



## Request for Council Action

---

**SUBJECT:** **1st Reading of Ordinance Establishing Licensing Requirement for Short-Term Rentals**

**MEETING DATE:** September 25, 2023  
**ITEM TYPE:** Regular Business  
**CONTACT:** Kris Wilson, City Administrator, 651.450.2511

---

### **ACTION REQUESTED**

The Council is asked to consider approval of a first reading of the attached Ordinance, which establishes a licensing requirement for short-term rentals.

### **BACKGROUND**

For the past year, the City Council and staff have been discussing and gathering information regarding short-term rentals, such as those commonly advertised on Airbnb or VRBO, including information about how other cities are or are not regulating them. At its August 28 meeting, the Council directed staff to prepare a draft ordinance that would establish a licensing requirement for short-term rentals operating in Inver Grove Heights and that the licensing requirements would be tailored specifically to short-term rentals. (The City has an existing requirement in City Code for longer-term residential rental properties to obtain a city license.)

Attached is a draft ordinance for Council consideration and discussion. The text highlighted in yellow represents specific requirements or policies that staff seeks to draw Council's attention to, as most of these provisions are unique from those included in the existing rental licensing ordinance.

### **FISCAL IMPACT**

### **RECOMMENDATION**

### **ATTACHMENTS**

1. Short-Term Rental Licensing Ordinance for 1st Reading (Sept 25 2023)

**CITY OF INVER GROVE HEIGHTS  
DAKOTA COUNTY, MINNESOTA**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING INVER GROVE HEIGHTS CITY CODE,  
TITLE 4, CHAPTER 13, TO ADD ARTICLE A RELATED TO RENTAL LICENSES  
FOR SHORT-TERM RENTALS**

---

THE CITY COUNCIL OF THE CITY OF INVER GROVE HEIGHTS ORDAINS AS FOLLOWS:

**Section One. Amendment.** Title 4, Chapter 13 of the Inver Grove Heights City Code is hereby amended to add Article A as follows:

**ARTICLE A; SHORT-TERM RENTALS**

**4-13-A-1: Policy; Purpose; Objective; Intent**

It is the purpose of this Article to protect and preserve the stability and character of residential areas within the city by establishing standards for the operation of short-term rental housing. The operation of short-term rental properties is a business enterprise that includes certain responsibilities. Rental owners, operators and managers are responsible to take such reasonable steps as are necessary to ensure that the guests who occupy such rental dwelling units, as well as neighboring properties, may pursue the quiet enjoyment of the normal activities of life in surroundings that are safe, secure, and sanitary, free from noise, nuisances and annoyances, and free from unreasonable fears about safety of persons and property.

**4-13-A-2: Definitions**

Except as expressly provided in this Article, words, terms and phrases used in this Article have the meanings given them by Section 4-13-3. For purposes of this Article, the following terms below have the meanings given them:

**SHORT TERM RENTAL:** The letting of a dwelling or dwelling unit for a period of less than thirty (30) consecutive days.

**4-13-A-3: License Required**

- A. General Rule: No person, partnership, business entity, or corporation shall operate a short-term rental dwelling or short-term rental dwelling unit in the city without first obtaining a short-term rental license. The licensee shall be the owner of the dwelling unit.
- B. Exemptions: No short-term rental license is required for the following:
  - 1. Hospitals.

2. State licensed residential care facilities.
  3. Assisted living facilities.
  4. Nursing homes.
  5. Hotels or motels.
  6. Single-family homes where an individual owns the single-family home and resides in a portion of the home in which there is a rental dwelling unit and there are a total of no more than three (3) persons within the rental dwelling unit that are unrelated to the owner and to each other.
  7. Accessory dwelling units pursuant to section 10-18-1 of this code.
  8. Supervised student housing pursuant to subsection 10-14-2H of this code.
- C. Non-Transferable: A short-term rental license is nontransferable. If there is a change in the ownership of the rental dwelling or rental dwelling unit, a new license is required.
- D. License Term: The term of the license shall be two years, beginning on April 1 of all odd-numbered years.
- E. License Fees: Applicants for a license shall pay a fee as set by resolution adopted by the City Council. The license fee is not refundable, even if the application is withdrawn, denied, revoked or suspended or the applicant ceases to operate the property as a short-term rental during the term of the license.
- F. Renewal And Late Fees:
1. An application for license renewal must be filed at least sixty (60) days prior to the license expiration date.
  2. An applicant who fails to submit a completed renewal application at least sixty (60) days prior to the expiration date shall pay a late fee equal to fifty percent (50%) of the license fee, in addition to the required license fee for the renewal.

#### **4-13-A-4: License Application**

Application for a license must be made to the city by the owner of a short-term rental dwelling or dwelling unit on forms provided by the city. After the city has received a completed application, including all required documentation and the application fee, and the license fee the license will be reviewed by city staff and then submitted to the city council for consideration. Incomplete applications will be rejected by city staff and will not be submitted to the city council.

1. **Neighbor Notification:** Prior to submitting a license application, the applicant must notify the owner of any neighboring property abutting the lot on which the rental dwelling or dwelling unit is located as well as all properties located across the street from their property of their intent to seek a short-term rental license. Such notification shall be on a form provided by the City.
2. **Required Applicant Information:** The following information shall be required with each application for a short-term rental license.
  - A. **Natural Person:** If the applicant is a natural person, the applicant must provide the information required in Section 4-13-3(B)(1).
  - B. **Partnership:** If the applicant is a partnership, the applicant must provide the information required in Section 4-13-3(B)(2).
  - C. **Corporation:** If the applicant is a corporation or other organization, the applicant must provide the information required in Section 4-13-3(B)(3).
  - D. **Additional Information From All Applicants:** All applicants must provide the information required in Section 4-13-3(B)(4).
  - E. **Property Contact Information:** All applicants must provide the information required in Section 4-13-3(4)
  - F. **Number And Type Of Units:** The license application must contain the number of units and types of units (condominium, apartment, townhome, etc.) within the rental dwelling. If the number or types of units changes, the licensee must notify the city.
3. **Changes On Application:** An applicant must notify the city in writing of any changes to the name(s) provided on the application including, but not limited to, owners, the property management company, property managers, twenty-four (24) hour contact information, or agents responsible for management of the rental dwelling or rental dwelling unit. Any changes may result in additional background checks, as required by this Article, if deemed necessary by the city
4. The applicant must file with the city proof of insurance as required in Section 4-13-3(E). The applicant may not cancel or change the insurance without fifteen (15) days' prior written notice to the city by certified mail. The certification of insurance must be continuously in effect until fifteen (15) days after receipt of the written notice of cancellation or change, provided however, the certification must not extend for more than two (2) years.

## 5. Criminal Background Investigation.

a. In order to protect the general welfare of the public for all applications, criminal history background reports from the BCA must be submitted with the application for any owner who has or would have the means to enter rental dwelling units or any manager who has or would have the means within the scope of the individual's duties, to enter rental dwelling units. To satisfy this requirement:

1. An owner who has or would have the means to enter rental dwelling units must provide a copy of a BCA public criminal conviction history report, which must be dated within twenty-four (24) months of the date of the application.
2. A manager must provide a BCA public criminal conviction history report and a response from the superintendent of the BCA required by Minnesota statutes section 299C.68, both of which must be dated within twenty-four (24) months of the application.

If not a Minnesota resident, a criminal conviction history report from the appropriate government agency in the state of residency is also required.

b. Authorization: At the time of making applications for an initial or renewal license, the applicant must provide written authorization to the city to investigate all facts set out in the application. The information obtained from the investigation shall be used to assist the police chief in making a recommendation as to whether the applicant should be granted a license.

c. Police Chief Recommendation: The Police Chief or their designee shall make a recommendation to the City Council as to whether the applicant should be a granted a license, based on any of the following criteria:

- a. Whether the owner or manager subject to the investigation required in this Article was convicted of a crime or offense in the last five (5) years involving or directly relating to the business for which a license is sought; or
- b. Whether the owner or manager subject to the investigation required in this Article was convicted of a "background check crime" as defined by Minnesota statutes section 299C.67, subd. 2, or as it may be amended, within the last ten (10) years; or
- c. Whether there is a material misrepresentation in the application or other grounds for denial of the license application under Sections 3-2-10 or 4-13-8(b) of the Code.

### **4-13-A-5: License Hearing**

a. New Or Renewal Application Consideration:

1. Action: The city council must take action on each new and renewal license application within a reasonable time following receipt of a completed application and recommendation from the police chief or their designee regarding the application.

2. Procedure: At the city council meeting at which the license application is considered, any person must be provided an opportunity to be heard for or against the license. The city council may then take any of the following actions:
  - a. Approve the license,
  - b. Deny the license,
  - c. Approve the license with reasonable conditions,
  - d. Approve the license on a provisional basis, or
  - e. Continue the license application for additional information.
- b. Denial, Suspension, or Revocation of License or License Application: At the recommendation of the chief of police, city administrator, or building official, the city council or its designee may hold a hearing to take action on a short-term rental license to deny, suspend, or revoke a license or to consider other actions against the license holder. In addition to those grounds enumerated in section 3-2-10 of this code, any license may be denied, suspended, issued on a conditional or provisional basis, or revoked for one or more of the following reasons listed in section 4-13-8(B).
- c. Suspension Or Revocation Hearing: Short-term rental license may be suspended or revoked following the procedures in Section 4-13-8(C).
- d. Reapplication Following License Revocation or Denial: Upon denial or revocation of a license, the owner may not reapply for a license for the same rental dwelling or rental dwelling unit for a period of six months.

#### **4-13-A-6: Performance Standards**

All short-term rental dwellings and short-term rental dwelling units shall be subject to the following performance standards.

- A. Maintenance Standards: The licensee must ensure that every short-term rental dwelling and short-term rental dwelling unit is maintained in compliance with all city codes and state laws, including:
  1. The City's Building code (title 9, chapter 1 of this code)
  2. The City's Zoning code (title 10 of this code),
  3. Animal control requirements (title 5, chapter 4 of this code),
  4. Fire prevention code (title 9, chapter 2 of this code),
  5. Property nuisances (title 5, chapter 9 of this code),
  6. Miscellaneous offenses (title 5, chapter 5 of this code),
  7. The applicable provisions of the 2021 International property maintenance code as adopted and with the exceptions found in Section 4-13-1-E.
- B. Parking Requirements: In all zoning districts, all renter and/or guest parking for a short-term rental dwelling or short-term rental dwelling unit must be on an

improved driveway or improved parking surface located on the premise or property where the short-term rental unit is located.

C. Events: Events are not allowed to be hosted by renters or guests on the premises. For purposes of this section, an event means a gathering on the premises of more than three un-registered individuals.

D. Required Postings

1. Display Of License Certificate: The license certificate must be exhibited in a conspicuous place at or near the entrance to the short-term rental dwelling or short-term dwelling unit. One license certificate must be displayed for each building.

2. Display of Property Address and Emergency Contact Information.

E. Tenant Register: As a condition of the license, the licensee must, as a continuing obligation, maintain a current register of tenants and other persons who have a lawful right to occupancy of short-term rental dwellings or short-term rental dwelling units. In its application, the applicant must designate the name of the person or persons who will have possession of the register and must promptly notify the city of any change in the identity, address or telephone numbers of such person. The register must be available for inspection by city officials at all times and must be kept for a period of twelve (12) months.

F. Payment of Lodging Taxes: The property owner must pay all applicable federal, state and local taxes related to the short-term rental. In addition, the licensee is required to collect and remit to the city on a quarterly basis the lodging tax imposed under Title 4, Chapter 10 of this code. If no sales are made during a quarter, a report must be submitted to the city stating that no sales were made or lodging tax collected during that quarter.

G. Responsibility for Acts of Managers: Licensees are responsible for the acts or omissions of their managers as it pertains to the short-term rental dwelling.

**4-13-A-6: Inspections; Compliance Orders**

Short-term rental dwellings and dwelling units may be inspected in the same manner and per the process found in Section 4-13-6. Violations of this Article may be addressed by the issuance of compliance orders and criminal citations in the same manner and per the process found in Section 4-13-7.

**Section Two. Effective Date.** This Ordinance shall be in full force and effect upon its passage and publication as provided by law.

Passed in regular session of the City Council of the City of Inver Grove Heights on the \_\_\_\_ day of \_\_\_\_\_, 2023.

**CITY OF INVER GROVE HEIGHTS**

By: \_\_\_\_\_

Brenda Dietrich, Mayor

ATTEST:

\_\_\_\_\_

Rebecca Kiernan, City Clerk