

**CITY ORDINANCE
NO. 153.291
CITY OF CHISHOLM**

**AN ORDINANCE ADDING REGULATING SHORT
TERM RENTALS WITHIN THE CITY OF CHISHOLM**

THE CITY COUNCIL OF THE CITY OF CHISHOLM DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Intent.

The City of Chisholm is a largely residential city which has several unique local amenities including the Red Head Bike Trail, the MN Discovery Center, the Iron Trail Campground, ATV and snowmobile trails, and a historic Downtown. This makes it a natural and likely tourist destination. Historically, transient overnight stays were largely limited to hotels, motels, and bed and breakfasts. However, the advent of certain internet-driven short term residential/housing rental forums such as Air B and B and VRBO have led to more homeowners making their properties available for short term rentals.

These “short term rentals” often last a day or two, are often during the weekend and are recreationally focused occupancies, different in kind than a typical house rental which are characterized by more connection with the neighborhood and property over time because of the length of the occupancy. Accordingly, this has led many cities to develop and adopt regulations governing, and in some cases prohibiting, short term rentals.

Although Chisholm is a tourist destination and advertises itself as such, the City and its residents value the need to preserve its essentially residential character while, at the same time, permitting short term rentals on terms as will prevent them from becoming intrusive, disruptive, excessive in number and that will prevent the proliferation of commercially purposed/ profit driven properties offered only for rent with no meaningful owner occupation. Such a circumstance threatens the stability and building of

neighborhoods and commercial uses in the area of the City, all of which are objectives of the city under its comprehensive plan.

In considering these matters, the City has concluded that short term rentals are in the nature of providing housing, principally recreational housing, for transient, often vacationing short term guests who do not maintain an ongoing relationship with the property or its neighbors or its neighborhoods. The nature of short term rentals introduces a commercial use into existing residential areas. This creates a potential for conflict between varying land uses.

Furthermore, there are features which are unique to short term rentals-those typically involving stays of less than a 30 day period or 365 day period like those found in conventional leasing arrangements. Specifically, in cases of short term rental, the turnover of occupants is more frequent, stays are, by definition short and recreation focused. Significant damage deposits are often not comparable to those secured by long term rental tenancies and tenant likely has no maintenance obligations such as lawn mowing, exterior tidiness, building maintenance or corresponding interest in maintaining ongoing relationships with long-term neighbors.

Accordingly, it is believed that there is great potential for nuisances to arise from short term rental including increased noise, inappropriate parking, parties, late hours, multiple invitees, intensive uses over short periods and other features of transient stays as the users come to the property for a short period, recreate and then leave. Short term rentals also impair the ability of the City to maintain and promote its interest in owner occupied homes to retain a census population above 5,000 which directly affects its receipt of state aid funds.

The City concludes that an ordinance is necessary to regulate, limit and control short term rentals to eliminate potential nuisances, to ensure that they are compatible with the neighborhoods in which they are located and to maintain their activities in a way that avoids the disruption that can occur because of transient stays among otherwise permanent residential and other occupancies.

SECTION 2. Purpose.

The purpose of this section is to create a structure within which Short-Term Rentals in the R-1 and R-2 Districts may be permitted in such a way as to mitigate impacts upon surrounding properties. This goal is to be accomplished by implementing balanced regulations to protect the integrity of the Community as well as protecting the public health, safety and general welfare of the long term residents while allowing property owners to use their property as a short term rental.

SECTION 3. Definitions.

Bedroom. A habitable room which is used, or intended to be used, primarily for the purpose of sleeping.

Dwelling. A building or portion thereof, designated exclusively for residential occupancy.

Owner. The person or people or entity which owns the dwelling offered for Short-Term Rental. Any person who, alone or with others, has title or interest in any building, property, dwelling, dwelling unit or portion thereof, with or without accompanying actual possession thereof, including any person who as tenant, agent, executor, administrator, trustee, or guardian of an estate has charge, care, control of any dwelling or dwelling unit.

Person. Any individual, firm, corporation, association, governmental entity, or partnership and its agents or assigns.

Primary Residence. A dwelling within which a person having a bona fide ownership interest demonstrably occupies and resides in that dwelling in for more days annually than it is rented during a calendar year.

Transient Guest. A person or persons renting, using, or occupying a room or rooms for fewer than 30 consecutive days.

Day. A 24-hour period from midnight to the next.

Weekend. Any consecutive three (3) day period, two of which are Saturday and Sunday.

Short-Term Rental. A dwelling that is offered to transient guests for a period of less than 30 consecutive days at a time.

Short-Term Rental, Type A

(Hosted short-term rental). A dwelling, or portion thereof, that is offered to transient guests for a period of less than 30 consecutive days, where an owner of the property is primarily present and the property is the primary resident of the owner (i.e., from 10:00 p.m. to 7:00 a.m. during overnight stays) during the period of occupancy by the transient guest.

(Unhosted short-term rental). A dwelling, or portion thereof, that is offered to transient guests for a period of less than 30 consecutive days, where an owner of the property is not present while the transient guests are present. The property is the primary resident of the owner.

Short-Term Rental, Type B (dedicated short-term rental). A dwelling, or portion thereof, that is offered to transient guests for a period of less than 30 consecutive days, where the primary property use (“use” is a typical term) is a short-term rental. The property is not the primary resident of the owner.

SECTION 4. General Requirements and License Issuance.

A. License required. No property, structure or dwelling in R-1 or R-2 districts may be used as a Short-Term Rental (Type A or B) unless an application is submitted and a license is first granted by the City. However, Short-Term Rentals located exclusively within the General Business District shall not be subject to the restrictions of this Ordinance. The License shall be entered on a short-term rental registry.

B. Issuance. All Short-Term Rental Licenses and special use permits shall be issued administratively by the City Building Official/Zoning Administrator pursuant to the terms contained herein.

C. License application. Any property owner offering, using, or desiring to offer or use a Dwelling as a Short-Term Rental within the City must apply for a Short-Term Rental License from the City. A license must be approved prior to operating within the city. The license application request must be submitted on the form prescribed by the city and must include all the information requested on the application form. Any use or offering for use of a Short-Term Rental which is not licensed is a violation of this Section.

D. License fee. The license application form must be accompanied by payment in full of the required license application fee of \$500. The license application fee shall be set forth in the City's fee schedule and may be adjusted from time to time by the City Council by formal resolution. Fees for new licenses obtained for less than the annual license term will be determined on a monthly pro-rated basis until the next full term.

E. Criteria for Issuance. Prior to issuance of a Short-Term Rental License hereunder, the applicant shall ensure and the City Clerk, or if requested by the Building Official/Zoning Administrator, that the following criteria are met:

a. The licensee accurately certifies on the application form that all applicable items found in this Section are satisfied. In addition, the certification shall constitute an ongoing assurance of compliance herewith. Such items shall include, but not be limited to, the following:

i. The proposed Short-Term Rental is located in a Residential zoning district;

ii. The Proposed Short-Term Rental complies with all of the performance standards, purpose section and definitional requirements found in this Ordinance;

iii. A policy number for a valid, in-force liability insurance policy is provided to the City;

iv. Compliance with all applicable provisions of the City Code;

v. Compliance with any special conditions established in the license.

SECTION 5. General Performance Standards.

The following shall be the general standards for all Short-Term Rental licenses issued hereunder. Violations of them, together with violations of this Ordinance, shall be grounds for revocation of permits. All properties seeking or holding a Short Term Rental permit are subject to inspection and verification.

A. No Physical Alterations. No physical alterations of a dwelling shall be permitted in conjunction with the establishment or operation of a Short-Term Rental, except that additional on-site parking may be provided, to the extent that such parking is otherwise permitted by the applicable provisions of the City's Code.

B. Non-Transferable. Licenses issued under this Section are non-assignable, nontransferable. Each license shall automatically terminate upon the sale or other conveyance of the property to an unlicensed person or entity.

C. No Vested Right. Licenses granted hereunder constitute a revocable, limited right. Nothing herein shall be construed as granting a vested property right. No party shall have any expectancy of reissuance of any license after its annual expiration.

D. Term. Licenses granted under this Section are valid for up to one year (365 days), expiring on December 31st of each year. Any renewal shall require Building Official/Zoning Administrator approval. A renewal application must be submitted annually, in advance, at least 60 days prior to its expiration on December 31st. If the license holder does not offer the property for short term rental at least twice in a calendar year, then they are not eligible for renewal.

E. Number of Bedrooms. Each license shall indicate the number of bedrooms which are contained in the dwelling. No license shall advertise the dwelling as containing any more than the identified number of bedrooms. The number of bedrooms, as indicated on the license, shall be used for all calculations required herein.

F. Use for Events Prohibited. The Short Term Rental shall not be used by the renter nor any rental occupant for nonresidential purposes such as commercial or social events. The Short-Term Rental host shall expressly prohibit and prevent the use of their property for events in any advertisement as well as on-site informational material. Examples of events include, but are not limited to: sponsored events, conference gatherings, retreats, concerts, banquets, receptions, weddings, reunions, dances, parties, or similar uses.

G. Primary Structure Requirement. A Short-Term Rental may only be operated in a principal structure (i.e., not in recreational vehicle, trailer, Accessory building or vehicle).

H. Required Affidavit. The applicant/owner shall supply to the City, upon request, true and accurate affidavit of use in form approved by the City. It shall, to the degree

specified by the City, detail occupancy by its owner compared to use as Short Term Rental. Failure to submit the affidavit, or inaccuracies in it, shall be grounds for revocation or denial of the permit. The property shall be made available on request for a limited compliance inspection by the City.

I. Location / Allowances / Considerations. Short-Term Rentals are allowed in the R-1 and R-2 Districts. A maximum of (10) ten Type A short term rentals shall be allowed in the R-1 District and a maximum of (5) five Type A short term rentals shall be allowed in the R-2 District. A maximum of (2) two Type B will be allowed in the R-1 District. A maximum of 1 (one) Type B will be allowed in the R-2 District. If there is a need to reassess amounts of short-term rentals in Type A or Type B, it will be revisited by the Planning Commission. Short Term Rentals are allowed in the General Business District without a permit.

A special use permit will permit Type A short term rentals not to exceed (7) days in a calendar year. The request shall be made within 30 days of renting a Type A property. The Building Official/Zoning Administrator will approve a special use permit upon application. The cost of the special use permit is \$150.

J. Use. Short-Term Rental operations must conform to all existing City Ordinances. The maximum number of guests allowed is two (2) persons per bedroom, plus an additional two (2) guests. For example, a three-bedroom home could have a maximum of eight (8) guests.

K. Smoke/Carbon Monoxide Detectors. The Applicant must confirm upon their application form that there are functioning smoke and carbon monoxide detectors in each bedroom or sleeping area, and a functioning fire extinguisher in the living space.

L. Emergency Contact Information. At the time of permit application and prior to making their property available as a Short-Term Rental, property owner(s) must provide and maintain current, effective contact and emergency contact information for the owner and any designated management representative to the city.

M. Response Distance. If the property owner is not on premises, owner or an owner-designee is required to respond to emergencies, and must stay within thirty (30) minutes traveling distance of the property and be available by cellphone during Short-Term Rental use.

N. Contact Information Notice. 24-hour “Who to contact” information page shall be posted on the premises of the short-term rental.

O. Taxes The property owner must pay any applicable Federal, State and local taxes.

P. Complaint Forms. Any complaints may be filed with the city via an approved complaint form.

Q. Record Retention. The Licensee shall maintain true and correct records (for a period of 3 years) for annual reporting to the City. The records shall be sufficient to permit the City to determine the number of guests, and the rental dates.

R. Noise. While occupying or visiting a Short Term Rental, no person shall make, cause, or permit unreasonable noise to be emitted from the Short Term Rental.

S. Acknowledgment. The property owner acknowledges that it assumes all responsibility for operation of the rental and that the City is not responsible for the condition of the rental.

SECTION 6. Enforcement and License Revocation.

A. Enforcement and License Revocation. Upon a finding that a licensee or other person or firm has violated the terms of this Ordinance, or any other applicable ordinance, law, or regulation, including being determined to have submitted false or misleading information to the City, on two occasions within the license period, the City may revoke the license. Prior to such revocation, the Building Official/Zoning Administrator shall mail written notice of the license violations to the licensee. The licensee shall have ten (10) days to request a hearing, in writing, upon such revocation before the City Council. Failure to request such a hearing, in writing, shall constitute waiver of the right to be heard on such revocation. However, upon Council discretion a license may be immediately revoked in the event of violation of the terms of this Section.

1. Effect of Revocation. Upon revocation of a license under this Section, such licensee shall be ineligible for applying for a new Short-Term Rental license for a period of 12 months from the date of revocation. Such prohibition shall apply not only to the property for which the license was revoked, but also any other property held or owned by the licensee within the City.

2. Violation a Misdemeanor. Operating a Short-Term Rental without a license shall constitute a misdemeanor and shall constitute a fine of \$1,000.

3. Remedies not Exclusive. In the event of a violation or threatened violation of this Ordinance, the City, in addition to other remedies, is entitled to seek injunctive relief or proceedings to prevent, restrain, correct, or abate such violations or threatened violations.

SECTION 7. Effective Date. This Ordinance shall be effective immediately upon its passage and publication according to law.

All other provisions of Chisholm City Code Chapter 153: ZONING CODE/LAND USE REGULATION shall remain as currently in existence and not amended except as specifically added herein and said amendment shall be effective immediately upon its passage.

Moved by Councilor Lantz and seconded by Mikkola-Rahja that the foregoing ordinance be adopted.

Voting Aye: Councilors Fountain, Halverson, Lantz, Mikkola-Rahja, Vake and Mayor Champa

Voting No: None

Absent: None

Ordinance declared adopted this 27th day of April, 2022.

CITY OF CHISHOLM

By: 
Its Mayor, **John A. Champa**

Attest:


City Administrator, **Stephanie Skraba**

First Reading: April 13, 2022

Second Reading: April 27, 2022

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