

MINUTES OF A PUBLIC HEARING CONDUCTED BY THE ST. LOUIS COUNTY PLANNING COMMISSION HELD THURSDAY, DECEMBER 12, 2019, ST. LOUIS COUNTY PUBLIC WORKS, LOWER-LEVEL TRAINING ROOM, VIRGINIA, MN.

9:45 A.M. – 12:04 P.M.

Planning Commission members in attendance: Daniel Manick
Commissioner Keith Nelson
Sonya Pineo, Chair
Roger Skraba
Ray Svatos
Diana Werschay

Planning Commission members absent: David Anderson
Steve Filipovich
Dave Pollock

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

NEW BUSINESS:

St. Louis County Zoning Ordinance 62, a public hearing to consider comments on the proposed permitting standards and amendments regarding Short Term Rentals.

OTHER BUSINESS:

Motion by Werschay/Svatos to approve the minutes of the November 14, 2019 meeting.

In Favor: Pineo, Svatos, Werschay – 3

Opposed: None – 0

Abstained: Manick, Nelson, Skraba - 3

Motion carried 3-0-3

NEW BUSINESS:

Short Term Rentals – Zoning Ordinance 62

The only hearing item was for St. Louis County Zoning Ordinance 62, a public hearing to consider comments on the proposed permitting standards and amendments regarding Short Term Rentals.

Jenny Bourbonais, Planning Manager, presented as follows:

- A. The Planning Commission held a public hearing on October 10, 2019 and voted to have an additional 30 day public comment period.
- B. Approximately 25 more items of correspondence have been received since the last hearing.
- C. One additional Planning Commission workshop was held to discuss more in depth.
- D. Updated language has been drafted for the Planning Commission to consider.

In a RES zone district, private residential use should be considered preeminent over non-residential uses. Therefore, in a RES zone district, the following additional standards shall be met if a performance standard permit were required:

- Rental dwelling unit must be located on a parcel that meets the minimum zoning requirements.
- There shall be a minimum buffer of at least 300 feet (as measured from property lines) between each short term rental use.
- All property lines shall be located by a licensed land surveyor, unless there is written agreement filed with the Planning Department between the adjoining property owner and short term rental permittee/owner/operator.
- Adequate vegetative screening shall be required to screen the use from any shoreline and adjacent property owners.
- If vegetative screening is not sufficient, the Department Director may require solid fencing that reduces the visual impact of a use upon adjacent structures or residential uses.

General Zone District Standards (for all zone districts)

- 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.
- The permittee/owner/operator shall provide the St. Louis County Planning and Community Development Department Director with current contact information for person(s) responsible for property management.
- Aquatic Invasive Species (AIS) prevention guidelines must be posted for watercraft use.
- The permittee/owner/operator shall provide a visual demarcation of the property lines.
- All local, state and federal requirements shall be followed for taxing, licensing, permitting and other applicable requirements.
- If a property is used solely for rental purposes, then it shall be deemed a Commercial Use-Class II and subject to ordinance requirements regarding commercial use.
- An allowed performance standard permit for a short term rental use shall not be transferrable upon a change in ownership of a property where a permit was issued.
- Any violation of this ordinance shall deem a short term rental permit null and void.
- 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.
- Appeals shall be in accordance with Article VIII of Zoning Ordinance 62.

Conforming Lots

- Rental dwelling unit must be located on a conforming lot or an existing lot of record.
- No more than one rental dwelling unit per parcel may be rented. Additional occupancy other than by the owners of the property, by use of recreational vehicles, tents, accessory structures, garages, boathouse, pole barn, shed, fish houses or similar structure is not allowed. Accessory dwellings shall not be rented as per Zoning Ordinance 62, Article VI, Section 6.11.
 - o For example, accessory dwellings cannot be rented unless a permit for short term rental is applied for and on file as part of the overall property for rent.
- More than one rental dwelling unit on the same parcel or single units on contiguous parcels under common ownership shall require a conditional use permit where the use is conditionally permitted or shall constitute a resort and must meet the applicable standards.

- The St. Louis County Planning and Community Development Department Director may impose additional standards or conditions that will reduce impacts of the proposed use on neighboring properties. Said standards or conditions are including but not limited to fences, vegetative screening along property lines or shoreline and quiet hours.

Licenses

- 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).

Taxes

- A Minnesota tax identification number and other applicable identification numbers must be provided to the St. Louis County Planning and Community Development Department Director prior to issuance of a permit.

Septic/Solid Waste

- Sewage treatment must comply with St. Louis County Subsurface Sewage Treatment System (SSTS) Ordinance 61, or its successor or replacement.
- Disposal of solid waste (such as garbage) must comply with St. Louis County Solid Waste Ordinance 45, or its successor or replacement.

Parking

- The site shall provide on-site parking sufficient to accommodate the occupants of the rental dwelling unit.
- No person shall, for the purposes 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.

Conditional Use Permit Required

- Residential Use – Class II (Short Term Rental): A category of uses that includes, but is not limited to: hunting shacks, residential dwellings (less than five units or sites), and seasonal residences for short term rental is allowed in the following zone districts: COM and SENS with a conditional use permit. The standards above shall apply.

Jenny Bourbonais noted correspondence received between August and September 25, 2019, including 30 letters presented to the Planning Commission in their packet prior to the hearing. Sixteen additional items of correspondence received between September 25 and October 9, 2019 were presented to the Planning Commission prior to today's public hearing.

Of the 30 written comments received from August to September 25, 2019:

- About 43 percent were in favor or in support of regulations on short term rentals
- About 20 percent were against or opposed to regulations on short term rentals
- About 20 percent requested more information and were neither for nor against
- About 13 percent questioned the regulations

- About 3 percent were not applicable or were received from outside the St. Louis County zoning jurisdiction

Of the 16 written comments received between September 25 and October 9, 2019:

- About 50 percent were in favor or support of regulations on short term rentals
- About 13 percent were against or opposed to regulations on short term rentals
- About 13 percent requested more information and were neither for nor against
- About 19 percent questioned the regulations

Of the 25 written comments received between October 10 and December 12, 2019:

- About 48 percent were in favor or in support of regulations on short term rentals.
- About 8 percent were against or opposed to regulations on short term rentals.
- About 12 percent requested more information and were neither for nor against.
- About 28 percent questioned the regulations
- About 4 percent were not applicable or were received from outside the St. Louis County zoning jurisdiction.

For all public comments, approximately 47 percent were in favor, 18 percent were against, 15 percent requested more information, and 20 percent responded with questions.

The floor was opened up for public comment.

Jim Crace, 4278 Birch Valley Road, Hermantown, stated that his family rents out their cabin on Pequaywan Lake in order to be able to afford the cabin. They also use the cabin for recreational use. He has never received any complaints from neighbors. He added that while regulation is important, it should be applied to all landowners. He is worried that adding vegetative screening between his cabin and the shoreline would diminish property values. He is also concerned about the time tables as they have already set up 2020 reservations. If the cost for the regulations get too high, he might have to sell his property. He is concerned that other property owners who rent would go underground for cash-sale rentals if the cost became too much. These regulations should be differentiated between those who rent properties on a commercial basis and those who rent their properties to help make ends meet.

Jeff Lovgren, 2113 Birch Point Road, Tower, stated that they rent their next-door property from time to time. They currently play by existing rules and will follow the rules in the future. However, adding additional burden on property owners for licenses and permits is a burden. He asked that the Planning Commission keep this burden to a minimum. He added that his concern is that of two neighbors who may want to rent their properties, only one would be able to get a short term rental permit and the other would have to go through a different process. If neighbors do not like each other, it could cause difficulties.

Bill Aho, 1080 Industrial Park Drive, Eveleth, stated he is representing the Iron Range Tourism Board and introduced four members. There is a large number of vacation home rentals and the number is growing. The Iron Range Tourism Board represents 11 communities from Hibbing to Hoyt Lakes. Health and safety should be the biggest concerns. He referenced the correspondence

from Hospitality Minnesota, which is restaurant, lodging, resort and campground associations. The Iron Range Tourism Board shares the same concerns as Hospitality Minnesota.

Jim Makowsky, 328 7th Street South, Virginia, stated that safety should be a high priority concern and gave an example that a hot tub could make someone sick.

Beth Pierce, 3811 19th Avenue East, Hibbing, stated that she is concerned about occupancy and believes there needs to be oversight. This is a local, state and national issue.

Bruce Beste, 7389 Crane Lake Road, Crane Lake, stated he operates a small resort in Crane Lake. He understands the value of lake homes and cabins. He made no further comment.

Kathy Lovgren, 2113 Birch Point Road, Tower, stated she had no further comment.

Jane Bartlett, 9122 North Airport Road, Cook, stated she had no further comment.

Tony Shoberg, 131 West Wabasha Street, Duluth, stated that he has owned two vacation rental properties on Pequawaywan Lake for years. They are supportive of regulations that are both fair and equitable for property renters and property owners alike. They have operated under existing requirements and will continue to do so if they are able to. They have had trouble with the neighbor at one rental property. They keep their damage deposit high so as to discourage partying. They do not want bad renters more than anyone else. Short term rentals provide a means for someone to own lakeshore property. There will always be the potential that someone will rent and not follow the rules. Property owners and those that rent property should be working with one another to resolve their issues and not depend on regulations. He added that issues such as noise should be investigated and there should be proof without a complaint being the only thing that could label a rental property noncompliant.

They also use the cabins for their personal use. He also asked that the time table for enforcing the regulations be flexible enough to allow for those that already have 2020 bookings.

Mark Drobac, Tower, asked if there is criteria for the Director's opinion. Everyone needs to be treated fairly. There could be complications between neighbors if property lines are not agreed upon and surveys can cost in the thousands of dollars.

Mike Mellesmoen, 5275 Road 70, Embarrass, stated that his concerns are regarding septic systems. He asked if the SSTS system would stay residential or would it be commercial? What would the timeline be in implementing the new regulations for septic inspections? He asked for fair treatment of all landowners. He asked if there is an impact for home values for those that live in an area where properties are rented.

Tony Jeffires, 920 Grant Avenue, Eveleth, stated that he is in favor of these regulations and asked the county to not overburden those that do rent their properties and not hinder the tourism industry by making this area less desirable for people to come.

Tanya Nichols, 4999 West Pioneer Road, Duluth, stated that she has a cabin on Little Pequaywan Lake that she rents out to cash-flow half of the property. There is a growing body of research on what the impact of short term rentals are. There could be unintended consequences. The profit margin to rent only on occasion may not be enough for what it might cost. Property renters have the attitude about their properties and they care about sharing the lake experience. There will always be difficult relationships with neighbors. The imbalance of power between those who rent and those who do not could create conflict. Property renters have no power here. She invested \$60,000 to fix up her cabin. It might be difficult to regulate between two neighbors who do not get along. The property owners who rent have more to lose because complaints could make them noncompliant. The county should not be too premature in all of these regulations.

Blaine Olsen, 8131 Bayview Road, Cook, stated he had no further comment.

Emily Schultz, 5776 Lake Avenue, Tower, stated she had no further comment.

Bonnie Dressen, 9241 Pequaywan Lake Road, stated they have owned their lake home for 48 years and have now retired here. She is concerned about having property renters next door and not having neighbors. It is easier to talk to a neighbor than it is to talk to someone who is just renting the property. They know of someone who had a heart attack and died in part due to the aggravation and problems associated with being next door to a short term renter.

John Wilson, 9421 West Branch Road, Duluth, stated that he is a developer on Big Pequaywan. He is having his attorney look into measures to add covenants that would prevent the property rental issues that others on this lake are having. While health and safety have been mentioned, peace, quiet and solitude are also factors. That is why people make big investments when purchasing lake property.

Don Swanstrom, 9369 Pequaywan Lake Road, Duluth, stated he had no further comment. He thanked the Planning Commission for dealing with this issue.

Lisa Klassen, 9185 Pequaywan Lake Road, Duluth, stated that she lives next door to a short term rental that has ruined their lake experience. The renter does not live in the area and there is constant turnover of renters. The constant impact of strangers and disruption to daily life is high. These property renters are using this property for commercial purposes in a residential area among people who live there year-round. They have put everything into this property. The business side has to be changed, especially if someone who rents out the property entirely for money. This is not about those that rent out a few times a year to help make ends meet. This is for private property owner where this commercial rental is disruptive and unsafe and they need help in order to get this changed.

Jane Serrano, 213 West Wisconsin, Gilbert, stated that to put the same requirements on a short term rental as a hotel would be over-the-top. While safe is a huge issue for both short term rentals and hotels, the regulations do not need to be the same.

Commissioner member *Pineo* read into the record comments from Commissioner member *Pollock* who was unable to be at today's public hearing: *I am unable to attend the 12/12/2019 meeting.*

After the workshop on 12/5/2019, I support the permitting standards for Short Term Rentals which will be recommended for approval by the St Louis County Board. I believe the standards allow property owners concerned with STR's being nearby or next door a set of standards to protect their personal property interests and also allow the STR property owners standards to protect the other property owners near them and provide safety for their renters. I commend all of the people who commented on the standards to allow us to know the many different items that come into consideration on these standards. Also, the Planning Commission and staff had a thorough and thoughtful process to create the standards to present to the Board.

No other audience members spoke.

The *Planning Commission* discussed the following:

- A. *Jenny Bourbonais*, Acting Secretary, stated that there is the opportunity for any landowner that feels there has been overreach by any part of the Ordinance, the Director's decision can be appealed to the Board of Adjustment.
- B. Staff does not enforce the state building code. The state of Minnesota is relied on for both inspections and licenses.
- C. Other localities have placed ordinances on short term rentals.
- D. The Environmental Services Department on-site wastewater division will work with the state on occupancy limits to ensure that the septic system can accommodate the number of people using a rental property. A compliance inspection may be necessary if one has not been done recently.
- E. Commissioner *Nelson* stated that the ordinance amendments may not be able to accomplish all of the goals. However, there will be something in place that will set a bar where the amendments can be reviewed after six months to a year. The County Board looked at short term rentals five to six years ago and decided to wait and see. For residential areas, this ordinance will give the county the ability to deal with those full-time commercial rentals. He will support this ordinance amendment going forward to the County Board.
- F. There are property owners next door to rental properties that deserve the consideration that the ordinance will give them.
- G. Commission member *Skraba* stated that he still has questions and feels that this process is not over. For example, what is the cost to the consumer? What is the cost to the property renter? How do we deal with increased traffic on road association roads and who pays for that? How does the county enforce this? There needs to be more discussion.
- H. *Jenny Bourbonais* added that staff can look into what costs might be if one did go through this process. However, some costs may be case-dependent. There will be fact sheets, applications and brochures available in the future.
- I. There is another 30 day public comment period open before the County Board has their public hearing.
- J. Commission member *Skraba* explained how the Planning Commission came up with the 300 foot limit between rental properties instead of the 500 feet that was originally proposed. During the Planning Commission workshop, commission members discussed and came to a mutual agreement.
- K. Commissioner *Nelson* added that this process needs to keep moving forward. There are current property renters taking reservations and bookings into 2020. They wanted to move

this process along sooner in order to give property renters as much time as they possibly could to bring their rental properties into compliance.

DECISION

Motion by Werschay/Manick to forward the Ordinance 62 amendments to the County Board, with a one-year review of these amendments after adoption.

In Favor: Manick, Nelson, Pineo, Svatos, Werschay - 5

Opposed: Skraba - 1

Motion carries 5-1

Motion to adjourn by Skraba. The meeting was adjourned at 12:04 p.m.