

MINUTES OF A PUBLIC HEARING CONDUCTED BY THE ST. LOUIS COUNTY PLANNING COMMISSION HELD VIRTUALLY VIA WEBEX AND IN-PERSON AT THE ST. LOUIS COUNTY GOVERNMENT SERVICES CENTER, LIZ PREBICH ROOM, VIRGINIA, MN ON THURSDAY, NOVEMBER 10, 2022.

9:02 AM – 11:22 AM

Planning Commission members in attendance: Tom Coombe
Steve Filipovich
Dan Manick
Pat McKenzie
Dave Pollock
Roger Skraba, Chair
Ray Svatos
Diana Werschay

Planning Commission members absent: Commissioner Keith Nelson

Decision/Minutes for the following public hearing matters are attached:

NEW BUSINESS:

- A. Allan Reini, a conditional use permit for a Short Term Rental as a Residential Use-Class II.
- B. Nicholas Crichton, a conditional use permit for a commercial rental dwelling as a Commercial, Retail, and Service Establishments Use-Class II.
- C. Little Sweden LLC, a conditional use permit for a commercial rental dwelling as a Commercial, Retail, and Service Establishments Use-Class II.
- D. St. Louis County Zoning Ordinance 62 Amendments regarding Short Term Rental permitting standards.

OTHER BUSINESS:

Motion by Manick/Svatos to approve the corrected minutes of the October 13, 2022 meeting.

In Favor: Coombe, Filipovich, Manick, McKenzie, Skraba, Svatos, Werschay - 7

Opposed: None – 0

Abstained: Pollock - 1

Motion carried 7-0-1

Jenny Bourbonais, Acting Secretary, introduced Ada Tse, St. Louis County Planner, as a new presenter.

Commission members requested staff work with applicants to have a site sketch with all required information as some site sketches are nearly illegible.

Commission members requested a printed out correspondence packet for every meeting.

NEW BUSINESS:

Allan Reini

The first hearing item is for Allan Reini, a conditional use permit for a Short Term Rental as a Residential Use-Class II. The property is located in S18, T60N, R21W (French). *Mark Lindhorst*, St. Louis County Senior Planner, reviewed the staff report as follows:

- A. The applicant is proposing to use the property as a short term rental.
- B. This proposal requires a conditional use permit due to the lot being zoned Residential (RES) and not meeting zoning minimum requirements.
- C. Zoning minimum requirements for the subject parcel require 0.5 acre and 100 feet of lot width and the subject parcel has approximately 0.94 acres and 80 feet in lot width.
- D. The proposed intended days for rental are 139, which does not constitute a commercial use.
- E. Development on the property includes the residential dwelling, bunkhouse, accessory structure, and a septic system.
- F. The property has good vegetative screening from neighboring parcels.
- G. The cabin is located on a small hill that has a gradual slope to the shoreline.

Mark Lindhorst reviewed staff facts and findings as follows:

- A. Plans and Official Controls:
 - 1. St. Louis County Zoning Ordinance 62, Article VI, Section 6.32, states that a Residential Use – Class II requires a performance standard permit or a conditional use permit within the Residential (RES) zone district.
 - a. Additional standards are required for properties located in residentially zoned areas. If the standards cannot be met, a conditional use permit is required.
 - b. In this case, the subject parcel does not meet the additional standard that states the use must be located on a parcel that meets current minimum zoning requirements.
 - 2. Zoning Ordinance 62, Article III, Section 3.2, states minimum lot dimensions for each zone district.
 - a. The subject parcel is zoned RES-11 which requires a minimum of 0.5 acre and 100 feet in width.
 - b. The subject parcel has approximately 0.94 acres and 80 feet of lot width.
 - 3. The property is located in the Lakeshore Development Areas of the Future Land Use Map in the Comprehensive Land Use Plan.
 - 4. Objective ED-2.1 of the St. Louis County Comprehensive Land Use Plan is to recognize and ensure regulatory fairness across a thriving lodging industry that includes hotels, bed and breakfasts, and vacation rentals.
- B. Neighborhood Compatibility:
 - 1. The existing neighborhood consists of seasonal and year-round residential uses.
 - 2. The subject parcel is zoned RES.
 - a. A short term rental is an allowed use in a residential zone district provided all standards are met or a conditional use permit is granted.
- C. Orderly Development:
 - 1. A majority of the parcels in the immediate lakeside area are zoned residential.

- a. Due to the underlying zoning, future development is expected to consist of primarily residential use, which may include other short term rentals.
2. A short term rental use can benefit the County with supplying additional lodging options for tourists/residents, as well as contributing to the county's lodging tax base.

D. Desired Pattern of Development:

1. The underlying zoning of residential limits certain uses and is intended for areas in the county with extensive residential development or potential for extensive residential development.
2. Development patterns in the subject area are expected to be primarily residential.
 - a. Proposed short term rentals are also expected to be part of development patterns.
3. The conditional use permit process allows other landowners in the area to provide feedback on the proposed short term rental.
4. The proposed intended rental days of 139 does not constitute a commercial use.

E. Other Factors:

1. The existing system is designed for two bedrooms.
 - a. The proposed number of eight guests may not be allowed as the maximum occupancy of the short term rental would be limited to four, unless the septic system is upgraded in the future.
2. If the proposed short term rental ordinance amendments are approved, the request would be allowed with a performance standard permit if all ordinance requirements are met.

Mark Lindhorst noted two items of correspondence from the Town of French in support of and from Diane Jackson Berganini with dock concerns. These items were provided to the Planning Commission prior to the hearing.

STAFF RECOMMENDATION

If the Planning Commission determines that the proposal meets the criteria for granting a conditional use permit to allow a Short Term Rental as a Residential Use – Class II on a property that does not meet the minimum zoning requirements, the following conditions shall apply:

1. All other short term rental standards shall be met.
2. St. Louis County Onsite Wastewater SSTS standards shall be followed.
3. All other local, state, and federal standards shall be met.
4. Permitted short term rental use shall not be transferrable upon a change in ownership of the subject property.

Allan Reini, 12882 North Bay Trail, Side Lake, the applicant, stated this is his son's full-time residence. They live next door to this property. They intend to rent the property out to help pay the mortgage. They spoke with Kris Walters who currently pumps the existing septic tank and put them in contact with septic contractors to redesign the system to accommodate more bedrooms to meet the need. They are willing to spend the money to do this to meet septic standards and it will help in the resale value. They take hospitality seriously as they work in the restaurant industry. They try and maintain a good relationship with their neighbors, including the Berganinis.

No audience members spoke.

The *Planning Commission* discussed the following:

- A. Commission member *Skraba* stated that based on the neighbor's correspondence, it did not appear there was a dock close to the landowner's property based on the aerial photography.
- B. Commission member *Filipovich* asked if the Planning Commission changes the standards, would they automatically apply to this request. *Mark Lindhorst* stated that the condition applies for what standards are in place now. Commission member *Skraba* stated the condition would not apply in the future. *Jenny Bourbonais*, Acting Secretary, added that the proposed standards would benefit this request.
- C. Commission member *Coombe* asked if the Planning Commission can control the maximum occupancy if the applicants are requesting eight and the On-Site Wastewater Division stated four. *Mark Lindhorst* stated, the landowners would need to work with On-Site Wastewater staff to upgrade their system for a maximum occupancy of eight. *Jenny Bourbonais* stated this standard is enforced to ensure SSTS standards are being met. The permit can be revoked if standards, including maximum occupancy, are not being met.

DECISION

Motion by McKenzie/Svatos to approve a conditional use permit to allow a Short Term Rental as a Residential Use – Class II on a property that does not meet the minimum zoning requirements, based on the following staff facts and findings:

- A. Plans and Official Controls:
 - 1. St. St. Louis County Zoning Ordinance 62, Article VI, Section 6.32, states that a Residential Use – Class II requires a performance standard permit or a conditional use permit within the Residential (RES) zone district.
 - a. Additional standards are required for properties located in residentially zoned areas. If the standards cannot be met, a conditional use permit is required.
 - b. In this case, the subject parcel does not meet the additional standard that states the use must be located on a parcel that meets current minimum zoning requirements.
 - 2. Zoning Ordinance 62, Article III, Section 3.2, states minimum lot dimensions for each zone district.
 - a. The subject parcel is zoned RES-11 which requires a minimum of 0.5 acre and 100 feet in width.
 - b. The subject parcel has approximately 0.94 acres and 80 feet of lot width.
 - 3. The St. Louis County Comprehensive Land Use Plan calls for lodging opportunities for tourists, but also calls for regulating the short term rental industry because of concerns about overcrowding, wastewater, etc.
 - 4. The use conforms to the land use plan.
- B. Neighborhood Compatibility:
 - 1. There are many seasonal cabins as well as year-round homes.
 - 2. The use is compatible with the existing neighborhood.
- C. Orderly Development:
 - 1. The Side Lake area has been established for over 100 years. The area of the proposal has scarcely changed in the last 4.5 decades.

2. The use will not impede the normal and orderly development and improvement of the surrounding area.

D. Desired Pattern of Development:

1. There is a need for short term lodging in the Side Lake area in an area known for long-time family cabin ownership. This is a popular summertime destination for family members of cabin owners.
2. The location and character of the proposed use is considered consistent with a desirable pattern of development.

E. Other Factors:

1. The existing septic system may limit the number of guests.
2. The property owner/applicant lives next door which will prevent the sort of problems that neighbors of short term rentals fear might happen.
3. French Township supports the application.
4. There was one neighbor that had reservations that have been discussed.

The following conditions shall apply:

1. All other short term rental standards shall be met.
2. St. Louis County Onsite Wastewater SSTS standards shall be followed.
3. All other local, state, and federal standards shall be met.
4. Permitted short term rental use shall not be transferrable upon a change in ownership of the subject property.

In Favor: Coombe, Filipovich, Manick, McKenzie, Pollock, Skraba, Svatos, Werschay - 8

Opposed: None - 0

Motion carries 8-0

Nicholas Crichton

The second hearing item is for Nicholas Crichton, a conditional use permit for a commercial rental dwelling as a Commercial, Retail, and Service Establishments Use-Class II. The property is located in S26, T62N, R14W (Eagles Nest). *George Knutson*, St. Louis County Planner, reviewed the staff report as follows:

- A. The applicant is requesting approval to operate a commercial rental dwelling unit at the site address that is similar in nature to a short term rental but would be primarily used as a rental with little to no personal or private use of the property.
- B. Since this is primarily a rental, the use is considered a Commercial, Retail, and Service Establishments Use-Class II.
- C. Although this proposed use may be similar in nature to a short-term rental, it is more similar to a bed and breakfast or a hotel/motel, which are also commercial uses.
- D. The parcel contains a dwelling, accessory dwelling, accessory structure, and a septic system.
- E. Screening from adjacent properties and the road is provided by existing vegetation.

George Knutson reviewed staff facts and findings as follows:

A. Plans and Official Controls:

1. St. Louis County Zoning Ordinance 62, Section 6.32, states that if a property is used primarily for rental purposes, then it shall be deemed a Commercial Use-Class II and subject to ordinance requirements regarding commercial use.
2. The transient nature and frequency of the rental at the site may be more similar to a bed and breakfast or a hotel/motel use than a residential use.
 - a. These uses are commercial uses.
3. Zoning Ordinance 62, Article V, Section 5.6, states that a Commercial, Retail and Service Establishments Use-Class II is an allowed use in this zone district with a Conditional Use Permit.
4. Objective ED-2.1 of the St. Louis County Comprehensive Land Use Plan is to recognize and ensure regulatory fairness across a thriving lodging industry that includes hotels, bed and breakfasts, and vacation rentals.

B. Neighborhood Compatibility:

1. The subject parcel is located north of Bear Head State Park Road where development density is low. Development density is higher south of Bear Head State Park Road on the riparian lots of Eagles Nest Lake Three. These parcels are mainly utilized residentially.
2. The subject parcel is located approximately 1,000 feet north of Eagles Nest Lake Three.
3. The subject parcel is located in a Multiple Use (MU) zone district.
 - a. A commercial rental is an allowed use in the MU zone district provided a conditional use permit is granted.

C. Orderly Development:

1. A majority of the parcels in the immediate riparian area are zoned Shoreland Multiple Use (SMU). Parcels north of Bear Head State Park Road, including the subject parcel, are zoned MU.
 - a. Due to the underlying zoning, future development may consist of a variety of uses. Most of the riparian lots in the immediate area have established residential uses on them.

D. Desired Pattern of Development:

1. The underlying zoning MU may allow a wide range of uses.
2. Development patterns in the immediate area are established seasonal and year-round residential uses. Most of these residential uses are located south of Bear Head State Park Road on Eagles Nest Lake Three.
 - a. There are large vacant tax forfeited parcels north of Bear Head State Park Road near the subject parcel.
3. The property is located within the Lakeshore Development Areas which is intended for rural development adjacent to lakes, including infill, new development, or redevelopment of existing residential, commercial, or mixed-use areas.

E. Other Factor:

1. St. Louis County On-Site Wastewater passed a record review of the septic system and determined a maximum occupancy of eight.

George Knutson noted one item of correspondence from Bill Snuggerud not in support of the request. This item was provided to the Planning Commission prior to the hearing.

STAFF RECOMMENDATION

If the Planning Commission determines that the proposal meets the criteria for granting a conditional use permit for a commercial rental dwelling as a Commercial, Retail and Service Establishments Use-Class II, the following conditions shall apply:

1. The permittee/owner/operator shall post within the rental unit the rules and regulations and emergency contact information for police, fire, hospital, septic tank pumper, and permittee/owner/operator.
2. The permittee/owner/operator shall provide the St. Louis County Planning and Community Development Director with current contact information for person(s) responsible for property management.
3. The permittee/owner/operator shall provide a visual demarcation of the property lines.
4. All local, state and federal requirements shall be followed for taxing, licensing, permitting and other applicable requirements.
5. General liability insurance covering the property, including its use as a commercial rental dwelling, shall be maintained and St. Louis County shall be listed as an Additional Party of Interest; a copy of the insurance policy shall be provided to and on file with the County.
6. It shall be the permittee/owner/operator's responsibility to secure necessary concurrent permits, including, but not limited to, Minnesota Department of Health Lodging License.
7. A Minnesota tax identification number and other applicable identification numbers must be provided to the St. Louis County Planning and Community Development Director prior to issuance of permit.
8. St. Louis County On-Site Wastewater SSTS standards shall be followed.
9. Disposal of solid waste must comply with St. Louis County Solid Waste Ordinance 45, or its successor or replacement.
10. The site shall provide on-site parking sufficient to accommodate the occupants of the rental dwelling unit.
11. No person shall, for the purpose of camping, lodging, or residing therein, leave or park a vehicle or motor vehicle on or within the limits of any road or on any road right-of-way.
12. All other local, county, state and federal regulations shall be met.

Nicholas Crichton, 1275 Farrell Street North, Maplewood, the applicant, stated there is a main dwelling with plumbing and heating. His family calls it the Piney Woods Retreat. This property was previously owned by his grandfather. The bunkhouse does have two beds and a heat source. This will be the one accessory dwelling available. There is a glass house located behind the dwelling. This is just a small area to relax and will not be used as a dwelling. The garage is used for his personal storage and will not be utilized by renters. He would not be staying on site while the renters are staying there. They do not advertise for hunters; they would rather advertise for the lakes and the trails. This is still a property their family will use and maintain. He applied for the

commercial use as not to get into trouble if they went beyond the days allowed for short term rental use.

Three members of the audience spoke.

Gerald Hoff, 5N 451 Rohlwing Road, Itasca, IL, stated he is concerned about hunting north of the property and people being unfamiliar with hunters in the area.

Greg Gaulke, 1455 Bear Head State Park Road, Ely, stated he has lived across the street from this property for 25 years. He does not believe this property will be used as a bed and breakfast. He shares the concern for hunters north of this property.

Lindsay Smith, no address given, stated she has been in touch with both neighbors. She is the landowner's aunt and has been assisting him. She understands the concerns about hunting. This property has been in the family, and they are sensitive of the impact to the neighborhood. They have reached out to their neighbors to make sure there are no concerns.

No other audience members spoke.

The *Planning Commission* discussed the following:

- A. Commission member *Filipovich* asked if there are two dwelling units. *George Knutson* stated there is a main dwelling (labeled Piney Woods Retreat) and a bunkhouse on the property. The proposal is a permit for the entire property and would only be rented to one renter.
- B. Commission member *Pollock* asked for clarification on which structure could be used for the rental. *Nicholas Crichton* stated he will not rent to separate parties and the entire property can be rented out by one renter with the exception of the garage. That includes the dwelling, the bunkhouse, the sauna, and the glass house.
- C. Commission member *Filipovich* asked if there was common ownership.
- D. Commission member *Pollock* asked if the outhouse is permitted. *Nicholas Crichton* stated this is a permitted structure.
- E. Commission member *Skraba* stated he likes the location of this property. This is not by the lake and there are not so many neighbors around them.
- F. Commission member *Skraba* stated that the renters may have an issue with hunting the public land to the north of this property. *Nicholas Crichton* stated there is a welcome packet that will include information that there are hunters out there, especially during specific times of the year.
- G. Commission member *Filipovich* asked what the zoning minimum requirements are for this area. *George Knutson* stated 2.5 acres in size. This is a lot of record.

DECISION

Motion by Manick/Werschay to approve a conditional use permit for a commercial rental dwelling as a Commercial, Retail and Service Establishments Use-Class II, based on the following staff facts and findings:

- A. Plans and Official Controls:

1. St. Louis County Zoning Ordinance 62, Section 6.32, states that if a property is used primarily for rental purposes, then it shall be deemed a Commercial Use-Class II and subject to ordinance requirements regarding commercial use.
2. The transient nature and frequency of the rental at the site may be more similar to a bed and breakfast or a hotel/motel use than a residential use.
 - a. These uses are commercial uses.
3. Zoning Ordinance 62, Article V, Section 5.6, states that a Commercial, Retail and Service Establishments Use-Class II is an allowed use in this zone district with a Conditional Use Permit.
4. Objective ED-2.1 of the St. Louis County Comprehensive Land Use Plan is to recognize and ensure regulatory fairness across a thriving lodging industry that includes hotels, bed and breakfasts, and vacation rentals.
5. The use conforms to the land use plan.

B. Neighborhood Compatibility:

1. The subject parcel is located north of Bear Head State Park Road where development density is low. Development density is higher south of Bear Head State Park Road on the riparian lots of Eagles Nest Lake Three. These parcels are mainly utilized residentially.
2. The subject parcel is located approximately 1,000 feet north of Eagles Nest Lake Three.
3. The subject parcel is located in a Multiple Use (MU) zone district.
 - a. A commercial rental is an allowed use in the MU zone district provided a conditional use permit is granted.
4. The use is compatible with the existing neighborhood.

C. Orderly Development:

1. A majority of the parcels in the immediate riparian area are zoned Shoreland Multiple Use (SMU). Parcels north of Bear Head State Park Road, including the subject parcel, are zoned MU.
 - a. Due to the underlying zoning, future development may consist of a variety of uses. Most of the riparian lots in the immediate area have established residential uses on them.
2. The use will not impede the normal and orderly development and improvement of the surrounding area.

D. Desired Pattern of Development:

1. The underlying zoning MU may allow a wide range of uses.
2. Development patterns in the immediate area are established seasonal and year-round residential uses. Most of these residential uses are located south of Bear Head State Park Road on Eagles Nest Lake Three.
 - a. There are large vacant tax forfeited parcels north of Bear Head State Park Road near the subject parcel.
3. The property is located within the Lakeshore Development Areas which is intended for rural development adjacent to lakes, including infill, new development, or redevelopment of existing residential, commercial, or mixed-use areas.

4. The location and character of the proposed use is considered consistent with a desirable pattern of development.

E. Other Factor:

1. St. Louis County On-Site Wastewater passed a record review of the septic system and determined a maximum occupancy of eight.

The following conditions shall apply:

1. The permittee/owner/operator shall post within the rental unit the rules and regulations and emergency contact information for police, fire, hospital, septic tank pumper, and permittee/owner/operator.
2. The permittee/owner/operator shall provide the St. Louis County Planning and Community Development Director with current contact information for person(s) responsible for property management.
3. The permittee/owner/operator shall provide a visual demarcation of the property lines.
4. All local, state and federal requirements shall be followed for taxing, licensing, permitting and other applicable requirements.
5. General liability insurance covering the property, including its use as a commercial rental dwelling, shall be maintained and St. Louis County shall be listed as an Additional Party of Interest; a copy of the insurance policy shall be provided to and on file with the County.
6. It shall be the permittee/owner/operator's responsibility to secure necessary concurrent permits, including, but not limited to, Minnesota Department of Health Lodging License.
7. A Minnesota tax identification number and other applicable identification numbers must be provided to the St. Louis County Planning and Community Development Director prior to issuance of permit.
8. St. Louis County On-Site Wastewater SSTS standards shall be followed.
9. Disposal of solid waste must comply with St. Louis County Solid Waste Ordinance 45, or its successor or replacement.
10. The site shall provide on-site parking sufficient to accommodate the occupants of the rental dwelling unit.
11. No person shall, for the purpose of camping, lodging, or residing therein, leave or park a vehicle or motor vehicle on or within the limits of any road or on any road right-of-way.
12. All other local, county, state and federal regulations shall be met.

In Favor: Coombe, Filipovich, Manick, McKenzie, Pollock, Skraba, Svatos, Werschay - 8

Opposed: None - 0

Motion carries 8-0

Little Sweden LLC

The third hearing item is for Little Sweden LLC, a conditional use permit for a commercial rental dwelling as a Commercial, Retail, and Service Establishments Use-Class II. The property is located in S9, T63N, R18W (Beatty). *Ada Tse*, St. Louis County Planner, reviewed the staff report as follows:

- A. The applicant is proposing to operate a commercial rental dwelling unit at the site address that is similar in nature to a short-term rental but would be primarily used as a rental with little to no personal or private use of the property.
- B. The applicant is planning to have the property available to be rented 365 days per year.
- C. Since this is primarily a rental, the use is considered a Commercial, Retail, and Service Establishments Use-Class II.
- D. Although this proposed use may be similar in nature to a short-term rental, it is more similar to a bed and breakfast or a hotel/motel, which are also commercial uses.
- E. Development on the property consists of a dwelling, a few small accessory structures, and a septic system.
- F. There is good screening of the dwelling from the lake and road.

Ada Tse reviewed staff facts and findings as follows:

- A. Plans and Official Controls:
 - 1. St. Louis County Zoning Ordinance 62, Section 6.32, states that if a property is used primarily for rental purposes, then it shall be deemed a Commercial Use-Class II and subject to ordinance requirements regarding commercial use.
 - 2. The transient nature and frequency of the rental at the site may be more similar to a bed and breakfast or a hotel/motel use than a residential use.
 - a. These uses are commercial uses.
 - 3. Zoning Ordinance 62, Article V, Section 5.6, states that a Commercial, Retail and Service Establishments Use-Class II is an allowed use in this zone district with a Conditional Use Permit.
 - 4. Objective ED-2.1 of the St. Louis County Comprehensive Land Use Plan is to recognize and ensure regulatory fairness across a thriving lodging industry that includes hotels, bed and breakfasts, and vacation rentals.
- B. Neighborhood Compatibility:
 - 1. The zone district in this area is Shoreland Multiple Use (SMU) which allows a wide range of uses.
 - 2. The area consists of primarily seasonal and year-round residential uses.
 - 3. There is a historic resort operating approximately 500 feet west of the subject parcel (Whispering Winds Resort).
 - 4. This is located in one of the few areas on Lake Vermilion where a commercial rental dwelling use would be allowed.
- C. Orderly Development:
 - 1. The area has a high development density. Most of the parcels in the area do not meet the minimum size requirements. Any future development is restricted due to the zoning.
 - 2. The proposed use requires a conditional use permit but would be similar in nature to other short-term rental uses.
 - a. The main difference compared to many short-term rentals would be the frequency of rental.
 - b. There is opportunity for other similar uses in the area due to the zoning.

D. Desired Pattern of Development:

1. The existing pattern of development includes primarily residential use.
 - a. There is a mix of seasonal and year-round residential uses in the area.
2. The property, as well as the surrounding area, is zoned Shoreland Multiple Use. This zone district allows for a wide range of uses.
3. This area is also within the Lakeshore Commercial Overlay which is intended to direct water oriented commercial uses to appropriate locations on the lake.

E. Other Factors:

1. The parcel is a lot of record for permitting purposes.
2. The application indicates that there are three bedrooms on the site and the requested occupancy is seven people.
 - a. St. Louis County On-Site Wastewater has failed the record review due to an expired certificate of compliance.
 - b. The On-Site Wastewater Division will set the official maximum occupancy through the record review process upon receiving a current certificate of compliance.
3. Although this is technically not a short-term rental, some of the short-term rental standards and conditions, including the occupancy standards, may be appropriate.

Ada Tse noted no items of correspondence.

STAFF RECOMMENDATION

If the Planning Commission determines that the proposal meets the criteria for granting a conditional use permit for a commercial rental dwelling as a Commercial, Retail and Service Establishments Use-Class II, the following conditions shall apply:

1. The permittee/owner/operator shall post within the rental unit the rules and regulations and emergency contact information for police, fire, hospital, septic tank pumper, and permittee/owner/operator.
2. The permittee/owner/operator shall provide the St. Louis County Planning and Community Development Director with current contact information for person(s) responsible for property management.
3. The permittee/owner/operator shall provide a visual demarcation of the property lines.
4. All local, state, and federal requirements shall be followed for taxing, licensing, permitting and other applicable requirements.
5. General liability insurance covering the property, including its use as a commercial rental dwelling, shall be maintained and St. Louis County shall be listed as an Additional Party of Interest; a copy of the insurance policy shall be provided to and on file with the County.
6. It shall be the permittee/owner/operator's responsibility to secure necessary concurrent permits, including, but not limited to, Minnesota Department of Health Lodging License.
7. A Minnesota tax identification number and other applicable identification numbers must be provided to the St. Louis County Planning and Community Development Director prior to issuance of permit.
8. St. Louis County On-Site Wastewater SSTS standards shall be followed.
9. Disposal of solid waste must comply with St. Louis County Solid Waste Ordinance 45, or its successor or replacement.

10. The site shall provide on-site parking sufficient to accommodate the occupants of the rental dwelling unit.
11. No person shall, for the purpose of camping, lodging, or residing therein, leave or park a vehicle or motor vehicle on or within the limits of any road or on any road right-of-way.
12. All other local, county, state and federal regulations shall be met.

The applicant was not present.

Matthew Litherland, no address given, spoke on behalf of the applicant. They have been putting pieces together to get their rental permitted. They put in a wastewater system, and they were considering a well. They want to do everything in their power to be compliant. They want to do everything by the book.

One member of the audience spoke.

John Rent, 892 Deer Oak Run, Mahtomedi, stated he is a seasonal neighbor and is in support of this request.

No other audience members spoke.

The *Planning Commission* discussed the following:

- A. Commission member *Skraba* asked if this property is affiliated with Whispering Winds Resort. *Ada Tse* stated it is not.
- B. Commission member *Coombe* asked about the expired certificate of compliance.
- C. Commission member *Coombe* stated there was nothing that indicated the presence of a septic system on the applicant's site sketch. *Jenny Bourbonais* stated the On-Site Wastewater division would need to approve a compliance inspection before the short term rental use is allowed. If this permit is approved, the system would need to be compliant.
- D. Commission member *Filipovich* asked about the number of rental days because the application is different than the staff report. *Ada Tse* stated that the application was updated to say that the property is available for rental 365 days per year. Commission member *Manick* added that it could be the applicants did not know which days were going to be rented and would have put it is available for rent 365 days per year. *Jenny Bourbonais* stated for a conditional use permit depending on if the permit is for commercial or residential use, because of the opportunity for renting 365 days per year even if it is not, it would be a commercial use.
- E. Commission member *Svatos* asked if it is confusing for a resort of the same name to be next door. *Matthew Litherland* stated there is the Whispering Winds Resort to the west of this property. He does not know the Little Sweden resort.
- F. *Jenny Bourbonais* provided clarification on the septic system. There is a seepage bed to the southeast of the dwelling with a 750 gallon septic tank. There is also a permitted outhouse on the property. The certificate of compliance expired in June 2022. This is why the record review failed.

DECISION

Motion by McKenzie/Manick to approve a conditional use permit for a commercial rental dwelling as a Commercial, Retail and Service Establishments Use-Class II, based on the following staff facts and findings:

A. Plans and Official Controls:

1. St. Louis County Zoning Ordinance 62, Section 6.32, states that if a property is used primarily for rental purposes, then it shall be deemed a Commercial Use-Class II and subject to ordinance requirements regarding commercial use.
2. The transient nature and frequency of the rental at the site may be more similar to a bed and breakfast or a hotel/motel use than a residential use.
 - a. These uses are commercial uses.
3. Zoning Ordinance 62, Article V, Section 5.6, states that a Commercial, Retail and Service Establishments Use-Class II is an allowed use in this zone district with a Conditional Use Permit.
4. The St. Louis County Comprehensive Land Use Plan calls for more lodging opportunities for tourists but also calls for regulating the short term rental industry because of concerns about overcrowding, wastewater, etc.
5. The use conforms to the land use plan.

B. Neighborhood Compatibility:

1. The area has long been highly developed with both residences and seasonal cabins with a resort nearby. The proposal would be compatible with the neighborhood.
2. The use is compatible with the existing neighborhood.

C. Orderly Development:

1. The area near the proposal is expected to remain a mix of seasonal and year-round residences in the future.
2. The use will not impede the normal and orderly development and improvement of the surrounding area.

D. Desired Pattern of Development:

1. The desired pattern of development would be the continued use by seasonal and year-round residences while increasing lodging opportunities are also seen as desirable.
2. The location and character of the proposed use is and is not considered consistent with a desirable pattern of development.

E. Other Factors:

1. The parcel is a lot of record for permitting purposes.
2. The existing septic system has an expired certificate of compliance. A SSTS requirement will be included as a recommended condition.
3. No correspondence was received. One neighboring property owner was online in support.

The following conditions shall apply:

1. The permittee/owner/operator shall post within the rental unit the rules and regulations and emergency contact information for police, fire, hospital, septic tank pumper, and permittee/owner/operator.
2. The permittee/owner/operator shall provide the St. Louis County Planning and Community Development Director with current contact information for person(s) responsible for property management.
3. The permittee/owner/operator shall provide a visual demarcation of the property lines.
4. All local, state, and federal requirements shall be followed for taxing, licensing, permitting and other applicable requirements.
5. General liability insurance covering the property, including its use as a commercial rental dwelling, shall be maintained and St. Louis County shall be listed as an Additional Party of Interest; a copy of the insurance policy shall be provided to and on file with the County.
6. It shall be the permittee/owner/operator's responsibility to secure necessary concurrent permits, including, but not limited to, Minnesota Department of Health Lodging License.
7. A Minnesota tax identification number and other applicable identification numbers must be provided to the St. Louis County Planning and Community Development Director prior to issuance of permit.
8. St. Louis County On-Site Wastewater SSTS standards shall be followed.
9. Disposal of solid waste must comply with St. Louis County Solid Waste Ordinance 45, or its successor or replacement.
10. The site shall provide on-site parking sufficient to accommodate the occupants of the rental dwelling unit.
11. No person shall, for the purpose of camping, lodging, or residing therein, leave or park a vehicle or motor vehicle on or within the limits of any road or on any road right-of-way.
12. All other local, county, state and federal regulations shall be met.

In Favor: Coombe, Filipovich, Manick, McKenzie, Pollock, Skraba, Svatos, Werschay - 8

Opposed: None - 0

Motion carries 8-0

St. Louis County Zoning Ordinance 62

The fourth hearing item is for St. Louis County Zoning Ordinance 62 amendments regarding Short Term Rental permitting standards. *Donald Rigney*, St. Louis County Senior Planner, reviewed the following:

- A. Zoning Ordinance 62 was amended February 25, 2020, to include short term rental standards.
- B. St. Louis County is taking a proactive approach to bringing existing short term rentals into compliance.
- C. Staff continuously reviews the Zoning Ordinance for potential changes.
- D. Changes to ordinance language will help to streamline and create an efficient permitting process for both applicants and county staff.
- E. Proposed amendments fall into the following main categories: the addition of short term rental and commercial language, and updated language pertaining to Short Term Rental standards.

- F. On September 30, 2022, public notice was sent to all cities, towns, and interested parties notifying of amendments.
- G. A 30 day notice allows for a public hearing to consider amendments at the November 10, 2022 Planning Commission meeting.
- H. Existing language to be amended as follows:
 - a. If a property is used primarily for rental purposes, then it shall be deemed a Commercial Use-Class II and subject to ordinance requirements regarding commercial use.
 - b. If a property is used primarily for rental purposes, then it shall be deemed a Commercial Use-Class II as a commercial short term rental and subject to ordinance requirements of Article VI, Section 6.32, C.
- I. Definition for Short Term Rental, Commercial - A short term rental dwelling unit is defined as any home, cabin, condominium or similar building represented to the public as a place where sleeping accommodations are furnished to the public on a nightly or weekly and for less than thirty days basis for compensation that is used primarily for rental purposes and is not a planned development, commercial, as defined.
- J. Proposed Commercial Use language amendment in Article VI, Section 6.32 C:
 - a. Conditional Use Permit Required: Commercial Use-Class II (Short Term Rental, Commercial): A category of uses that includes, but is not limited to: hunting shacks, residential dwellings (less than five units or sites), and seasonal residences used primarily for short term rental is allowed in the following zone districts: FAM, MU, SMU, LSO and LCO with a conditional use permit. The standards above shall apply.
 - b. Commercial, Retail and Service Establishments-Class II: A category of uses that includes, but is not limited to: clinics and other medical facilities, dog kennels, dog parks/training including outdoors, dog sled outfitting, garden centers/greenhouses, gift shops, grocery stores/food co-ops, horse boarding/training, hotels/motels, indoor shooting ranges, liquor sales or micro-breweries, marinas, marine sales and service, meat processing including wild game, mini-storage, outfitting, pet services, professional offices (e.g. finance, insurance, real estate, internet sales), restaurants, commercial short term rentals and seasonal produce stands.
- K. Proposed new language amendment under General:
 - a. If a conditional use permit for a short term rental use is granted and recorded on a property, a performance standard permit shall be required to re-establish the use upon a change in ownership.
- L. Existing language for j. to be amended as follows:
 - a. Existing language - General liability insurance covering the property, including its use as a short term rental, shall be maintained in an amount consistent with St. Louis County Board coverage requirements; a copy of the insurance policy shall be provided to and on file with the County.
 - b. Proposed amended language - General liability insurance covering the property, including its use as a short term rental, shall be maintained and St. Louis County shall be listed as an Additional Party of Interest; a copy of the insurance policy shall be provided to and on file with the County.
 - c. It is difficult for applicants to meet the St. Louis County Board's coverage requirements. Some insurance companies will not provide that coverage. As an additional party of interest, the County has less liability than if the county was

additionally insured. The county would be notified if the insurance is altered. Applicants would be able to work with their insurance agents on meeting industry standards.

M. Existing language to be amended for licenses as follows:

- a. Existing language - The permittee/owner/operator shall obtain and maintain an applicable Minnesota Department of Health Lodging License and other applicable licenses. Copy of current license(s) shall be provided to and on file with the County prior to issuance of permit by the County. Applicable licenses shall be posted in a prominent location within the dwelling unit(s).
- b. Proposed amended language - It shall be the permittee/owner/operator's responsibility to secure necessary concurrent permits, including, but not limited to, Minnesota Department of Health Lodging License.
- c. This is the second biggest difficulty applicants have when applying because it currently requires county staff to have a copy of licenses in hand when they apply. The process is time consuming and inefficient as the Minnesota Department of Health will not issue its license until the county issues the short term rental permit.
- d. The Minnesota Department of Health gives pre-approval for a license as a work around currently. This requires a lot of back and forth between St. Louis County and Minnesota Department of Health staff.

N. Existing language to be amended in the Residential Zone District part i. as follows:

- a. Existing language - Rental dwelling unit must be located on a parcel that meets the minimum zoning requirements.
- b. Proposed amended language - Rental dwelling unit must be located on a parcel that meets the minimum zoning requirements or is an existing lot of record.
- c. For example, there is a high concentration of short term rentals on Lake Vermilion. There are a high number of plats that were done prior to zoning requirements. The lot may not be considered buildable because of zoning requirements now but would be considered a lot of record.
- d. This would help alleviate conditional use permit requests if the applicant needed to come in for lot size or lot width requirements alone even if it was a lot of record.

O. If the Planning Commission approves these amendments, the changes will need to go forward for final approval by the St. Louis County Board.

Donald Rigney noted correspondence received since public notice was sent September 30, 2022. Confirmation of email receipt by 19 Townships, six cities, and four interested parties. Two items of support were received from interested parties. One item of correspondence from North Star Township concerned proof of license from the Minnesota Department of Health.

Three members of the audience spoke.

Scott Westman, no address given, stated he is concerned about the permitting process. While the Minnesota Department of Health would approve a septic system with seepage tanks, that will hold up his process. His contractor is unable to complete the work until 2023.

Kevin Connick, Town of Canosia Supervisor, stated he is an interested observer and had no additional comment.

Lindsay Smith, no address given, stated she is in support of the suggested amendments.

The *Planning Commission* discussed the following:

- A. Commission member *Skraba* stated in the city of Ely, the conditional use permit would stay with the property. Any person that wants to use this property for that type of use would require a new use permit. *Donald Rigney* stated when property transfers ownership, a new performance standard permit for a short term rental would be needed. This should also be for conditional use permits for short term rentals in order for the new landowner to meet or continue to meet existing standards. *Jenny Bourbonais*, Acting Secretary, stated when there is change of ownership, all of the information required in these standards will also change because the landowner/permittee/operator is now different from the original application. A performance standard permit will allow staff to review the short term rental request with the new landowner/permittee/operator.
- B. Commission member *Coombe* asked if staff cares if licenses are posted at any short term rental site. *Jenny Bourbonais* added that the Minnesota Department of Health may require the license be posted.
- C. Commission member *Skraba* asked if by streamlining the process staff would issue their permits before Minnesota Department of Health approval. *Donald Rigney* stated staff would as long as all standards are met. There would be a cover letter or notice stating that licenses may still be required.
- D. Commission member *Coombe* asked where someone would go to get a Minnesota Department of Health lodging license. *Donald Rigney* stated there is a local office in Duluth. *Jenny Bourbonais* added there are state employees staff works with directly.
- E. Commission member *Pollock* asked if applicants need to get copies of these licenses to staff and how this process works now. *Jenny Bourbonais* stated once the permit has been issued, staff requires a copy of this license. While the proposed language does not require a copy of the license to be submitted to the county, it will be on the applicant to get that license. Commission member *Pollock* stated once the applicant has a permit in hand, will staff ever know if the applicant gets their Minnesota Department of Health license? Commission member *Skraba* stated the responsibility goes to the applicant. *Jenny Bourbonais* stated that for any permit that Ordinance 62 covers, all other local, county, state, and federal regulations shall apply. Staff can verify that licenses exist by contacting that agency.
- F. *Donald Rigney* added that there is a gray area about requiring licenses because sometimes a lodging license is not required. The Minnesota Department of Health would tell the applicant that a license is not required.
- G. Commission member *Skraba* asked if there is a better process for applicants who are held up on issues like a noncompliant septic system that they are working to bring into compliance. *Jenny Bourbonais* stated it is challenging without knowing the specifics of that case. The applicant may have opportunity to speak with the On-Site Wastewater Division to have a certain amount of time to bring the system into compliance. Land Use staff would be able to include on the permit certificate that the applicant has that time to bring the system into compliance. If the Minnesota Department of Health will not license this because the system is still officially noncompliant that would be out of county staff's hands.

DECISION

Motion by Manick/McKenzie to approve the St. Louis County Zoning Ordinance 62 amendments regarding Short Term Rental permitting standards and to move to the County Board with recommendation of approval.

In Favor: Coombe, Filipovich, Manick, McKenzie, Pollock, Skraba, Svatos, Werschay - 8

Opposed: None - 0

Motion carries 8-0

Motion to adjourn by Svatos. The meeting was adjourned at 11:22 AM.