

MEMORANDUM

**DATE:** February 9, 2016  
**TO:** Planning Commission  
**FROM:** John Kelley, Planner II  
**SUBJECT:** Vacation Dwelling Unit Rental – Home Share

In June of 2015 the Duluth City Council by Ordinance #10390 authorized a moratorium for a period of twelve months or until such earlier time as the council may have taken action to amend its official controls on vacation dwelling units. The city planning staff was tasked with completing a planning study to review the current rules and regulations for vacation dwelling units and consider revising standards that pertain to location, enforcement measures and other potential regulatory requirements for vacation/short-term rentals.

On October 15<sup>th</sup>, 2015 a public meeting was held to discuss the current vacation dwelling unit ordinance and to consider revising and/or including additional standards to provide a balanced approach in regulating short-term rentals. Approximately 30 people attended the meeting and gave input on issues related to the existing ordinances. Additional comments received from attendees focused on neighbor relations, property value, need for background checks on permit holders and visitors, and taxation. The comments received by attendees and reviewed by the planning staff were categorized into topic areas including code conflicts, length of stay, airbnb model (home share), location of vacation dwelling units, and enforcement. Staff was tasked with researching community ordinances to address the issues identified at the meeting and to produce a report to be presented at a second public forum.

On January 21<sup>st</sup>, 2016 a second public meeting was held to present staffs research findings and thoughts on possible UDC code revisions and new permit requirements. Staffs review process included online research of various community ordinances for vacation and short term rentals (home share), and discussion with relevant city department representatives. Based on staff's research, public comments received from both public meeting, and internal discussions with city staff, the attached documents outline proposed changes to the existing vacation dwelling unit ordinance and introduce requirements for a home share permit.

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**Vacation Rental  
Public Information Session  
October 15, 2015**

**Comments**

1. Differentiate/Define vacation rental types- VRBO, Airbnb, B&B
2. Provide list of permitted vacation rentals – Put on City web page
3. Food service for rentals- regulate
4. Primary use of house/rental unit
5. Minimum stay/Length of stay- summer/winter seasons
6. Stay length – creates neighbor issues – turnover
7. Disturbance – police calls – registered complaints – police reporting
8. Neighbor issues – excessive party
9. Regulate by total of nights per year
10. Address difference in short term and long term rental minimum stay
11. Consider vacation rental reviews as standard in ordinance
12. Create registry for vacation rentals
13. Consistent pricing/rates
14. Notification to residents
15. Sign in front of permitted vacation rental
16. Legal opinion on “transaction” or payment for stay
17. Immediate stop to non-permitted rentals
18. Non-vacation rental neighbor causing problems
19. Enforcement – payment of back taxes
20. Review parking requirements for rentals
21. List length of stay pros/cons
22. Research studies that indicate rentals are residential areas are bad – housing value
23. Location/zoning that does not allow vacation rentals
24. Background checks for rental owners and guests – criminal – credit
25. Review process to apply – neighbor trespass
26. List tax rates on web sites
27. Review difference in tax rates
28. Spreading out of permitted rentals – no saturation in one area
29. Positive promotion of rentals – highlight letters/reviews recieved

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**Vacation Rental**  
**Public Information Session**  
**January 21, 2016**  
**Comments**

1. Consider 2 night minimum for vacation dwelling unit with manager/caretaker adjacent to property.
2. Consider day's verses night minimums.
3. Allow 2 night minimum after labor day and for winter months
4. Put County vacation rental report on city web site
5. Home share 30 days in a license year is to low
6. 2 night minimum less impact on neighborhood
7. Turnover is an issue, traffic, parking
8. 1 to 2 night minimum better for business
9. Allow for both vacation dwelling unit permit and rental license for same property
10. 3 night minimum will not work for B&B
11. Stronger enforcement of current code
12. Vacation dwelling unit over long term
13. Variance process for distance/buffer requirement
14. Vacation dwelling unit - notification to residents - signage -
15. Lot size preexisting verses new permit required
16. Put web platform reviews on city web site
17. 30 days per calendar year for hotels
18. More vacation dwelling units – home shares – more city revenue
19. Distance rule – better enforcement
20. Stronger enforcement
21. Less restrictions/rules
22. Commercial activity in residential area
23. Length of stay for home share 120 – 365 days

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## Vacation Dwelling Unit

### Definitions

Vacation Dwelling Unit – a **commercial use of a** habitable unit **by a guest in a non-owner occupied** dwelling providing sleeping, cooking, eating, living and sanitation facilities that are physically separated from other habitable units that may or may not be located in the same building for periods of occupancy from 3 to ~~21~~ **30** days. This use does not include hotels, motels, or bed and breakfasts.

Accessory Vacation Dwelling Unit – a **commercial use of an** accessory dwelling unit as defined by this chapter that is used for periods of occupancy from 3 to ~~21~~ **30** days.

### Existing Vacation Dwelling Standards:

#### U. Vacation dwelling unit.

1. The minimum rental period shall as follows:

(a) For properties zoned RR-1, RR-2, R-1 and R-P the minimum rental period shall not be less than two nights except for the period from June 15 to September 15 when the minimum rental period shall not be less than five nights;

(b) For properties zoned R-2, MU-N and F-5 the minimum rental period shall not be less than two nights except for the period from June 15 to September 15 when the minimum rental period shall not be less than three nights;

2. The total number of persons that may occupy the vacation dwelling unit is one person plus the number of bedrooms multiplied by two;

3. Off street parking shall be provided at the following rate:

(a) 1-2 bedroom unit, one space;

(b) 3-4 bedroom unit, two spaces;

(c) 5+ bedroom unit, three spaces;

4. Only one motorhome (or pickup-mounted camper) and/or one trailer either for inhabiting or for transporting recreational vehicles (ATVs, boat, personal watercraft, snowmobiles, etc.) may be parked at the site, on or off the street;

**5. The property owner must provide a site plan, drawn to scale, showing all structures and outdoor recreational areas that guests will be allowed to use, including, but not limited to, deck/patio, barbeque grill, recreational fire, pool, hot tub, or sauna, and provide detail concerning the provision of a dense urban screen which is required to buffer these areas from adjoining properties.**

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6. The property owner must obtain all licenses and permits from the city of Duluth and state of Minnesota required for guest occupancy on the property for three to 21 days;

7. The property owner must provide required documents and adhere to additional requirements listed in the city of Duluth's UDC application manual related to the keeping of a guest record, designating and disclosing a local contact, property use rules, taxation, and interim use permit violations procedures;

8. The interim use permit shall expire upon change in ownership of the property or in six years, whichever occurs first. (Ord. No. 10039, 8-16-2010, § 1; Ord. No. 10041, 8-16-2010, § 5; Ord. No. 10044, 8-16-2010, § 6; Ord. No. 10096, 7-18-2011, § 17; Ord. No. 10153, 5-14-2012, § 2 Ord. No. 10192, 12-17-2012, § 10; Ord. No. 10225, 5-28-2013, § 6; Ord. No. 10286, 3-10-2014, § 8; Ord. No. 10329, 10-13-2014, § 2.)

## Home Share Permit Regulations

### Definitions:

Guest – A person occupying a home share or vacation dwelling unit rental that is not a permanent resident of the property.

Home Share - A commercial use of a habitable room by a guest in an owner-occupied dwelling for compensation be it monetary or the exchange of goods or services.

### Home Share General Requirements:

- a) Annual Permit
- b) A Home Share may only be offered in a habitable room as defined in Chapter 50.
- c) The total number of full time occupants of the dwelling unit.
- d) The preparation, sharing or sale of food and beverage by the owner occupant to the guest is prohibited.
- e) A Permit holder may not advertise their home sharing business in an accessory structure that is a storage shed or garage as a home share.
- f) A Permit holder may not advertise their home sharing business in any area exterior to the dwelling unit where the home sharing is occurring. This includes common interior areas.
- g) In any advertisement of the home share it must include the Permit number issued by the City.
- h) Health and safety inspections completed and certificates of inspection submitted at time of application for Permit.
- i) The permit would consist of an administrative approval process and cost is \$200.00.

### Home Share Application Requirements:

1. Application fee \$200.00
2. The application for the permit would consist of:
  - a. A hotel/motel license
  - b. Inspection certificates
  - c. Evidence of enrollment to pay taxes
  - d. Verification of owner occupancy through the Homeowner's Property Tax Exemption or other appropriate information (e.g. driver's Permit, utility billing, auto registration, etc.)
3. A floor plan of the dwelling unit identifying which room(s) will be rented.
4. A site plan indicating location of parking spaces.

### Home Share Permit Standards: (Need to add line to the use table under lodging)

1. Any advertising or operating of a home share without a permit is subject to a \$500 fine.
2. Home share is permitted for all properties zoned for residential use.
3. The rental period shall be for 30 days or less.

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4. The maximum number of overnight guests allowed is 4 persons in addition to the owner occupants.
5. One on street or off-street parking space in addition to the required residential parking per Section 50-24-1 of the UDC.
6. The property owner must obtain all Permits and permits from the City of Duluth and State of Minnesota required for guest occupancy on the property.
7. The property owner must provide required documents and adhere to additional requirements listed in the City of Duluth's UDC Application Manual related to the keeping of a guest record, property use rules, taxation, and home share permit violations procedures.
8. The Permit shall expire upon change in ownership of the property or one year from issuance date, whichever occurs first.
9. At least one permanent resident must be present in the dwelling at all times that the property is rented.

In addition to the Permit requirements listed above, Home Shares Permit holders must adhere to the following regulations:

1. Permit holder must keep a guest record including the name, address, phone number, and vehicle (and trailer) license plate information for all guests and must provide a report to the City upon 48 hours' notice.
2. Permit holder must disclose in writing to their guests the following rules and regulations:
  - a. The maximum number of guests allowed at the property;
  - b. The maximum number of vehicles allowed at the property and where they are to be parked;
  - c. Property rules related to use of exterior features of the property, such as decks, patios, grills, recreational fires, pools, hot tubs, saunas and other outdoor recreational facilities;
  - d. Applicable sections of City ordinances governing noise, parks, parking and pets;
3. Violations of this section of the UDC are subject to the following penalties and fines:
  - a) First violation – Notice of violation of Chapter 50.
  - b) Second violation within the preceding 12 months - citation for violation of a Chapter 50.
  - c) Third violation within the preceding 12 months: \$200 fine and the home share permit is revoked for one year.
4. Permit holder must post their Permit number on all print, poster or web advertisements;
5. Prior to rental, the building must be inspected and an Operational Permit issued by the Fire Prevention office. Contact the Fire Prevention office at 218-730-4397 or 218-730-4399 for information.
6. Permit holder must apply for and be granted State and local sales tax numbers, including Hotel and Motel Use Sales Tax.

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