



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Monday, August 29, 2022
Category:	NEW BUSINESS
Type:	INFO/ACTION
Subject:	Rental ordinance fees
Background Information:	<p>In the summer of 2021, 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>At the subsequent L&O meeting in December 2021, a draft rental ordinance was presented and discussed, receiving generally positive review. Staff presented the Ordinance to the Council in February 2022 and requested an authorization to set up a meeting with local landlords/property owners prior to finalizing the Ordinance and its implementation program. Two meetings took place at the end of March, where a list of proposed inspections was presented and discussed, and all questions and comments were documented and taken into account for implementation program as presented now. At the June L&O meeting, a slightly revised version of the new ordinance and an implementation program were approved and recommended for the full Council hearing.</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 proposed Rental Ordinance 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. The list of specific building features that would be inspected is limited to life safety features and a few obvious livability items, such as working toilets.</p> <p>The proposed process for implementing this ordinance includes two phases. The City will start with voluntary registration and will waive all fees at that time as an incentive for landlords; during the second phase registration will become mandatory. Inspections will be conducted by current Community Planning department staff as time permits. For multi-unit buildings, only a fraction of units will be inspected in most cases.</p> <p>The license term is currently proposed to be three years and proposed fees are as follows: \$100 registration fee per building – one-time fee at the time of application and \$50 inspection fee per rental unit (\$100 for single family houses). The suggested fees are based on actual time estimate for inspections and are within the range of rental fees of comparable cities.</p>
Fiscal Impact:	Added fees to cover administering rental ordinance.

Alternative/ Variations:	None recommended.
Recommendations:	Add rental fees to the current City Fee Resolution.