



CITY OF SAINT PAUL
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Date: July 20, 2017

To: Neighborhood Planning Committee

From: Kady Dadlez, 266-6619

Re: Short Term Rental Zoning Study and Proposed Zoning Code Amendments

At the Planning Commission meeting on July 14, 2017 the Neighborhood Planning Committee's recommendation on the proposed amendment was before the Planning Commission for action. The Planning Commission voted to refer the item back to committee for clarification and discussion.

Below is the text of the proposed ordinance for reference. At the Neighborhood Planning Committee meeting please provide direction about what elements of the ordinance are confusing and hard to understand so staff can provide clarification.

Sec. 65.645. Short term rental dwelling unit ~~Reserved~~.

A dwelling unit, or a portion of a dwelling unit, rented for a period of less than thirty (30) days.

Standards and conditions:

- (a) In RL – RT1 districts, there shall be no more than one (1) short term rental dwelling unit on a zoning lot unless a duplex is owner occupied and the owner is in residence during the rental period. In other districts, one (1) or up to 50 percent of dwelling units on a zoning lot, to a maximum of four (4), may be short term rental dwelling units, except that an owner occupied duplex may have two units provided the owner is in residence during the stay and except that more than four (4) short term rental dwelling units may be permitted when a conditional use permit is obtained by the building owner for a specific number of short term rental dwelling units.
- (b) No more than one (1) rental of a short term rental dwelling unit shall be permitted per day. Use of a short term rental dwelling unit for any commercial or social events is prohibited.
- (c) No exterior identification sign of any kind shall be permitted in residential districts.
- (d) Total occupancy of a short term rental dwelling unit shall not exceed the definition of family in Section 60.207 allowed in a single housekeeping unit except that occupancy in excess of the definition of family may be permitted with a conditional use permit, on a case by case basis, for large one- and two-family dwellings on large lots.

Below is a discussion of the issues raised by Planning Commissioners at the July 14, 2017 meeting.

Issue #1 Definition of family is confusing and needs clarification

Zoning Code Section 60.207 defines “family” as follows: One or two persons or parents, with their direct lineal descendants and adopted or legally cared for children (and including the domestic employees thereof) together with not more than two persons not so related, living together in the whole or part of a dwelling comprising a single housekeeping unit. Every additional group of four or fewer persons living in such housekeeping unit shall be considered a separate family for the purpose of this code.

The definition of family is used currently to determine the occupancy of all dwelling units in Saint Paul. It has been used since 1975 for the thousands of dwelling units in the city. Landlords and renters alike are able to understand and interpret the definition. The definition applies to the occupancy of owner – and renter - occupied homes and apartments. It is the standard used to determine occupancy for long term rental of dwelling units. To be consistent, staff recommends the definition of family be used to determine the occupancy of short term rental of dwelling units as well. Is there a compelling reason for short term rental to be treated differently? If occupancy limits for use of dwelling units in residential zoning districts for lodging (short term rental), a commercial use, is treated differently it should probably be more restrictive than the occupancy limit for long term rental.

While the definition of family is clumsy, it is the standard used to determine maximum occupancy for dwelling units. The proposed ordinance recommends using the definition of family to determine maximum dwelling unit occupancy for short term rental lodging just as it is already used to determine maximum occupancy for long term occupancy.

Alternative to the definition of family for Planning Commission to consider

If the definition of family is not used to determine occupancy of short term rental dwelling units, the definition of family (which allows up to four unrelated persons) could be used as a guide to determine a reasonable number of guests allowed in a short term rental dwelling unit.

The profile information provided by Airbnb about its guest and host activity in Saint Paul could also be used as a guide to determine a reasonable number of guests. This profile information was provided to the City on June 2, 2017 in Airbnb’s written comments on the proposed amendments during the public hearing period. The profile information states that the average group size is 2.1 people and that 96 percent of trips involve four or fewer guests.

Based on such guidance, the occupancy of “hosted” units could be limited to two guests and the occupancy of “non-hosted” units could be limited to four guests. This occupancy is in

keeping with the profile information provided by Airbnb and would permit 96 percent of its stays in the City. The proposed ordinance provides for an opportunity to apply for a conditional use permit to allow more guests in large one and two-family homes on large lots for situations where it may be appropriate.

- Limit the number of guests in “hosted” situations to two

In a “hosted” situation, the dwelling unit may already be occupied by a family. Should the two short term guest be in addition to the four unrelated long term resident allowed under the definition of family?

- Limit the number of guests in “non—hosted” situations to four

Since the definition of family allows four or fewer unrelated individuals it may be fitting to limit the number of guests to four. The proposed ordinance provides for a conditional use permit to allow more guests in large one and two-family homes on large lots for situations where this may be appropriate.

Staff Recommendation: Use the definition of family to determine occupancy of all dwelling units generally, whether for long term occupancy or for short term rental.

Issue #2 Multi-unit buildings are not addressed well

The intent of the proposed ordinance regarding multi-unit buildings is to prevent buildings from becoming quasi hotels.

For large one-time events like the Super Bowl or Ryder Cup the City Council could approve an interim use permit to allow an exception to the limit on the number of short term rental dwelling units allowed in multi-unit buildings for a specified period of time before and after an event. This would loosen the restriction during one-time events and allow additional hosts to accommodate the temporary increased demand for lodging.

Staff Recommendation: No changes.

Issue #3 Proposed ordinance is restrictive

Staff has noted that to date short term rental uses are not generating a lot of complaints. Consequently a draft ordinance was developed with a simple regulatory framework designed to make the use legal and regulate to ensure the health, safety, and welfare of guests, hosts, and neighbors. Staff believes the proposed ordinance permits the use with few restrictions.

Staff Recommendation: No changes.

Issue #4 Consistency with bed and breakfast residence uses

“Short term rental dwelling” is a new use not currently listed in the zoning code. “Bed and breakfast residence” is an existing use listed in the zoning code.

The following characteristics relate to bed and breakfast residences and distinguish them from short term rentals: 1) bed and breakfast residence owners or operators are typically present during the stay; 2) a meal is provided in conjunction with the stay; 3) up to four guest rooms are permitted in a bed and breakfast residence depending upon the size and type of building (this could allow as many as eight guests assuming two guests per room); and 4) bed and breakfast residences are only permitted in one and two-family dwellings.

By contrast: 1) a short term rental situation can involve home sharing or exclusive use of a residence so the owner or operator may or may not be present; 2) meals may not be offered in conjunction with a short term rental stay; 3) staff has recommended treating occupancy of long and short term rental uses consistently and generally limiting occupancy to four or fewer unrelated individuals (with a provision for a conditional use permit to exceed this); and 4) short term rentals would be allowed in many types of residential structures, not just one and two-family dwellings.

Protecting the health and safety of guests, hosts, and neighbors is an important reason to regulate short term rentals. Leveling the playing field between bed and breakfast residences/hotels and short term rentals is another. The proposed zoning ordinance defines and permits the use. The proposed licensing provisions help to level the playing field by requiring short term rental operators to: 1) ensure the use is allowed by zoning; 2) have a license; 3) have a current certificate of occupancy for the unit; 4) collect applicable taxes; 5) maintain a lodging log; and 6) provide proof of insurance.

It may be a good idea to take a look at the bed and breakfast regulations in light of the introduction of short term rentals to the marketplace, but staff does not recommend delaying adoption of the short term rental regulations for this purpose.

Staff Recommendation: No changes.

Issue #5 Impacts to housing availability and affordability

Maintaining housing availability and affordability are important for Saint Paul. We know from testimony and information from hosts that some units in the city have been converted to short term rental from long term rental. The proposed ordinance limits the number of units in multi-unit buildings to prevent conversions to quasi-hotels. Tourist-driven cities like New York, San Francisco, and New Orleans with very expensive housing markets have seen losses in housing

availability and affordability as a result of conversions to short term rentals. Housing in Saint Paul is more affordable than in these cities and the year round tourism demand pressuring conversions to short term rentals is not so great. So, while availability and affordability are concerns for Saint Paul, the market here is different from other cities and the pressure to convert less strong at this time. Department of Safety and Inspections staff will track and monitor this with data and information from the online platforms. If short term rentals cause housing availability or affordability to become a problem the ordinance can be revisited to see how it might be amended to address concerns.

Staff Recommendation: No changes.

Issue #6 Why are short term rental dwelling units not allowed currently?

If a use is not listed in the zoning code as a permitted or conditional use it is not allowed. Short term rental dwelling units are a type of lodging, a commercial use, not currently listed in the zoning code.

Lodging uses listed in the zoning code are hotel, inn, motel, and bed and breakfast residence. The only one of these allowed in residential districts is a bed and breakfast residence, which is defined in the zoning code: *A dwelling unit, located within a one- or two-family dwelling, in which guest rooms are rented on a nightly basis for periods of less than a week and where at least one (1) meal is offered in connection with the provision of sleeping accommodations only.* If use of a dwelling unit does not meet this definition it is not a bed and breakfast residence.