

Housing Ordinance "Phase 2" Update

Northfield
Planning Commission
April 17, 2025

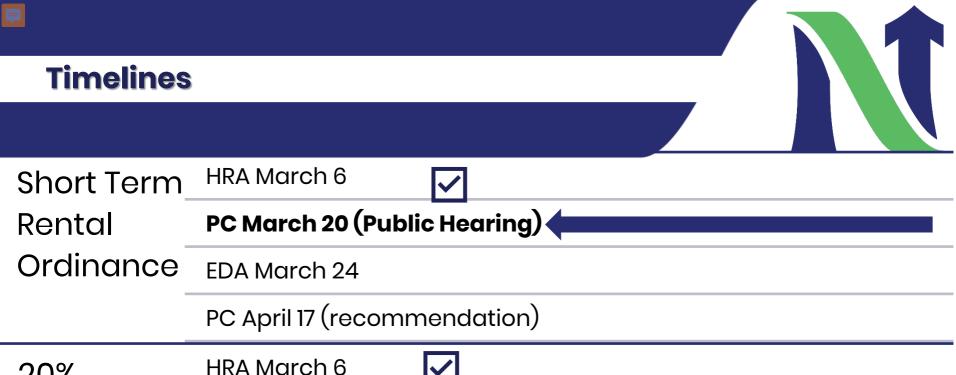
Agenda

- Background
- Timeline of "Phase 2" Rental
 Ordinance Changes
- 20% Rental Restriction
- Short Term Rentals



Background

- Housing Studies
 - Enterprise (2022)
 - Maxfield (2024)
- 2021–2024 Strategic Plan
 - Rehabilitation of existing homes
 - Rental Housing Ordinances "Phase 1"
 - Nuisance/property maintenance
 - Rental Housing Ordinances "Phase 2"
 - Short Term Rental Ordinance
 - 20% Restriction Revisited
 - HRA moved to support both staff recommended motions on March 6, 2025



20% Restriction

PC March 20

EDA March 24

PC April 17 (recommendation)



- Short-term rental license ordinance
- 20% limitation revisions

- May to August 2025
- Tenant protections
- Inclusionary zoning

- Spring 2025 Winter 2026
- · Zoning code revisited
- HRA-facilitated production





Guiding Value: Promote Safe and Stable Housing

- ... affirmatively further fair housing?
- ... ensure all housing is safe and secure in all weather conditions?
- ... address housing conditions and/or increase the supply, variety and affordability of housing types needed?
- ... promote inclusive neighborhoods?



Addressing Short-Term Rentals

Current State of Short-Term Rentals



- Residential properties rented using a 3rd-party booking site
- For fewer than 30 days at a time
- Currently unlicensed and uninspected
- Subject to statewide lodging sales tax
- Not subject to existing Northfield 3% lodging sales tax
- May be operated by absent property owners
- May be owned by multi-national/corporate owners
- -~35 listed on a 3rd party site in Northfield

What does this look like to the owner?

AirBnb lists an Occupancy Tax –
 a sales tax

Northfield established a 3%
 lodging tax to fund the
 Convention and Visitors Bureau
 Without registering these units,
 the CVB can not receive the tax.

Guest paid

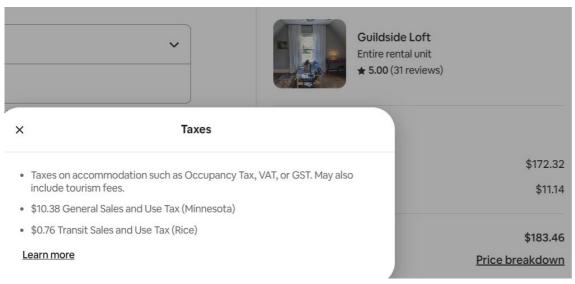
Total (USD)	\$402.14
Occupancy taxes	\$24.41
Guest service fee	\$46.73
Cleaning fee	\$15.00
\$79.00 x 4 nights	\$316.00

Example from the host side of a third-party booking site showing what is included in the payment.



What does this look like to the purchaser?





Before registration

- AirBnb lists the taxes that apply.
 This Northfield listing shows what is captured in the total collected from the "guest."
- Without registering these units, the CVB can not collect the related tax.







Edit



3rd Floor Apartment in The Historic Stahl House

Entire rental unit

★ 4.82 (232 reviews) • \$ Superhost

Your total

\$119.82 x 1 night

20

Taxes

\$119.82

\$11.42

\$131.24

Price breakdown

× Taxes

 Taxes on accommodation such as Occupancy Tax, VAT, or GST. May also include tourism fees.

- \$3.15 Lodging Tax (Mankato)
- \$0.52 Local Sales and Use Tax (Mankato)
- \$7.22 General Sales and Use Tax (Minnesota)
- \$0.53 Transit Sales and Use Tax (Blue Earth)

Learn more

After registration

- Site will show a breakdown of taxes and fees that can include Northfield's 3% lodging tax
- This example is from Mankato.





• Staff recommendation:

- Add definition to the city's code
- License identical to all residential rental properties
- Adopt appropriate standards and conditions
- Limit the number of short-term rental units per person or firm to 10

Benefits:

- All rental units treated the same
- All rental units licensed
- Complaints can be addressed
- Convention and Visitor's Bureau receives lodging tax
- Limit non-local or corporate ownership

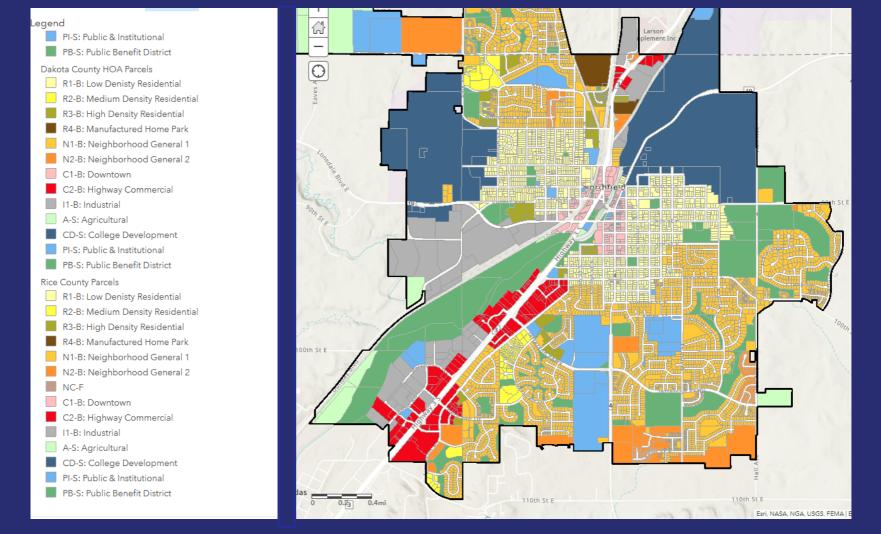


Staff Recommended Action

Pass a resolution recommending the staff recommended changes to the city code of ordinances



Addressing the 20% Limitation in R1 and R2 Zoning Areas



Addressing the 20% limitation in R1 & R2 areas



- Established in 2008 to address concerns:
 - Off-campus student housing
 - Inattentive landlords
 - Nuisance acts and properties
 - Potential unsafe conditions
- ~1,460 lots in R1 & R2
- Includes 13 properties both homesteaded and licensed

Today:

- Colleges rehabilitated and built more housing
- Colleges allow minimal offcampus housing
- Successful licensing and nuisance abatement program
- Unlicensed homes rented
- Homesteaded properties artificially limit availability



Staff Recommendation



Remove limitation: Any property owner in R1/R2 (~1460) may apply for a license

Impact

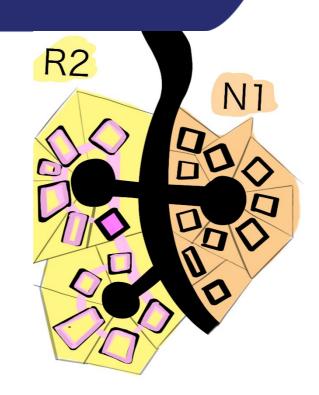
- Increases safety for renters
- Increases housing availability
- Staff has time to address other issues
- Increases fee-based revenue
- May increase economic opportunity for existing property owners



Where zones collide...



- One side of the street can be subject to the restriction while the other is not
- Cul-de-sacs create complications with interpretation



Future Rental Housing "Phase 2" Ordinances

- Tenant protections
 - Source of income protections
- Inclusionary zoning ordinance







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