

**CITY OF MARSHALL
AGENDA ITEM REPORT
L&O 3/16/26**

Presenter:	Ilya Gutman
Meeting Date:	Monday, March 16, 2026
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Ordinance amendment to Section 86-50 Home occupations and businesses
Background Information:	<p>In the last nine years, the City of Marshall has not issued a single permit for a home occupation (there was one application in 2022, but the applicant withdrew it before public hearing). On the other hand, without a doubt, there are plenty of people in town who run businesses from their homes, even though we received few complaints. This contradiction shows a need for staff to review the home occupation regulations.</p> <p>Prior to 2013, all home occupations were required to have a conditional use permit, even though some people still did it without applying. To align with reality and relax requirements, the ordinance was revised to allow certain home occupations without a conditional use permit. The permitted home occupations are those that minimally affect the neighbors, such as fully internet or computer-based businesses. Further, in 2019, the home occupation permit was changed from conditional to interim, to allow for term limitations, after it was determined that conditional use permits may not have renewal requirements. All home occupation permits had always been initially issued for one year and then required renewal every five years; the goal was to first evaluate the effect on the neighborhood, and then encourage people to move their businesses to business districts and thus contribute more to City's economy and development.</p> <p>In light of this recent nonexistence of home occupation permit applications, two possible ways of revising the ordinance to make it more relevant may be considered. The first one, reflected in the proposed ordinance, is to allow practically all home occupations as accessory use without requiring a permit (provided they meet certain requirements intended to reduce the neighborhood's impact) while still banning certain types. Effectively, this will leave very few home occupations that would need an interim use permit: most will be either permitted or banned. This approach will significantly reduce government regulations and City's involvement in home occupations.</p> <p>The alternative method may be to significantly reduce the application fee for the initial one year term, coupled with allowing staff to approve this initial application without the need for public hearing and planning commission or council involvement; this should be accompanied by an awareness campaign to share home occupations rules and requirements, and, on the other hand, a willingness to go after those who conduct business from home without first obtaining a permit, including charging administrative fines for ordinance violation when appropriate. This approach will allow greater control over home occupations.</p> <p>Regulations for home occupations vary greatly among other cities. Some cities allow all home occupations as accessory uses, and some cities require a permit for all home occupations, with practically no exceptions. And some cities are somewhere in between. All in all, staff believe that the proposed approach is reasonable and will provide greater flexibility while still maintaining a certain degree of control over situations where people may complain. If this staff proposal is adopted, it would still be reasonable to run a public relations campaign to familiarize people with changes and encourage them to apply for interim use permits if they must; those running businesses that are prohibited will have to stop operations at home.</p>
Fiscal Impact:	None.
Alternative/Variations:	Recommend alternative approach.
Recommendations:	Staff recommend the recommendation to the City Council approving the revisions amending Section 86-50 Home occupations and businesses as recommended by staff.