City Council Liaison Lloyd Johnson

Staff Present: Ms. Deborah Boelter, City Clerk-Treasurer
Mr. Ryan Grittman, City Planner

4. PLEDGE OF ALLEGIENCE

The Pledge of Allegiance was taken.

5. APPROVAL OF THE AGENDA

Commissioner Henry motioned to approve the February 12, 2020 Planning and Zoning Commission Meeting Agenda. Commissioner Scanlon seconded the motion. Motion carried 5-0.

6. APPROVAL OF THE MINUTES

A. January 8, 2020 Planning and Zoning Commission Meeting

Commissioner Henry motioned to approve the Planning and Zoning Commission Meeting minutes of January 8, 2020. Commissioner Scanlon seconded the motion. Motion carried 5-0.

7. OLD BUSINESS

A. Consider Administrative Fines and Abatement Process Ordinance Updates

Mr. Ryan Grittman, City Planner stated that at the January 8, 2020 Planning and Zoning Commission Meeting, the Commission held a Public Hearing related to administrative fines and the abatement process. The Planning and Zoning Commission tabled action on the Ordinance updates and directed staff to do the following:

- Create a definition for "Hearing Officer".
- Provide a specific number of days to correct a violation.
- Provide a specific outline for a code enforcement procedure.
- Provide samples of ordinances from other communities.

Mr. Grittmann stated that the he Ordinance changes that occurred after the January 8, 2020 Planning and Zoning Commission Meeting are in red text on the DRAFT documents presented to the Commission for tonight's Meeting.

Mr. Grittmann gave an overview of the amendments to the Ordinances:

Hearing Officer Definition. Staff has created a definition of Hearing Officer and placed it in the definitions section of the Ordinance. "Land Use Attorney" and "neutral third party" have been included in the definition. The definition is provided in the general City Code, as that is where the enforcement and appeal process is described. The Zoning regulations refer to the City Code process.

Timeline to Correct Violation. The Planning and Zoning Commission requested that the Ordinance layout a specific timeframe for compliance. Staff has rewritten Section 1003-9-B.-7 and 1003-9-B.8 to create a more specific outline. The timeline is determined by the Zoning Administrator, unless otherwise stated by Ordinance, and in general cases would be expected to be thirty (30) days. The Zoning Administrator would have the ability to shorten the timeline for compliance – this would typically be in the case of a significant emergency, or where appeal timing would be better served by some other specific requirement.

Provide a Specific Outline for Code Enforcement Procedure. Section 1003.-9-B.7 has been revised to provide a more specific code enforcement procedure that includes the City Attorney sending a notice by certified mail requesting a correction to the violation.

Sample Community Ordinances. Staff has provided samples from the cities of Otsego, Minnesota and St. Francis, Minnesota. These examples are most typical of the ordinances relating to administrative fines and enforcement. The primary difference between these two (2) examples is due to different codifiers. Most codes, where they have been adopted, follow these examples. Albertville, Minnesota's code; as an example, is nearly identical to the Otsego, Minnesota example, and as such, staff did not reproduce it for tonight's Meeting.

Mr. Grittmann stated that the proposed Ordinance amendments for the City of Montrose draw from these and other examples, fitting the material into the City's current code format.

Mr. Grittmann stated that staff has assembled the additional materials requested by the Planning and Zoning Commission. Hopefully, the revised DRAFTS (for both the Zoning and City Code) reflect the direction of the Commission, and staff believes that the proposed language will serve the City well in this regard. As noted in previous correspondence, remedying code violations can be a difficult (and sometimes unpopular) function of City government. This can be particularly so when the violations that are discovered are important; but, don't rise to the level of requiring the extraordinary measures that result in a misdemeanor charge or an abatement action.

Mr. Grittmann stated that by adding the option for administrative citation and fine to the City's Ordinances, the City gains the ability to work more expeditiously with certain types of code violation issues. It is the experience of several other communities that this process enables a more efficient code enforcement process. Staff recommends the proposed language, and adoption of the same by the City Council.

Commissioner Scanlon asked about the language that states, "In no case shall the deadline be longer than thirty (30) days from the date of first notice is mailed." Commissioner Scanlon asked if it should state, "thirty (30) days from the date of the last letter sent to the property owner." Mr. Grittmann stated that he would make the change. He continued by stating that typically a property owner does remediate the code violation within the thirty (30) days of the first letter that they receive.

Commissioner Gurneau asked if the Hearing Officer has to be a Land Use Attorney. She continued by asking if there are any Land Use Attorneys in the area. Mr. Grittmann stated that staff will compile a list of eligible Land Use Attorneys.

Commissioner Gurneau asked the Planning and Zoning Commission Members if they were comfortable with moving the Zoning Ordinance and City Code amendments forward to the City Council for their consideration.

The Planning and Zoning Commission Members discussed and were in agreement that they would like to recommend that the City Council consider and approve the aforementioned Zoning Ordinance and City Code amendments in regards to administrative fines and the abatement process.

Commissioner Emery motioned to recommend that the City Council consider and approve the proposed amendments to the Zoning Ordinance and City Code in regards to administrative fines and the abatement process. Commissioner Henry seconded the motion. Motion carried 5-0.

8. NEW BUSINESS.

A. City Planner Updates

1. Preserve Housing Development

Mr. Grittmann gave an update on the proposed *Preserve Housing Development*. He continued by stating that the developer is still working on finding a contractor to test the function of the utilities at the *Preserve* site.

2. Former Casey's Building

Mr. Grittmann stated that he has not been able to get in touch with the owner of the former Casey's Building. He will continue to contact the owner to get a meeting scheduled.

Commissioner Henry stated that someone should be monitoring the property; because, residents are allowing their dogs to relieve themselves in the parking lot and are not picking up the excrement deposits.

Mr. Grittmann stated that City staff can forward the information to the Wright County Sheriff's Office and ask their Deputies to keep an eye on the property.

Mr. Grittmann stated that the property is private property.

Ms. Boelter stated that the City Planner has informed the property owner what steps he is required to fulfill to be able to operate his business at the former Casey's Building; however, the owner has not responded back to the City.

Ms. Boelter also stated that the City's Economic Development Authority (EDA) wants to meet with the property owner to determine if there is any financing assistance that they can offer the property owner to assist him in getting his business started.

3. Renewable Energy – Proposed Solar Farm

Mr. Grittmann stated that the Solar Farm developer has provided updated plans in response to some questions that the City Council had at their December 9, 2019 Regular City Council Meeting. The updated information will be presented to the City Council at their Monday, March 9, 2020 Regular City Council Meeting.

4. Economic Development Authority – Business and Housing Development Informational Brochure

Ms. Boelter stated that City staff is working with the City Planner, City Engineer, Council Member Marszalek and the City's Economic Development Authority (EDA) to develop a *Business and Housing Development Informational Brochure* for potential developers interested in locating to the City of Montrose.

9. NEXT MEETING

Commissioner Gurneau asked staff what Ordinance amendments that they would like the Planning and Zoning Commission to evaluate at their March 11, 2020 Meeting. Ms. Boelter and Mr. Gritman stated that they have a list of Zoning Ordinances that need to be amended and they will bring something to the Planning and Zoning Commission at their March 11, 2020 Meeting.

A. Wednesday, March 11, 2020 to be held at the Montrose Community Center – 7:00 p.m.

10. ADJOURNMENT

Commissioner Henry motioned to the adjourn the Planning and Zoning Commission Meeting at 7:27 p.m. Commissioner Cuff seconded the motion. Motion carried 5-0.

Tracy Gurneau
Chair
City of Montrose

ATTEST:

Deborah R. Boelter, CMC
City Clerk-Treasurer
City of Montrose



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MEMORANDUM

TO: Deb Boelter, City Administrator
Montrose Planning Commission

FROM: Ryan Grittman/Stephen Grittman

DATE: March 4, 2020

RE: Zoning Ordinance Review - Short-Term Rentals

FILE NO: 273.02

BACKGROUND

As a part of staff's general ordinance review, planning staff has suggested examining the issue of short-term rentals of residential property. This issue has arisen in a number of areas where properties have been utilized for transient rentals for shorter durations, rather than long-term leaseholds. Short term rentals (often rented for periods of a day or two, or less than one month), are often accessed by renters through services such as Air-BnB, Home Away, or several other similar providers.

Most short-term rentals are utilized for tourism purposes. However, even in non-tourist areas, houses can be attractive targets for rental use, particularly during slower economic periods when house sales can slow.

Currently, the city itself doesn't have any ordinance surrounding the licensing or regulation of short-term rentals. Private homeowners who are seeking to operate a short-term rental business are instead required to follow the licensing and public health standards of the state, usually regulated through County Health departments similar to hotels. In practice, most do not maintain that level of licensing or inspection.

Staff has researched these regulations, as well as ordinances and zoning studies conducted by communities and provide the following information to the Planning Commission as a baseline for discussing potential regulations.

CONTEXT

Short-term rentals have exponentially grown in popularity since the state legislature of Minnesota organized a taskforce led by *Explore Minnesota Tourism* to explore their impact back in 2009. Services like Airbnb or VRBO allow homeowners to easily market and rent out rooms or entire houses for anything from few nights to a month. The

popularity of these shared economy lodging options has begun to challenge more traditional services such as hotels and dedicated bed and breakfasts. Globally, around 150 million people use Airbnb, and since 2008, there have been over 260 million separate bookings.

One of the greatest strengths of the shared-economy style of temporary lodging is its impacts on local economies. Similarly to hotels, short-term rentals can bring in tourism to an area, expanding the area's consumer base and creating new demand for restaurants, entertainment, and other activities. But unlike hotels, money spent renting a room through Airbnb, goes to the homeowner, not a national or international corporation. Airbnb hosts can use money earned from renting rooms to supplement their existing income, increasing their overall spending power. And recent research has shown that one of the fastest increasing demographics for new Airbnb hosts is amongst senior homeowners. Many retirees find themselves with extra room after children have left to start their own families, and vacation rentals can be a tempting way to supplement fixed incomes.

However, short-term rentals are not without their complexities and issues. Governing bodies at every level understand that in the same way that restaurants and hotels need to be regulated, so do short-term rental properties. The *Explore Minnesota* taskforce identified concerns with short-term rentals and divided them into two categories: legal and land use.

Legal and Regulatory Concerns	Practical and Land Use Concerns
<ul style="list-style-type: none"> • Payment of federal, state and local taxes • Licensing by the Minnesota Department of Health • Building code requirements such as the Americans with Disabilities Act • Septic, plumbing and water quality compliance • Fire safety • Capacity issues • Zoning compliance (commercial or residential) • Identifying and posting contact information on management • Insurance requirements 	<ul style="list-style-type: none"> • Overcrowding/maximum occupancy • Maintenance • 24-hour-per-day contact availability with local manager for guests and neighbors • Noise • Business signage • Parking capacity/RV parking • Driving responsibly • Garbage • Responsible use of recreational equipment • Outside camping • Trespassing • Malicious complaints • Licensing process • Enforcement

EXISTING REGULATIONS

State Regulations

In light of these concerns, the first line of defense in ensuring high-quality short-term rentals, are state-level regulations. The Minnesota Department of Health (MDH) is the agency which handles the licensing, inspection, and regulation of all lodging establishments. Short-term rentals are considered by the state to fall into the category of Vacation Home Rentals, which are established as having 1 or more units, and can be rented for as little as a single day. Just like any other lodging establishment. Vacation home rentals are required to be licensed through the state annually, and this requires the payment of a fee and an inspection carried out by the MDH.

Fees for licensing and operating a vacation rental are variable depending on a number of factors but generally encompasses the following. Licensing fees are laid out in Minnesota Statute 157.16

Fee Type	Fee Amount
Base Application Fee	\$165
Lodging Establishment Fee	\$11 per sleeping accommodation unit
Private Sewer or water	\$60
Statewide Hospitality Fee	\$40

Additional fees would apply if the rental included any sort of food service, but this is atypical of most vacation home rentals. In addition, operating a lodging establishment without a license or after a license has expired has a fee of \$120, and this fee becomes \$360 after 30 days have passed.

Inspections are conducted upon lodging establishments with varying frequency depending on the level of public health risk the establishment presents. Most “high-risk” establishments are food-service oriented, but also include any property that utilizes a surface water supply for drinking water. This is more applicable to more rural cabin rentals than suburban vacation home rentals however. The majority of vacation homes would be considered “low-risk” and would therefore be inspected every 24 months. Rentals would have to meet the requirements for lodging establishments laid out in chapter 4625 of Minnesota’s Administrative Rules.

Example City Regulations

In addition to the broader state level controls placed upon the operation of short-term rental vacation homes, some cities and townships in Minnesota have also established their own ordinance language. The cities below are not a comprehensive list of every local community in the state which has placed regulations on short-term rentals. The

following are a selection of communities which have utilized different methods of regulating short-term rentals.

Orono

Orono is a city on Lake Minnetonka. Orono regulates short-term rentals as part of their full rental licensing ordinance. In order to lease a rental unit for a period of less than 30 days in Orono, a set of conditions must be met in order to receive a short-term rental license.

- All general license standards
 - The owner shall provide the city and any tenant with a 24-hour emergency contact that will be available to respond to complaints regarding the condition, operation, or conduct of occupants of a rental unit at the rental property within 60 minutes.
 - The rental property must have a visible house number that can be easily seen by from the street both day and night.
 - All advertising for the rental shall include the city issued license number.
 - The primary overnight and daytime occupant of a rental unit must be an adult 18 years of age or older. This adult must provide a telephone number to the owner and shall be accessible to the owner by telephone at all times.
 - Minimum of two off street parking spaces shall be provided. The maximum number of vehicles allowed at a rental property shall be limited to the number of available off street parking spaces.
 - The owner of a rental property shall provide sufficient trash collection containers and service to meet the demands of the occupants.
- The short-term rental dwelling unit is located in a home that is homesteaded and owner occupied.
- The short-term rental dwelling unit to be rented is no more than two bedrooms.

In addition to needing to meet this list of standards before being eligible to receive a rental license, applicants can be denied by the City for other reasons, such as having had a different rental license revoked within the last year. The City will conduct inspections of rental properties if it receives complaints or in the case of code violations. In regards to all rental properties, Home owners are held responsible to ensure that their tenants do not engage in disorderly use of the property. Sec. 26-87 of the rental license ordinance states that in cases where tenants are creating unreasonable noise or disorder, "Owners are expected to take any measures necessary to abate disturbances including, but not limited to, directing the occupants

and guests of a rental to cease the disturbing conduct, removing the occupant and/or guest or taking any other action necessary to immediately abate the disturbance.”

Key Takeaways:

- Short-term rental ordinance is part of larger rental licensing ordinance
- Parking controls to mitigate traffic concerns
- Limits vacation rentals in size to two-bedrooms or less
- Controls for disorderly use by renters
- Prohibits full-house use of the property as rental only – requires owner occupancy.

Minnetrista

Minnetrista is another city abutting Lake Minnetonka, and unlike Orono elected to outright prohibit short-term rentals within the city. Chapter 505.05 Subd. 16 of their city code details the terms of the prohibition. Minnetrista decided to prohibit short-term rentals on the grounds that they were a commercial use existing in residential areas, and would disrupt the quality of life and character of these residential neighborhoods. The city stated that it had received complaints regarding existing short-term rental properties, which spurred the prohibition.

Regarding enforcement, owners, operators and even tenants can be charged with a misdemeanor for violating this section of the city code, and penalties and fines may be levied against the parties in question. In addition, short-term rentals qualify in the city code as a public nuisance as defined in Chapter 15 of the City’s code, and the city can pursue abatement measures against the property as such.

One measure the city did put in place was for the implementation of the ordinance and allowing for time to transition existing short-term rental properties. Minnetrista gave until the end of the calendar year of adoption before any enforcement actions would be taken against short-term rental properties. This measure gives some amount of leeway to existing properties, and a few months in which to either sell the property or convert it to a traditional long-term rental property.

Key Takeaways:

- Prohibiting short-term rentals can be a solution to large amounts of complaints
- Key concerns of short-term rentals are noise, over-crowding and traffic
- If pursuing full prohibition, allow for a grace period to allow operators time to adjust to new ordinance

STAFF SUMMARY AND RECOMMENDATION

A brief search of a few of the most popular sites shows that Montrose has almost no short-term rental properties within the city, however the opportunity exists to preemptively create city regulation for short-term rental practices. Staff is recommending two options for the city to consider.

Option 1: Regulate Short-Term Rental Units

Allowing for short-term rental units creates new economic opportunities for rental operators as well as local businesses that would be patronized by visitors to the city. However in order to avoid the pitfalls associated with short-term vacation homes, the city should establish a set of license and operating standards, as well as strict enforcement guidelines. Rental operators will need to operate within these parameters or face legal and financial recourse.

If the City chooses to allow short-term rentals, one of the threshold questions will be whether the City permit any home to be put to this use, or if the home will need to be owner-occupied, with short term rental happening as an accessory activity.

Option 2: Prohibit Short-Term Rental Units

In order to avoid fully any potential negative impacts from short-term vacation rentals, the city could choose to disallow any units being rented for a period of less than 30 days. Traditional lodging establishments like motels or bed and breakfasts would still be allowed outside of residential districts.

At the direction of the Commission and/or staff, planning staff will proceed to develop draft ordinance language for Planning Commission consideration at its next meeting, utilizing the direction received at this meeting.