

ORDINANCE NO. 204, THIRD SERIES

**CITY OF ORONO
HENNEPIN COUNTY, MINNESOTA**

**AN ORDINANCE AMENDING THE ORONO MUNICIPAL CODE
BY ADDING ARTICLE IV TO CHAPTER 26 REGARDING RENTAL LICENSING
AND A PROHIBITION OF SHORT TERM RENTALS**

THE CITY COUNCIL OF ORONO ORDAINS:

SECTION 1. Orono City Code Chapter 26 Businesses is amended by adding a new Article IV as follows:

Sec. 26-80 – Purpose

The Orono City Council finds that to promote the health, safety, and welfare of the residents of the city, assure preservation of the existing housing supply, maintain property values, eliminate substandard and deteriorating rental housing, and maintain a living environment that contributes to healthful individual and family living, it is in the best interest of the residents of Orono to require a license for all residential rental property.

Section 26-81 – Definitions

The following words and terms when used in this Article shall have the following meanings unless the context clearly indicates otherwise.

Applicant means a “person” as defined herein, who completes or signs an application for a license to rent real estate individually or on behalf of a business.

Dwelling means a single-family residence or habitation providing living facilities for one (1) or more persons.

Lease means a written agreement creating a tenancy in real property.

License holder means the owner of property licensed to rent to residents.

Manager means an individual who is hired or is applying to be hired by a licensee and who has or would have the means, within the scope of the individual’s duties, to enter tenants’ dwelling units.

Occupant means any person living, sleeping, cooking, and eating in a rental dwelling unit.

Owner means any person who, alone, jointly, or severally with others, shall be in actual possession of, or have charge, care or control of, any rental dwelling unit within the city as titleholder, employee or agent of titleholder, operator, or trustee or guardian of the estate or person of the titleholder. Any such person representing the actual titleholder shall be bound to comply with the provisions of this Article to the same extent as the titleholder.

Person means One (1) or more natural persons; a partnership, including a limited partnership; a corporation, including a foreign, domestic, or nonprofit corporation; a trust; a political subdivision of the State; or any other business organization.

Qualifying relative means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew or niece. This relationship may be either by blood or marriage.

Rent means leasing, subleasing, letting, or hiring for occupancy.

Rental means a residential living unit that is occupied by people other than the owner and/or qualifying relatives.

Rental charge means any compensation, either monetary or "in lieu of" payments, such as, but not limited to, utilities, upkeep, or repair.

Rental dwelling unit means a dwelling or portion thereof for rent.

Residential building means a structure designed and used for residential rather than commercial or industrial purposes.

Tenant means any adult person granted temporary use of a rental dwelling unit in exchange for rent payable to the owner of the rental unit.

Unit means a dwelling.

Sec. 26-82 – License required.

No person shall operate a rental dwelling unit anywhere within the city without first having obtained a license and paying a license fee.

- (a) Application. An application for a license to rent real property shall be made on a form provided by the city. The application shall include, but is not limited to, requiring the full name of the applicant, property owner, and property manager; the applicant, owner, and property manager business address, e-mail address, and telephone numbers including a twenty-four (24) hour contact phone number; the name of the proposed license holder; and the address for which the license is sought. The completed application along with the application fee shall be submitted to the City Administrator or designee for review. If the City Administrator or designee determines that an application is incomplete, he or she

shall return the application to the applicant with notice of the deficiencies. Should any application information change during the license period, the applicant shall notify the city within seven (7) business days. Failure to do so may be considered a license violation.

- (b) Action. The City Council or its designee may either approve or deny the license, or may delay action for up to sixty (60) days to permit the city to complete any investigation of the application or the applicant as deemed necessary. If the City Council or its designee approves the license, a license shall be issued to the applicant. If the City Council or its designee denies the application, a notice of denial shall be issued to the applicant at the business address provided on the application along with the reasons for the denial. The notice shall also inform the applicant of their right to appeal the decision to the City Council pursuant to the process set forth in City Code Section 26-41. If a license is mistakenly issued or renewed to an applicant or license holder, it shall be revoked by the City Administrator or designee upon the discovery that the person, applicant, or license holder was ineligible for the license under this Article.
- (c) Term. All licenses are issued for a period of two (2) year. Licenses shall expire December 31 of the second year. Refunds of license fees will not be given.
- (d) Adverse License Action. Any license issued under this Article may be suspended, revoked or not renewed as provided in City Code Section 26-86.
- (e) Transfers. All licenses issued under this Article shall be valid only on the premises for which the license was issued and only for the person to whom the license was issued. No transfer of any license to another location or person shall be valid without the prior approval of the City Administrator or designee.
- (f) Renewals. The renewal of a license under this Article shall be handled in the same manner as the original application. Sixty (60) days prior to the expiration of a rental dwelling license, the city will notify the licensee of the upcoming renewal deadline within which to file the rental dwelling license renewal application. The rental dwelling license renewal application shall be submitted a minimum of thirty (30) days prior to the then current license expiration. Renewal applications received after the due date but before the license expiration date shall be subject to late fees as determined by City Council resolution. The issuance of a license under this Article shall be considered a privilege and not an absolute right of the applicant and shall not entitle the holder to an automatic renewal of the license.
- (g) License Standards. No license may be issued or renewed unless all of the following conditions are met.
 - 1. The owner shall provide the city and any tenant with a twenty-four (24) hour emergency contact that will be available to respond to complaints regarding

the condition, operation, or conduct of occupants of a rental unit at the rental property within sixty (60) minutes.

2. The rental property must have a visible house number that can be easily seen by from the street both day and night.
 3. All advertising for the rental shall include the city issued license number.
 4. The primary overnight and daytime occupant of a rental unit must be an adult eighteen years of age or older. This adult must provide a telephone number to the owner and shall be accessible to the owner by telephone at all times.
 5. Minimum of two off street parking spaces shall be provided. The maximum number of vehicles allowed at a rental property shall be limited to the number of available off street parking spaces.
 6. The owner of a rental property shall provide sufficient trash collection containers and service to meet the demands of the occupants.
- (h) Denials. The following shall be grounds for denying the issuance or renewal of a license under this Article. The following list is not exhaustive or exclusive.
1. The applicant has more than one (1) license to lease rental property revoked within the preceding twelve (12) months of the date of the application.
 2. The applicant fails to provide any information required on the city license application or license fee, or provides false or misleading information.
 3. A development contract or land use requirement that restricts rental units.
 4. The applicant fails to meet or comply with the license standards enumerated in Section 26-82 (g).
 5. The applicant fails to take any action required by City Code Section 26-87.
- (i) Consideration of Suspension or Revocation. At any time during the license period, if a rental property does not meet or exceed the criteria established for the current license, the license may be brought forth to the City Council for consideration of license suspension or revocation.

Sec.26-83 – Exceptions

A property owner that leases the subject property as set forth on the following list is exempt from the rental licensing requirements of this Article but not other regulations or codes applicable to structures or properties:

- (a) Retail/commercial/industrial rental activities.
- (b) Rental property which is licensed as a nursing home or boarding care home by the State of Minnesota Department of Health and state licensed residential facilities. This exception shall not apply if no services are provided to the tenants, or the services are incidental to, or independent of, the landlord/tenant relationship.
- (c) Residential property that is occupied by the owner or the owner's qualifying relative and two (2) or less tenants where the owner and the tenants share all living space within the dwelling.
- (d) Residential property that has been sold on contract for deed so long as the vendee occupies the property and the sale document used to memorialize the sale is a Minnesota uniform conveyancing blank or is recorded with the Hennepin County Recorder's Office and a copy is provided to the City upon request.
- (e) Dwellings owned by a member of the United States Armed Services who is on active duty and the property is rented to another person during the time of active duty. The owner must provide the City with a copy of the owner's current military orders and must occupy the property when not on active duty as the owner's primary residence.

Sec. 26-84 – License Suspension, Revocation, and Nonrenewal

- (a) The following actions by property owners or license holders are misdemeanors and are subject to civil penalties, may constitute the basis for suspension, revocation, or nonrenewal of licenses, and may result in injunctive action by the City. The property owner shall be responsible for the conduct of its agents and employees while engaged in normal business activities on the licensed premises. Any violation of this Article shall be considered an act of the property owner or license holder for purposes of imposing a civil penalty or license suspension or revocation. If a license is suspended or revoked it is unlawful for the owner to permit new occupancy of any vacant rental unit, or any units that become vacant during the license injunction.
- (b) Basis for Sanctions. The City Administrator or designee may revoke, suspend, or decline to renew any license issued under this Article for part or all of a rental residential building or rental dwelling unit upon the following grounds.
 - 1. Leasing without a license. Leasing residential units without a license or units subject to license suspension or revocation.
 - 2. Violations of Codes. Violation of the building, fire, or safety code.
 - 3. Commission of a Felony. Commission of a felony related to the licensed activity by the property owner or manager.

4. Updated Application Information. Failure to provide updated application information during the license period.
 5. False Statements. False statements on any application or other information or report required by this Article to be given by the applicant or licensee.
 6. Fees. Failure to pay any application fee or penalty required by this Article or City Council resolution.
 7. Delinquent Taxes or Fines. Real estate or personal property taxes have become delinquent or unpaid fines.
 8. Failure to Meet License Standards. Failure to meet the license standards enumerated in City Code Section 26-82 (g).
 9. Disorderly Use. Failure to take any action required by City Code Section 26-87.
- (c) Upon denial, suspension, revocation or other enforcement action on a license, the city will notify all affected tenants of the action against the license. If the license is revoked or suspended the licensee may not let, rent, or allow to be occupied any vacant dwelling units, or dwelling units that become vacant during the revocation or suspension period.
- (d) The minimum penalty for three or more violations of this Article relate to the same license within a twelve (12) month period is suspension of the rental license for twelve (12) months.

Sec. 26-85 – Inspections

- (a) The City may conduct an inspection of the rental property as deemed necessary or prudent prior to issuance or renewal of a license and without limitation based upon any complaints or violations that occur.
- (b) Any Code violation noted by the city must be remedied in a timely fashion by the property owner and re-inspected for compliance by the city. The applicant is responsible for re-inspection costs.

Sec. 26-86 – Short Term Rentals Prohibited

No person may rent or lease a rental dwelling unit for a term less than 30 days except that a rental license may be issued and used for rental terms less than 30 days if all of the following conditions are met:

- (a) The rental dwelling unit is located in a home that is owner occupied.

(b) The rental dwelling unit to be rented is no more than two (2) bedrooms.

(c) All license standards enumerated in City Code Section 26-82 (g) are adhered to.

Sec. 26-87 – Disorderly Use by Tenants

The owner shall ensure that the occupants and guests of a rental unit do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate any provision of the City of Orono Code or any State law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol, or the use of illegal drugs. Owners are expected to take any measures necessary to abate disturbances including, but not limited to, directing the occupants and guests of a rental to cease the disturbing conduct, removing the occupant and/or guest or taking any other action necessary to immediately abate the disturbance.

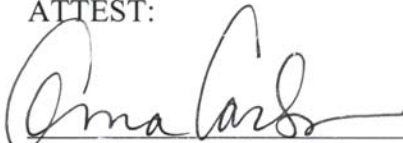
Sec. 26-88 – Penalties

A violation of this Article is a misdemeanor under state law. In addition, the city may impose a civil penalty in the amount of one thousand dollars (\$1,000) for renting, leasing, or occupying a rental residential building or rental dwelling unit or part thereof without a license. Failure to pay civil fines or penalties may result in future license ineligibility. Nothing in this Article may be construed to limit the city's other available legal remedies for any violation of law. Each day that the property owner or license holder is in violation of this Article constitutes a separate violation.


SECTION 2. EFFECTIVE DATE: This ordinance shall take effect April 1, 2018 after its passage and publication.

ADOPTED this 26th day of February, 2018 on a vote of 3 ayes and 1 nay by the City Council of Orono, Minnesota.

ATTEST:



Anna Carlson, City Clerk



Dennis Walsh, Mayor

Ordinance published in The Laker and The Pioneer newspapers the week of March 17, 2018.