

**From:** Robert Maresh [<mailto:robert@robertmaresh.com>]  
**Sent:** Tuesday, October 03, 2017 1:15 PM  
**To:** #CI-StPaul\_Ward4  
**Cc:** Robert Maresh  
**Subject:** Vacation rentals needed in St. Anthony Park

Hi Mr. Stark,

I am writing to ask you to reject the current vacation rental proposal that would limit homeowners from being able to rent their property to visitors.

As a St. Paul resident, I support vacation rentals and believe they are an important part of our local economy. I have personally experienced many happy and thankful neighbors who have their friends and family stay at our vacation rental during special events and holidays. They are just so glad to have their guest stay near them in the neighborhood. I call our place 'overflow parking' for the neighborhood. I understand the need for commonsense regulations to make short-term rental owners accountable, but the current proposal goes too far.

My wife, 2 year old son and I rely on using our property to make ends meet. It hurts small business owners who depend on the increased revenue in their neighborhoods. And it eliminates tax revenue for the city that could be reinvested into our communities. All in all, short-term rentals have economic benefits that span across groups.

For example, for every dollar a visitor to St. Paul spends on lodging, they spend many more on food, entertainment, shopping, and transportation across our great city. This means more income for our restaurants, boutique stores, and corner coffee shops. It means small businesses located in neighborhoods in various parts of the city can experience the benefits of a thriving city.

St. Paul has long benefited from vacation rentals and the economic opportunity and security they bring to the city. It is critical that regulations allow those benefits to flourish rather than stifle economic opportunity.

Vacation rentals are worth protecting! I urge you to oppose the current short-term rental proposal and to work with all groups involved to create fair rules that work for all St. Paul residents.

Thank you,

Robert Maresh  
2328 Chilcombe Ave  
St. Paul MN 55108

**From:** Emily Becker [[mailto:emily\\_becker@live.com](mailto:emily_becker@live.com)]  
**Sent:** Tuesday, October 03, 2017 5:30 AM  
**To:** #CI-StPaul\_Ward4  
**Subject:** Support Short-Term Rentals In St. Paul

Dear Councilmember Stark,

I am writing to ask you to reject the current vacation rental proposal that would limit homeowners from being able to rent their property to visitors.

As a St. Paul resident, I support vacation rentals and believe they are an important part of our local economy. I understand the need for commonsense regulations to make short-term rental owners accountable, but the current proposal goes too far.

It would hurt vacation rental owners who rely on using their property to make ends meet. It hurts small business owners who depend on the increased revenue in their neighborhoods. And it eliminates tax revenue for the city that could be reinvested into our communities. All in all, short-term rentals have economic benefits that span across groups.

For example, for every dollar a visitor to St. Paul spends on lodging, they spend many more on food, entertainment, shopping, and transportation across our great city. This means more income for our restaurants, boutique stores, and corner coffee shops. It means small businesses located in neighborhoods in various parts of the city can experience the benefits of a thriving city.

St. Paul has long benefited from vacation rentals and the economic opportunity and security they bring to the city. It is critical that regulations allow those benefits to flourish rather than stifle economic opportunity.

Vacation rentals are worth protecting! I urge you to oppose the current short-term rental proposal and to work with all groups involved to create fair rules that work for all St. Paul residents.

Regards,  
Emily Becker  
1559 Almond Ave W  
Saint Paul, MN 55108

Dear Councilmember Thao,

I am just hearing about the new proposals to restrict Vacation rentals in St Paul.

I would love to come to the hearing but unfortunately I am working during that time.

For a year now, I have been renting out part of my home through AirBNB.

This has been a vital part of my income to allow me to make ends meet.

I married an immigrant wife last year and we are still working through immigration to allow her

to legally work. It is not possible for me to support our family without the extra income we get

from AirBnb.

Over the year, we have not had a single complaint. All our neighbors know what we are doing

and they support us.

We have not had any problems with guests.

I work 2 low-paying jobs to support the two of us and still am not making enough to cover all

our monthly bills. Without Airbnb, we will be seeing more debt piling up.

Please vote against the new restrictions.

Regards,  
Matthew Meyer  
970 Carroll Ave  
Saint Paul, MN 55104

Dear Councilman Thao:

I am writing in reference to the City Council's consideration of short-term rentals at its meeting tomorrow, October 4<sup>th</sup>. As an owner of a small apartment building

**in Ward 1,**

which specializes in the short-term rental market, I encourage the Council to use care in defining

what is meant by "short-term" and also encourage that any new regulations be directed at

fostering a climate in which homeowners and others can make their properties available to the

thousands of individuals and families who really need these options.

During the last three months, for example, I have rented one unit of my building to a young couple with a child who are temporarily between homes. Without the option of short-term rental (in this case three months) the family would have had no place to go. Another family brought their son to the Twin Cities for six weeks of medical care, and were delighted and relieved to find a short-term rental option available. In other cases, families have rented for a week or less to bring a son or daughter to college, to attend the State Fair, to provide housing for family members for weddings and funerals, and other purposes.

In every case, renters have been cordial and respectful. In fact, my units are listed through AirBnB, and that web-based business has exacting standards for renter behavior. The renter rates the provider and the provider rates the renter, and both have a vested long-term interest in achieving "five-star ratings." AirBnB also provides some limited-liability insurance coverage for the rental arrangements.

I understand, and fully agree that the City should realize some tax revenue from these types of rental arrangements, and would not object to being registered as a rental provider. But I urge that the Council foster these rental opportunities that are clearly meeting a felt-need across the nation, and not look at them as somehow detrimental to our community.

**Thank you for your consideration.**

Very truly yours,  
Susie Ries

“We believe there is a significant amount of tax associated with short-term rentals that is not collected,” said city staffer Dan Niziolek, addressing the council. “We don’t see the lodging tax collected that would be collected.”

The study recommends permitting short-term rentals as an incidental use under city zoning codes, but developing standards to distinguish between owner-occupied and non-owner-occupied properties.

Niziolek said the properties have generated few official complaints, but it would be important to educate residents about where to turn if a short-term rental property does get out of hand.

“When people are renting out a house, that easily could become a party house, with a different group of partiers every day,” Tolbert said. “When (Red Bull) Crashed Ice comes or when the [Super Bowl comes in 2018](#), these are going to be important components of that.”

The lengthy discussion drew concerned comments from Council Member Rebecca Noecker, who said the lack of complaints made regulations and enforcement premature.

“I don’t feel like this is a top priority right now,” Noecker said. “There’s also a risk of maybe trying to solve a problem that doesn’t exist yet and maybe coming up with the wrong solution.”

Council President Russ Stark urged the council to get ahead of the rental trend rather than wait too long to define and regulate it. Niziolek noted that New Orleans completed its own study in February.

“There are whole neighborhoods in New Orleans that are trying to reverse the phenomenon because so many houses have been converted,” Stark said.

Minneapolis so far hasn’t moved to tax and regulate short-term vacation rentals, according to the study. Other Minnesota cities have addressed the issue with widely varying ordinances, including Duluth, Prior Lake, Burnsville and Eagan.

In some cities facing an affordable housing crunch, owners of low-end apartment buildings have removed tenants in order to convert the entire property to Airbnb rentals, angering housing advocates.

San Francisco has required owners of short-term rentals to register them with the city, and plans to fine websites such as Airbnb up to \$1,000 per day for listing rentals without verifying that their registrations are valid.

Susan Ries

Gayle Middecamp 10XX Barrett

Is an Air BNB owner, its owner occupied. Wants draft sent back to committee, to align with

Minneapolis. Liked original discussing STR and treated and single family dwelling.

Serena – Please return STR draft to commission and make it like MPLS’s.

To the St. Paul City Council Members:

Please return the Short Term Rental Draft Ordinance to the Commission, and ask them to revise

it to mirror the Minneapolis Ordinance. The Minneapolis Ordinance is logical, clear, and fair,

and Saint Paul's is not. St. Paul's draft ordinance is unclear, arbitrary, confusing, and gives us onerous rules to deal with.

It would have helped if the process had started with an impact study. In Minneapolis, the Council approached Short Term

Rentals as a new phenomenon and considered what they bring to the city. Minneapolis found that short-term rentals, like

AirBnB and VRBO, help older citizens remain in their homes. I'm one of those individuals and I believe there is economic

room for all different kinds of rental businesses in our city, not just hotels, inns, and bed and breakfasts. Please don't

saddle us with onerous rules.

Please use the Minneapolis ordinance as a model for St. Paul's.

Thank you for your consideration.

Warm regards,

Kay Schwarzrock

Ashland House, LLC

20XX Ashland Ave.

Hello,

I am writing to voice my opposition to the short term rental ordinance being considered by the

council. As the ordinance is drafted it appears to be 1) confusing, 2) punitive, and 3) onerous. I

would add that the issues it attempts to address, are not actually issues in general. Off-street

parking is not typically a problem in most St. Paul communities, and when it is there is already

parking ordinances in place. Social gatherings are not typically issues either and quite frankly are

more of a concern for a short term rental host than the city.

As an AirBnb traveler it is clear to me that there are a ton of benefits to Airbnb, and short term

rentals in general. As a traveler it is great to be able to connect with people that live in the

community (domestically and internationally). I have found it a great way to learn about the

town I am visiting, the stores, restaurants, coffee shops in the local communities that would have

been missed if I were staying at a hotel. I have also thought that the hosts I have met over the

years are just terrific people! I think that it's great that technology has made it possible for people

to leverage what they own and make money from it. For some it is the difference between a nice lifestyle, and one where it is hard to make ends meet while also benefiting travelers and the communities being visited.

In summary, please oppose this ordinance and instead pass one more like the one in Minneapolis which is clear, logical and most importantly founded in fairness.

Best Regards,  
Casey Norendale

*"Please return the Short Term Rental Draft Ordinance to the Commission, and ask them to revise it to mirror the Minneapolis Ordinance. The Minneapolis Ordinance is logical, clear, and fair, and Saint Paul's is not. It is not fair to put Saint Paul's businesses and neighborhoods at risk to protect a few hotels, inns, and Bed and Breakfast establishments."*

Julie Nordendale  
16XX Niles Ave  
St. Paul, MN 55116

**From:** Kris Ulmer [<mailto:kris@paa.org>]

**Sent:** Wednesday, October 4, 2017 3:17 PM

**To:** #CI-StPaul\_Ward1 <[Ward1@ci.stpaul.mn.us](mailto:Ward1@ci.stpaul.mn.us)>; #CI-StPaul\_Ward3 <[Ward3@ci.stpaul.mn.us](mailto:Ward3@ci.stpaul.mn.us)>; #CI-StPaul\_Ward2 <[Ward2@ci.stpaul.mn.us](mailto:Ward2@ci.stpaul.mn.us)>; #CI-StPaul\_Ward4 <[Ward4@ci.stpaul.mn.us](mailto:Ward4@ci.stpaul.mn.us)>; #CI-StPaul\_Ward5 <[Ward5@ci.stpaul.mn.us](mailto:Ward5@ci.stpaul.mn.us)>; #CI-StPaul\_Ward6 <[Ward6@ci.stpaul.mn.us](mailto:Ward6@ci.stpaul.mn.us)>; #CI-StPaul\_Ward7 <[Ward7@ci.stpaul.mn.us](mailto:Ward7@ci.stpaul.mn.us)>

**Cc:** [stay@corbanmanorinn.com](mailto:stay@corbanmanorinn.com)

**Subject:** St Paul City Council Meeting 10-4-17: Short Term Rentals

**TO:** St Paul City Council President Amy Brendmoen,  
Members Dai Thao, Rebecca Noecker, Chris Tolbert, Jane L  
Prince, Russ Stark, Dan Bostrom

FROM: Kris Ullmer, Executive Director of the Professional Association of Innkeepers International. (I reside in Central Wisconsin, have testified before the St Paul city planning commission, and have worked with Minnesota B&B innkeepers on the issue of fair regulations for all lodging properties)

Tonight at your 5:30 St Paul City Council meeting you will be considering whether or not the lodging phenomenon known as 'short term rentals' (as advertised on websites such as Airbnb, VRBO, and many others) are to pay taxes and abide by the health & safety standards which lodging properties such as Bed & Breakfasts and Hotels are required to do.

You'll hear from the 'hosts' of the unregulated properties that they're providing a service, that they're paying their mortgage, that they're improving their property, and that they shouldn't have to operate their lodging by the same rules as other types of lodging. And more. Of course you know that B&Bs and Hotels are providing a service - at a slightly higher rate due to their insurance coverage, taxation, and regulatory compliance. Innkeepers use their income to pay their mortgages and improve their properties too...all while in compliance with the lodging standards that we'd like to think are in place for good reasons.

You'll hear the term 'the share economy'. Short term rental hosts are not sharing anything - *they are engaged in the business transaction of lodging in exchange for money*. While they are 'sharing' (not voluntarily, of course) a percentage of their rental fee with the listing website, they are not sharing their income by paying room tax or business fees in support of tourism marketing and the local economy and services. Is this the cool new economy? No - tax evasion is as old as taxes themselves.

The marketplaces which advertise the lodging properties - whether a website, a newspaper, TV ad, etc. are not logically the entity to be paying the taxes and fees on the lodging property's income. While it is tempting to 'require' Airbnb (and others) to pay taxes / fees / register, the agreements that have been struck prohibit auditing / verification that what is paid is truly what is owed. What other business gets to pay whatever they want? And, here's a loophole: since guests pay Airbnb a 9% booking fee, they are very motivated to book subsequent nights or visits directly with the host. Thus, the rental revenue does not pass thru Airbnb, nor does any taxation.

*The Superbowl is coming to Minneapolis, creating a huge demand for lodging...this event is not likely responsible for the significant increase in short term rentals now - tailgating aside, it really is a bit early to start partying. In Wisconsin, 'anyone' can rent out rooms / their house for an event, such as the Harley Rally or EAA (Experimental Aircraft Assn), for 10 or fewer days per year without any type of lodging license. The IRS requires 'short term rental' of 15 or more days per year to file / pay taxes.*

So, there are 2 separate issues before you: hosts who will operate only for a very limited number of days in connection with an event, and hosts who operate year 'round /seasonally / longer periods of time.

What do we respectfully ask that you do? It's really simple ... apply the same taxation and regulations to all lodging properties operating for longer periods of time with respect to the size of the property; require the property itself be responsible for insurance/regulatory fees/taxes. For example, a 3 guest bedroom 'Airbnb' property is regulated the same as a 3 guest bedroom B&B. This is fair for existing businesses and for new businesses ... and it's the right thing to do.

Thank you for your thoughtful consideration of this issue.

Kris Ullmer

**Kris Ullmer, Executive Director**  
**Professional Association Innkeepers International**



# Short Term Rentals (STRs) in Residential Neighborhoods

- Purpose
  - Assess the impact of STRs on residential neighborhoods (RL to R4)
  - Recommend changes to current draft legislation that will permit STRs while minimizing impact on neighborhoods
- Impact
  - STRs in residential neighborhoods essentially brings commercial use to residential neighborhoods and can be viewed as a de-facto rezoning
  - A strength of St. Paul is its close-knit neighborhoods with strong individual character
  - The quality of our neighborhoods is the result of long and consistent investment by the residents
- Biggest challenge – bringing commercial activity into residential neighborhoods without the disrupting the character or life
  - A significant percentage of hosts will / do exceed occupancy limits and skirt zoning to maximize revenue
- St. Paul approach thus far
  - Excellent staff work in assessing the challenges, opportunities, and impacts on St. Paul, reference, the Short Term Rental Study (June 30, 2016)
  - Draft code amendments and licensing – needs some work to address the key challenges

# It's a supplemental business model for hosts, It's BIG business for Airbnb

Who profits and who really pays ?

- Regulatory intent
  - Encourage – ability to generate supplemental income
    - Typically can covers taxes and routine maintenance cost
    - Not enough to pay the mortgage
  - Discourage – scofflaws spoil it for everyone
    - Non-conforming use and occupancy
    - If not enforced, encourages a high percentage of compliance issues for the neighbors to enforce through the complaint process
    - Intend to maximize income – operate like a hospitality business
  - Discourage – commercial “hotel chains”
    - Absentee owners where commercial business activity has the potential to significantly change the character of residential neighborhoods
    - Thinly disguised “motel” chains embedded in neighborhoods
    - Profit driven
- Let's follow the money
  - The short-term rental market is a BIG business – focused on building wealth for the platform, e.g., Airbnb
  - Platforms like Airbnb are focused on setting pricing to achieve maximum revenue and occupancy
  - Airbnb's – and their clones – are building their wealth on our capital investment in our homes.
  - Charm and location are critical to this business model
  - Rental value is heavily driven by the desirability of the neighborhood

**In real sense, we are all, the hosts !  
We are regulating a BIG business !**

# Recommendations –

## Making the right deal for St. Paul

- The difference between B&Bs and STR is slight, require the similar licensing and safety inspections as B&Bs is common sense
  - see attached comparison chart for reference
- Health and Safety
  - Require the same Fire and Safety inspections as B&Bs and single family long-term whole dwelling rentals
- Licensing
  - Require inspections and proof of compliance with zoning and occupancy before licensing
  - Density restrictions of 1,000 feet in RL to R4
    - SRT occupancy in RL – R4 is similar to B&B's operating with 2 to 4 rooms – so they should be licensed the same way
  - Require advertising to reflect occupancy limits
- Zoning and occupancy compliance by hosts is a well established problem
  - see the attached survey of advertised Summit Hill and Summit University properties
- Zoning
  - Require a conditional use permit to operate in RL – R4 that allows for neighbor comment for all non-owner occupied – up to 4 Adult guests
    - Allows for neighbor comment and transparency between the host and the neighbors before the fact
    - Discourage non-owner occupied
- Occupancy
  - Limit occupancy to 4 (four) adults including resident owners in RL to R4 in addition to the Family definition.
    - Simplifies compliance and reflects the actual business model

# Backup Material and Attachments

# Comparing B&Bs and STRs as proposed

Current proposal is not adequate for St. Paul

	Health and Safety				Neighborhood Impact				
	Serves Meals	Business License	Fire Safety Inspection Required	Licensing Required	Density Restrictions	Guest Rooms Permitted	Max Occupancy	Effective Max Adult Occupancy	Off Street Parking
<b>Residential Unit Rental</b>	n/a	No	Yes	No	None	n/a	1 Family per 60.207	4	None
<b>Bed &amp; Breakfast - RL - R4</b>	Yes	State	Yes	MN License and MDH Plan Review	None	1	Not defined	2	Per Room, 1+1/2*Room
<b>Bed &amp; Breakfast - Other Zoning</b>	Yes	State	Yes	MN License and MDH Plan Review	1000 feet	4	Not defined	8	Per Room, 1+1/2*Room
<b>Short Term Rental - RL - R4</b>	Not defined	City	No	Primarily for Booking Service and taxes	None	Not defined	1 Family per 60.207	4	Per Guest, 1+1/2*Adults
<b>Effective Max Adult Occupancy -- defines the maximum occupancy of adults assuming double occupancy of Guest Rooms</b>									

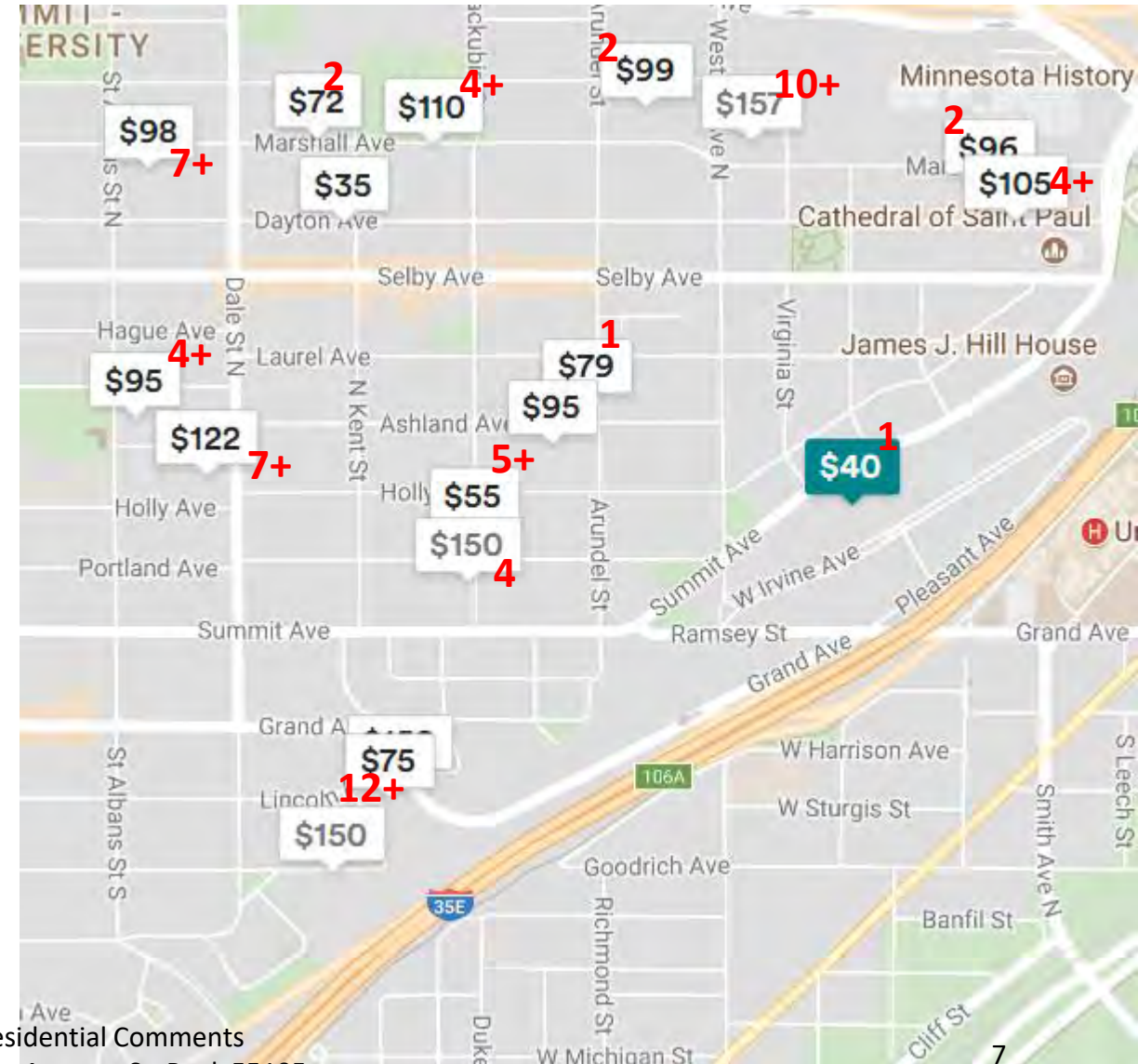
# Example Revenue Projections

## Supplemental Income or Hotel Model ?

- Revenue model
  - Annual Revenue =  
(365 days x %Occupancy)  
x Revenue per Day x  
x (1 - %BookingFees - %ServiceFee - %Taxes)
  - St. Paul tax = 10%  
Booking Fee = 3%  
Airbnb Service Fee = 9% to 12%
- This is not economic development
- Revenue Examples
  - Spare room – condo or small house – 1 or 2 adults
    - \$50 per night, 40% occupancy
    - 2 to 3 nights per week
    - **\$5,500 per year**
  - Spare room – larger house – 2 to 3 adults
    - \$100 to \$150 per night, 40% occupancy
    - 2 to 3 nights per week
    - **\$11,000 to 16,500 per year**
  - Whole house – not owner occupied – 4 adults
    - \$200 per night, 50% occupancy
    - 3 to 4 nights per week
    - **\$27,400 per year**
  - What does \$27,000 per year buy
    - PITI on a home of \$600,000 value is approximately - \$30,000 per year
    - These are not blighted properties in need of rehab

# Quick Survey of Rates and Occupancy

- Only 6 of 18 properties listed with Airbnb in Summit University and Summit Hill areas shown to the right (10/3/2017) in compliance with current zoning and occupancy restrictions
- There is a significant enforcement and compliance issues with current STRs
- Many properties may be non-conforming duplexes and triplex without a conditional use permit
- **Only a licensing compliance inspection can verify the zoning and occupancy. Self-reporting by owners is not reliable**
- Advertised capacity is noted for the map:
  - 2, e.g., is advertised capacity of 2
  - 7+, e.g., means the owner also occupies the dwelling and is advertising additional capacity



• 10/4/2017