



MEMO

MEMO DATE: July 21, 2021
TO: Ordinance Review Committee
FROM: Heidi Murphy
RE: Discuss Short-Term Rentals Regulation

Village staff and elected officials have recently received a number of inquiries regarding short-term rental properties utilizing Airbnb, VRBO or similar service. Currently, the zoning ordinance does not address short-term rentals. The ordinance currently only addresses municipal room tax collection for these types of properties.

Typically, if a land use is not specifically addressed by the ordinance it is deemed not to be allowed. However, Wisconsin Act 59 prohibits local jurisdictions from prohibiting stays between 7 and 29 days and sets parameters for other regulations of short-term rentals.

All Dane County short-term rentals are regulated as “Tourist Rooming Houses” and must be licensed through Public Health Madison & Dane County (PHMDC) and inspected annually to verify the operation meets all requirements of Wisconsin law related to general public health.

Some Dane County municipalities have enacted laws that strike a balance between the competing rights of property owners. Homeowners or renters can earn extra money renting out space in a home, but reasonable restrictions ensure that neighbors retain the right to control the type of neighborhood they are living in. For example, McFarland and Waunakee have enacted ordinances that require licensing or additional regulations on short-term rentals.

The Cottage Grove Plan Commission considered ordinance amendments in 2018 and decided not to modify the ordinances at that time. It has been requested by at least one resident that the appropriate committee(s) revisit this topic. Here is some additional information staff provided during the discussion in 2018.

McFarland Requirements Summary

- No person shall be allowed to own or operate more than one tourist rooming house
- Every owner must appoint a local agent who will be available if the owner is absent
- The owner must acquire a Village permit in addition to all State permits
- The owner must have a Wisconsin seller’s permit
- Permits are reviewed by the Public Safety committee, and neighbors within 300 feet are notified regarding the meeting at which the permit will be considered
- The owner must have a nuisance response plan
- There are regulations related to occupancy and parking

Additional examples can be provided, such as Union Grove’s, with a minimal approach laying out some regulations but does not appear to actively review or license the facilities at the municipal level.



Considerations for a Village of Cottage Grove Ordinance if we proceed with an update.

There are a number of issues that should be considered prior to drafting specific ordinance language for a Village ordinance. Some of these include:

- Maximum/minimum length of stay (within the 7-29 days)
- Number of days per year
- Neighborhood impacts
 - o Parking
 - o Noise
 - o Use of outdoor amenities (pool, fire pit, grill, etc)
 - o Smoking policy
 - o Display of permit
 - o Additional restrictions for duplex or multi-family units
- Permitting
 - o Process and deadlines for acquiring permit
 - o Application submittal requirements
 - o Renewal procedures
 - o Verification of state licenses
 - o Local inspection? (Fire/building inspector)
 - o Use of local agent; if so, requirements for agent
 - o Enforcement/nuisance management
 - o Fees
 - o Committee review/public input process
 - o Occupancy and parking
 - o Insurance requirements
 - o Transferability, if any
- Room tax - this portion will be addressed with new guidance from legislature and building of hotel will provide the system for room tax use (see Tourism Committee).
 - o Collection
 - o Enforcement
 - o Use of revenue