



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Thursday, February 3, 2022
Category:	NEW BUSINESS
Type:	INFO/ACTION
Subject:	Authorization to Advance Rental Ordinance by Obtaining Landlord Input
Background Information:	<p>Several months ago, the City received a complaint about a VRBO rental property in town. The current ordinance does not address short-term rentals, such as VRBO's and AirBnB's. At the Council meeting discussing the situation, staff received direction to develop an ordinance addressing the short-term rentals. However, at the Legislation and Ordinance Committee meeting discussing the first draft, it was suggested that short-term rentals should be handled similar to most other cities, which regulate them through a rental ordinance along with other rental properties.</p> <p>The City of Marshall is the only city among comparable cities (and one of very few cities of similar size in the State of Minnesota) that does not have a rental ordinance. It is home to a four-year college, which increases demand for rental properties, and with 44% of the population renting, Marshall is near the top of the list for such percentage in Minnesota. The City has a Housing Code that has been in place for several decades, but it is enforced on a complaint basis only without regular inspections.</p> <p>The ordinance currently presented for consideration is generally based on similar ordinances from comparable cities. However, its main feature is that it does not introduce any new requirements and uses the existing Housing Code as a reference instead of creating a list of the new requirements. Further, a list of specific building features that would be inspected has been created (see attached) to limit the subjective factor of specific inspectors doing inspections. This list is limited to life safety features and a few obvious livability items, such as working toilets. It is staff's opinion that practically all multiple family rental buildings would meet all requirements with few exceptions. However, some single-family rentals may have to do some work. Additionally, some responsibilities, such as maintaining smoke alarms (except changing batteries every year), will be placed on tenants rather than landlords. Short-term rentals are addressed as a separate section within this Ordinance. Staff would also recommend amending the ordinance by allowing renting to more than three unrelated adults with a Conditional Use Permit, which would expand rental opportunities for college students living in single family houses.</p> <p>The proposed process for implementing this ordinance may include several phases and may be done in collaboration with our Fire Department. The City may start with voluntary registration and consider reducing or waiving a fee for this step as an incentive. Inspections will be conducted by current Community Planning department staff as time permits, mostly in the wintertime. All properties passing inspections will be issued a compliance certificate that they will be able to use as a marketing and promotional tool. The City will keep a list of certified properties and will be able to provide it upon request to prospective tenants or post on the City's website.</p> <p>After a certain period, registration shall become mandatory. Again, inspections will be conducted as time permits by existing staff. At this stage, enforcement will be limited with ample time given to correct violations (with few exceptions for low cost and high danger items, such as smoke and CO alarms). Non-compliant properties will be permitted to continue operations until compliance will be required for issuing a license necessary for continuing</p>

	<p>operations as a rental property. The timeframe for implementation may be stretched for several years. Additional flexibility may be achieved by starting with certain types of properties and extending implementation to other types at a later stage.</p> <p>The license term is currently proposed to be three years. The fee determination is currently open, but it will be based on actual time estimate for inspections and will be within the range of rental fees of comparable cities. Staff will discuss fees with the Ways and Means Committee at a later date.</p> <p>The current ordinance was presented to the Legislation and Ordinance Committee in December and received generally positive review. Staff suggests that this draft be discussed with local landlords/property owners prior to presenting a final draft to the Council for introduction. Landlords' input, just like input from all interested parties, would be a valuable tool for finalizing this Ordinance.</p> <p>At this time, staff is seeking Council's approval to continue forward with the proposed ordinance and proposed inspection list as written. Staff understands that the Council may wish to adjust some ordinance or inspection list language at a later date and/or incorporate some landlord input. As mentioned above, fees will be discussed later, but they will be comparable to other cities. The purpose of this Council authorization is to obtain Council approval to call for a meeting with our community's landlords.</p>
Fiscal Impact:	None.
Alternative/ Variations:	None.
Recommendations:	Staff recommends that the Council directs staff to seek input from local landlords for further development of the City Rental Ordinance before presenting a final draft to the Council committees and the full Council for Ordinance introduction.