

Short Term Rental Zoning Study and Zoning Amendments

Public Hearing Testimony Summary

- 15 people spoke and 16 written comments were received -

1. ZONING ISSUES SUMMARY

A. Definition of Family

Use of “family” to describe occupancy is a departure from guest/tourist/traveler/transient. It is cumbersome, complicated, and unenforceable and will lead to low compliance. Instead, establish a maximum number of guests, maximum number of rooms, or square footage amount to regulate occupancy.

Staff response: As noted in the study, long and short term rental units are being treated equally and consistently by using the definition of family to limit occupancy of both uses regardless of the size of the dwelling unit. A limit of four guests could be imposed but then a family with two parents and more than two children would not be able to stay in a short term rental dwelling unit in Saint Paul. A regulation based on number of guest rooms could potentially allow greater occupancy for a short term rental than a long term rental and staff does not want to allow short term rental uses to be more intense than long term rental uses. Regulation based on square footage would require a larger regulatory framework than proposed and would be more cumbersome and costly to administer.

Profile information for Saint Paul from Airbnb states that the average group size using its platform is 2.1 people.

Staff suggested change: None.

B. Multiple Units for a Single Owner

Prevent large investor groups from owning many short term rental units in a building or neighborhood. Specifically prevent a multi-unit building from becoming a quasi-hotel.

Eliminate the 50 percent rule for multi-unit buildings. Do not regulate by building type but by the number of licenses a host can hold. Limit the number of licenses a short term rental host can hold to four.

Staff response: The proposed ordinance would prevent more than four units in a multi-unit building to prevent a quasi-hotel. More than four units would require a conditional use permit. The proposed ordinance would not prevent large investor groups or even individuals from operating multiple units in a neighborhood.

The idea of limiting the number of licenses an individual can hold was considered before the proposed ordinance was drafted. A limit on the number of licenses allowed could limit economic opportunity for some. On the other hand, no limit could allow an individual or large investor to convert many units in a neighborhood from long to short term rental. This could result in an impact to availability and affordability of housing. While this may be a possibility, the market does not seem to suggest it.

Staff suggested change: None.

C. Signage

Allow signage in residential districts the way that bed and breakfasts are allowed to have signage.

Staff response: There was only one comment about allowing signage for short term rentals. It did not seem to be a concern for most. Prohibiting signage helps to limit the commercial encroachment in residential areas.

Staff suggested change: None.

D. Parking

The proposed parking requirements are too restrictive since many guests fly into Saint Paul and take transit or a taxi. Many guests have a single car or no car at all. The need for parking for short term rental dwelling units may be less than what is needed for long term rentals.

Staff response: The proposed ordinance calls for 1 space per dwelling unit and 0.5 spaces per every 2 adult guests. The Airbnb profile information suggests the average group size is 2.1 people. This would not require an additional parking space since 1.5 spaces is rounded down to 1 space. Three or more adult guests would require an additional space. The proposed parking requirement seems appropriate and not onerous.

Staff suggested change: None.

E. Limit on Number of Units Allowed

If 50 percent of units in a multi-unit building can be short term rental, how would that work with buildings with an odd number of units? At least two short term rental dwelling units should be allowed in a triplex. Duplexes and triplexes are by their nature commercial businesses, the only difference between them and short term rentals is the length of stay. Short term rentals are no more commercial in nature than long term rentals. Do not limit the number of short term rental dwelling units in a four unit building to two; allow up to four short term rental units. The city runs the risk of overregulating in anticipation of adverse outcomes which may or may not occur.

Staff response: The number of short term rental units allowed in a multi-unit building with an odd number of units would be rounded down. For example, a triplex would be allowed one short term rental unit and a five unit building would be allowed two short term rental units. The state definitions of

hotel and motel are unclear. Without a limitation on the number of units we could end up with a hotel. This may be detrimental in a residential setting.

It can be difficult for neighbors to develop a sense of community with properties used exclusively as short term rentals. Without the monitoring an owner-occupant provides parking, noise, and disrespectful behavior may become potential issues for a neighborhood.

The Zoning Administrator in the Department of Safety and Inspections pointed out that the ordinance language does not contemplate a situation in which a duplex is located in a zone other than R1 through RT1. The way the ordinance language reads as proposed, a duplex in an RT1 zone or higher would be limited to only one short term rental dwelling unit (no more than 50 percent of units). The Zoning Administrator recommended revising the language to treat duplexes similarly regardless of the zoning district in which they located: allow both units of an owner-occupied duplex to be short term rental provided the owner is in residence during the guest stay.

Staff suggested change: Allow both units of an owner-occupied duplex in any zone to be short term rental provided the owner is in residence during the guest stay.

F. Bed and Breakfast Regulations

Keep current laws as they are and require a bed and breakfast license, perhaps eliminating the need to serve breakfast as a requirement. Current law allows a bed and breakfast with one guest room with a license, no conditional use permit required. A bed and breakfast with more than one guest room requires a license and conditional use permit. Grandfather in existing bed and breakfast residences and allow more guest rooms and guests, and remove the limit on number of employees allowed.

Staff response: The short term rental model is different from a bed and breakfast and a new ordinance is needed to define and regulate the use. While a bed and breakfast owner typically lives on site and offers rooms for guests, short term rentals can involve house sharing or exclusive use of a residence. No meals are offered in conjunction with a short term rental stay.

It does not seem appropriate to allow bed and breakfast residences to have more guest rooms or guests than what was approved as part of their conditional use permits. The proposed ordinance limits occupancy of a short term rental dwelling unit to 4 or fewer individuals or a group that meets the definition of family. This includes the unit's residents if they are present during the stay. A conditional use permit would allow greater occupancy, similar to a bed and breakfast.

If a bed and breakfast operator wishes to have more than one employee, they can request a modification of this condition of the permit from the Planning Commission and provide a justification for the modification based on unique circumstances.

Staff suggested change: None.

G. Heritage Preservation Commission Involvement

Involve the Heritage Preservation Commission in the conditional use permit process for short term rental dwelling units.

Staff response: The Heritage Preservation Commission reviews exterior changes in historic districts and to designated structures. It does not consider use of the structure or property. It is possible that a change in use could trigger the need for exterior changes. If that is the case an application for review would be required, but the use itself is not relevant to the review of exterior changes.

Staff suggested change: None.

H. Commercial Encroachment and Rezoning

A short term rental dwelling unit is a business in a residence.

Staff response: Short term rental uses are residential uses with commercial impacts.

There seemed to be a misunderstanding expressed in oral and written testimony about the proposed ordinance. Commenters stated that the proposed ordinance would change the zoning of property from residential to commercial. This is not the case. The residential use (short term rental) would be allowed in residential and commercial zoning districts but there is no intent to change the zoning of property from residential to commercial.

Staff suggested change: None.

2. TAXES SUMMARY

There was agreement that taxes should be paid by hosts. Licensing regulations should require tax collection via host platforms for online bookings and collection from hosts for bookings made directly with hosts.

Staff Response: Staff agrees that taxes should be collected from both host platforms when there is an arrangement to do so and directly from hosts when there is no such arrangement and guests book directly with hosts. This is a matter for the licensing component of regulation and not for the zoning component. Thus no change is suggested.

Staff suggested change: None.

3. COMPLAINTS AND ENFORCEMENT SUMMARY

The ability to enforce regulations, especially on weekends was expressed (noise, crime, litter, property damage, fire, loitering, parking). Concern about the costs of enforcement was also noted. Neighbors should not have to be responsible for making complaints to get compliance from hosts.

Airbnb is open to creating a voluntary process with the city to remove problem hosts after appropriate notification and consideration.

Safety and security for guests and residents in surrounding neighborhoods is a concern, especially for residents of multi-unit buildings.

Staff Response: The study noted that education is part of the process of regulating the new use. City staff including police, fire, and inspectors will be informed about the presence of the use in neighborhoods and the potential for complaints. Enforcement is done on a complaint basis so neighborhood involvement is critical in bringing problems to the attention of city staff. Residents are encouraged to make complaints when issues arise. Complaints will be investigated and appropriate action taken to protect the health, safety, and general welfare of residents and neighborhoods. The proposed zoning ordinance provides standards and conditions for the use. The proposed license provides for a civil remedy for hosts who fail to comply with regulations.

The minimal regulation proposed should help to limit the cost to administer and enforce the regulations.

Airbnb's A Resource for Neighbors includes the following:

Anyone can go to [Airbnb.com/neighbors](https://airbnb.com/neighbors) to share specific concerns they might have about a listing in their community. These concerns could include things like noise complaints. From there our team will review their concern and, if necessary, follow up with the host regarding the issue.

Neighbors can submit information without having their name disclosed to a host or allow our team to pass along their contact information so the host can follow up with them directly. Once a neighbor submits feedback, we will send a confirmation email, along with a case number.

We'll treat each case seriously and ensure that we give hosts and their neighbors the opportunity to resolve concerns themselves, whenever possible. Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal from the Airbnb community.

Note that Airbnb is one of many online hosting platforms. The policy above applies only to Airbnb hosts.

Regarding safety and security in multi-unit buildings, it is up to building owners to establish rules appropriate to each situation, whether and how to allow the use or prohibit it altogether.

Staff suggested change: None.

4. SUPPLEMENTAL INCOME SUMMARY

Many testifying and submitting written testimony expressed the benefits of the supplemental income that comes from short term rental units. The added income helps with affordability, taxes, and insurance as well as allowing residents to maintain, improve, and invest in their properties.

Hosts note that short term rental guests cause less wear and tear than even the most well-meaning long term residents.

Staff Response: These are important reasons to make the use legal and establish regulations to protect the health, safety, and general welfare.

Staff suggested change: None

5. LICENSING SUMMARY

Licensing the platforms violates federal law.

Skepticism was expressed about the city's ability to license the platforms and get the necessary information from platforms to ensure compliance and enforce regulations.

Unrealistic that the city will be able to license all platforms.

Amend certificate of occupancy inspection process to include a category/tier for short term rentals the same way that long term rental is a category/tier. Require host attendance at a Short Term Rental 101 course as part of license requirement.

Support for licensing hosts and platforms.

Staff response: Online platforms argue that licensing platforms violate federal law. The Department of Safety and Inspections staff are working with city attorneys to ensure that the City's proposed law is permitted under federal law. This is a matter for the licensing component of regulation and not for the zoning component. Thus no change is suggested.

Staff suggested change: None.

6. NEIGHBORHOOD LIVABILITY

Allow short term rental dwelling units but preserve the residential character of neighborhoods through regulation. Short term rental dwelling units are a commercial encroachment/business in residential units and often residential neighborhoods.

Guests in short term rental dwelling units support tourism and local businesses and promote the city.

Staff response: The intent of the proposed ordinance is to permit the use but with limitations to preserve the residential character of neighborhoods. For example, limits on occupancy, prohibiting social or commercial events, and requiring off-street parking are measures aimed at limiting the impact of the use.

Staff suggested change: None.

7. HOUSING AVAILABILITY AND AFFORDABILITY SUMMARY

Loss of housing affordability and long term rental units to short term rental are concerns that are not addressed by the study or regulations. Should the conversion of long term to short term units be tracked to assess the impact to availability and affordability of housing?

Staff response: 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.

Staff suggested change: None.

Open Saint Paul: *A Sampling of Responses to the three questions*

What do you see as the benefits of short term rentals?

- Tourism, community and business support, property values increase with awareness and sharing of hip places, affordable travel options, people connecting.
- Hotels are cost-prohibitive.
- Money to keep up property.
- A way for families to make extra money to cover the cost of living and high property taxes.

What issues or concerns do you have with short term rentals?

- People with multiple locations renting only for profit are a concern.
- Commercial short-term rentals that are not owner occupied are a problem. Without the monitoring an owner/occupant provides parking, noise, and disrespectful behavior becomes a potential issue for the neighborhood.
- Guests are on vacation and want to have a good time but the neighboring houses are filled with people that need to sleep and go to work and school the next day. Lack of on street parking is a concern. We all expect our neighbors to have parties occasionally and understand that parking won't be easy on that day, but to consistently have trouble would negatively impact our neighborhood.
- I think the use of the property is very different depending upon the length of time the property is rented.
- Non-resident short term rentals are no more than hotels and should be governed as such.
- If properties are used exclusively as short term rentals it is difficult for neighbors to develop community with those at that property. And not all short term rental hosts and guests are equal in quality and concern for community.

What are ways to ensure that short term rentals benefit neighborhoods?

- Protections and recourse for the renter would be helpful.
- Having high standards on properties and owners can ensure good renters who bring tourist dollars to neighborhoods.
- House rules that respect neighbors.
- Ensuring that the owners of the properties maintain the properties and renters are respectful of the surrounding neighbors.
- We want to encourage homeowners who open their homes out of adventure, curiosity, love of travel and people, and their community to still participate in Airbnb but permit or tax those who are just in it for sole income or rental property.