DEPARTMENT OF PLANNING &
ECONOMIC DEVELOPMENT

Jonathan Sage-Martinson, Director

CITY OF SAINT PAUL

Christopher B. Coleman, Mayor

25 West Fourth Street
Saint Paul, MN 55102

Telephone: 651-266-6700
Facsimile: 651-266-6549

Date: August 3, 2017

To: Planning Commission

From: Neighborhood Planning Committee

Re: Update to 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 amendments was before the Planning Commission for action. The Planning Commission voted to refer the item back to committee for clarification and discussion. Below is a discussion of the issues raised by Planning Commissioners at the July 14, 2017 meeting followed by the Neighborhood Planning Committee's recommendation. The full study memo and summary of public hearing testimony can be found on the project webpage or at stpaul.gov/planningcommission in the materials for 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. A graphic to help short term rental hosts determine occupancy is attached at the end of this memo.

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. The two short term guests would be in addition to the occupants of the residence.

- 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.

Neighborhood Planning Committee Recommendation: Use the definition of family to determine occupancy for short term rental dwelling units. It offers greater flexibility than permitting a fixed number of guests.

Issue #2 Consistency with bed and breakfast residence uses

"Short term rental dwelling unit" 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 differentiate bed and breakfast residences from short term rentals

Bed and Breakfast Residence	Short Term Rental Dwelling Unit
Owner or operator typically present during stay	Can involve home sharing or exclusive use of a residence so the owner or operator may or may not be present
A meal is provided in conjunction with the stay	Meals may not be offered in conjunction with a short term rental stay
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)	Staff has recommended treating occupancy of long and short term rental uses consistently and generally limiting occupancy to a family or four or fewer unrelated individuals (with a provision for a conditional use permit to exceed this)
Permitted in one and two-family dwellings only	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 the Neighborhood Planning Committee does not recommend delaying adoption of the short term rental regulations for this purpose.

Neighborhood Planning Committee Recommendation: No changes.

Issue #3 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.

Neighborhood Planning Committee Recommendation: No changes. The committee supports the idea of the City Council issuing interim use permits to allow exceptions to the standards and conditions for short term rental dwelling units for large one-time events.

Issue #4 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 permit the use 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.

Neighborhood Planning Committee 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.

Neighborhood Planning Committee 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.

Neighborhood Planning Committee Recommendation: Revise the study memo to remove the language referring to short term rentals as illegal and replace it with language referring to short term rentals as not permitted by the zoning code.

Recommendation for Planning Commission Action: The Neighborhood Planning Committee recommends approval of the following proposed amendments to Zoning Code §§ 65.641, 65.645, 66.221, 66.321, 66.421, 66.521, and 63.207.

NOTE: Existing language to be deleted is shown by ~~strikeout~~. New language to be added is shown by <u>underlining</u>. [Drafting notes are in brackets.] "P" refers to permitted uses and "C" refers to conditional uses.

Sec. 65.641. Bed and breakfast residence.

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 meal is offered in connection with the provision of sleeping accommodations only.

Standards and conditions in residential and BC community business (converted) districts:

a. In residential districts, a conditional use permit is required for bed and breakfast residences with two or more guest rooms, and for any bed and breakfast residence located in a two-family dwelling. In RL—R4 residential districts, a bed and breakfast residence may contain no more than one guest room.

b. The bed and breakfast residence may be established in a one-family detached dwelling or a two-family dwelling, located within a single main building.

c. The guest rooms shall be contained within the principal structure.

d. There shall be no more than one person employed by the bed and breakfast residence who is not a resident of the dwelling.

e. ~~Dining and other facilities shall not be open to the public, but shall be used exclusively by the residents and registered guests.~~ Use of a bed and breakfast residence for any commercial or social event is prohibited.

f. No additional exterior entrances shall be added to the structure solely for the purpose of serving guest rooms.

g. The zoning lot shall meet the minimum lot size for the one-family dwelling or two-family dwelling in the district in which it is located, and shall have a minimum size according to the following combination of dwelling units and guest rooms:

Dwelling Units	Guest Rooms	Minimum Lot Size
1	2	6,000
1	3	7,000
1	4	8,000
2	1	6,000
2	2	7,000
2	3	8,000

h. One-family dwellings may contain no more than four guest rooms. Two-family dwellings may contain no more than three guest rooms.

i. No bed and breakfast residence containing two through four guest rooms shall be located closer than 1,000 feet to an existing bed and breakfast residence containing two through four guest rooms, measured in a straight line from the zoning lot of an existing bed and breakfast residence.

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.

Table 66.221 Principal Uses in Residential Districts

Use	RL	R1-R4	RT1	RT2	RM1	RM2	RM3	Definition (d) Standards (s)
Commercial Uses								
Commercial Lodging								
Bed and breakfast residence	P	P	P/C	P/C	P/C	P/C		(d), (s)
Short term rental dwelling unit	P/C	P/C	P/C	P/C	P/C	P/C	P/C	(d), (s)

Table 66.321 Principal Uses in Traditional Neighborhood Districts

Use	T1	T2	T3	T4	Definition (d) Standards (s)
Commercial Uses					
Commercial Recreation, Entertainment and Lodging					
Reception hall/rental hall		C	C	C	
Short term rental dwelling unit	P/C	P/C	P/C	P/C	(d), (s)

Theater, assembly hall		~~C/P~~ P/C	~~C/P~~ P/C	~~C/P~~ P/C	(s)

Table 66.421 Principal Uses in Business Districts

Use	OS	B1	BC	B2	B3	B4	B5	Definition (d) Standards (s)
Commercial Uses								
Commercial Recreation, Entertainment and Lodging								
Reception hall/rental hall				P	P	P	P	
Short term rental dwelling unit	P/C	P/C	P/C	P/C	P/C	P/C	P/C	(d), (s)
Steam room/bathhouse facility			P	P	P	P	P	(d)

Table 66.521 Principal Uses in Industrial Districts

Use	IT	I1	I2	I3	Definition (d) Standards (s)
Commercial Uses					
Commercial Recreation, Entertainment and Lodging					
Reception hall/rental hall	P	P	C		
Short term rental dwelling unit	P/C	P/C	P/C		(d), (s)
Steam room/bathhouse facility	P	P	P		(d)

Table 63.207 Minimum Required Off-Street Parking By Use

Land Use	Minimum Number of Parking Spaces
Lodging	
Bed and breakfast residence	1 spaces per dwelling unit and 0.5 spaces per guest room
Short term rental dwelling unit	1 space per dwelling unit and 0.5 spaces per every 2 adult guests

Occupancy Limits for a Short Term Rental

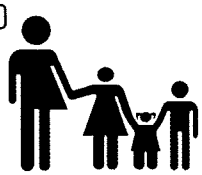
The number of people allowed in a short term rental must comply with both of the following requirements:

☐ **Zoning Code Requirements**

The Zoning Code limits the number of people allowed in any dwelling unit. The following tool is intended to assist you in understanding how many people are allowed. You may select up to 4 of the following boxes to reach the maximum number of people allowed. This maximum number includes both people living there as well as short term renters.

☐

1 Adult with Kids:
1 Parent & their direct lineal descendants & adopted or legally cared for children (e.g. children [kids and adults], grandchildren, etc.)

☐ 

1 Adult with Kids:
1 Parent & their direct lineal descendants & adopted or legally cared for children (e.g. children [kids and adults], grandchildren, etc.)

☐

Adult:
1 adult with no kids. Adult can be the other parent, a friend, guest, etc.

☐

Adult:
1 adult with no kids. Adult can be the other parent, a friend, guest, etc.

☐

Adult:
1 adult with no kids. Adult can be the other parent, a friend, guest, etc.

☐

Adult:
1 adult with no kids. Adult can be the other parent, a friend, guest, etc.

☐ **Building Code Requirements**

The building code limits the number of people allowed by setting minimal square footage requirements per person:

- Total required space in dwelling units – a minimum habitable gross floor area of at least one hundred fifty (150) feet for the first occupant, at least one hundred (100) square feet for the first occupant, at least one hundred (100) square feet for each occupant thereafter.

- Required space in legal sleeping rooms – a minimum gross floor area of at least seventy (70) square feet for the first occupant and for every room occupied for sleeping purposes by two (2) or more occupants shall have a minimum gross floor area of fifty (50) square feet per occupant thereof.

Icons by Flaticon.com & Thenounproject.com

city of saint paul
planning commission resolution
file number _____
date _____

SHORT TERM RENTAL AND BED AND BREAKFAST ZONING CODE TEXT AMENDMENTS

WHEREAS, the Saint Paul Zoning Code, found in chapters 60 through 69 of the Saint Legislative Code, is established to promote and protect the public health, safety, morals aesthetics, economic viability and general welfare of the community; and

WHEREAS, Zoning Code § 61.801 calls for the periodic review of the code to reflect current city policies, and provides that amendments to the Zoning Code may be initiated by the City Council or Planning Commission; and

WHEREAS, in response to recent issues the City Council passed Resolution 16-181 initiating a study to consider amendments to the Zoning Code regarding how and where short term rental uses are permitted; and

WHEREAS, on June 2, 2017, the Saint Paul Planning Commission held a duly noticed public hearing on proposed zoning text amendments regarding short term rental uses; and

WHEREAS, the Planning Commission referred the draft amendments to the Neighborhood Planning Committee for consideration, review of the public hearing testimony, and recommendation; and

WHEREAS, the Neighborhood Planning Committee, on July 25, 2017, forwarded its recommendations to the Planning Commission; and

WHEREAS, the Neighborhood Planning Committee's recommendation expressed support for the idea of the City Council issuing interim use permits to allow exceptions to the standards and conditions for short term rental dwelling units for large one-time events;

NOW, THEREFORE, BE IT RESOLVED, under provisions of Minnesota Statutes §462.367 and Legislative Code §61.801, that the Planning Commission hereby recommends to the Mayor and City Council the following amendments to Zoning Code §§ 65.641, 65.645, 66.221, 66.321, 66.421, 66.521, and 63.207, pertaining to bed and breakfast and short term rental uses, as set forth on pages 2 through 4 of this resolution; and

BE IT ALSO RESOLVED, that the Planning Commission directs the Planning Administrator to forward the following draft bed and breakfast and short term rental uses zoning text amendments, along with the August 3, 2017, memoranda from the Neighborhood Planning Committee containing their recommendations and rationale for the recommended text amendments, to the Mayor and City Council for their review and adoption.

moved by _____
seconded by _____
in favor _____
against _____

NOTE: Existing language to be deleted shown by ~~strikeouts~~. New language to be added shown by underlining.

Chapter 65. Zoning Code-Land Use Definitions and Development Standards

Sec. 65.641. Bed and breakfast residence.

...

e. ~~Dining and other facilities shall not be open to the public, but shall be used exclusively by the residents and registered guests.~~ Use of a bed and breakfast residence for any commercial or social event is prohibited.

...

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.

Chapter 66. Zoning Code-Zoning District Uses, Density and Dimensional Standards

Table 66.221 Principal Uses in Residential Districts

Use	RL	R1-R4	RT1	RT2	RM1	RM2	RM3	Definition (d) Standards (s)
Commercial Uses								
Commercial Lodging								
Bed and breakfast residence	P	P	P/C	P/C	P/C	P/C		(d), (s)
Short term rental dwelling unit	P/C	P/C	P/C	P/C	P/C	P/C	P/C	(d), (s)

Table 66.321 Principal Uses in Traditional Neighborhood Districts

Use	T1	T2	T3	T4	Definition (d) Standards (s)
Commercial Uses					
Commercial Recreation, Entertainment and Lodging					
Reception hall/rental hall		C	C	C	
Short term rental dwelling unit	P/C	P/C	P/C	P/C	(d), (s)
Theater, assembly hall		~~C/P~~ P/C	~~C/P~~ P/C	~~C/P~~ P/C	(s)

Table 66.421 Principal Uses in Business Districts

Use	OS	B1	BC	B2	B3	B4	B5	Definition (d) Standards (s)
Commercial Uses								
Commercial Recreation, Entertainment and Lodging								
Reception hall/rental hall				P	P	P	P	
Short term rental dwelling unit	P/C	P/C	P/C	P/C	P/C	P/C	P/C	(d), (s)
Steam room/bathhouse facility			P	P	P	P	P	(d)

Table 66.521 Principal Uses in Industrial Districts

Use	IT	I1	I2	I3	Definition (d) Standards (s)
Commercial Uses					
Commercial Recreation, Entertainment and Lodging					
Reception hall/rental hall	P	P	C		
Short term rental dwelling unit	P/C	P/C	P/C		(d), (s)
Steam room/bathhouse facility	P	P	P		(d)

Chapter 63. Zoning Code-Regulations of General Applicability

Sec. 63.207 Parking requirements by use.

Table 63.207 Minimum Required Off-Street Parking By Use

Land Use	Minimum Number of Parking Spaces
Lodging	
Bed and breakfast residence	1 spaces per dwelling unit and 0.5 spaces per guest room
Short term rental dwelling unit	1 space per dwelling unit and 0.5 spaces per every 2 adult guests