



## **AGENDA**

### ***PINE COUNTY BOARD SPECIAL MEETING***

District 1	Commissioner Hallan
District 2	Commissioner Mohr
District 3	Commissioner Lovgren
District 4	Commissioner Waldhalm
District 5	Commissioner Ludwig

**SPECIAL MEETING – Committee of the Whole  
Tuesday, June 28, 2022 – 10:00 a.m.  
Nemadji Research  
7564 Birch Street, Bruno, Minnesota**

1. Call to Order
2. Pledge of Allegiance
3. **Water Quality/Watershed Protection and Management** (Caleb Anderson, Land and Resources Manager; Paul Swanson, SWCD District Manager; Erin Loeffler, BWSR Conservationist)
  - A. State and Local Water Quality Measurement Processes
  - B. One Watershed One Plan
  - C. SWCD water quality initiatives
  - D. County water quality initiatives
4. **Short Term Rentals** (Lezlie Sauter, Economic Development Coordinator)
  - A. Overview of Short Term Rentals
  - B. Board discussion. This item is intended as educational, and no policy direction is needed. Commissioners can decide if any further information or study is desired.
5. Adjourn

# PINE COUNTY COMMITTEE OF THE WHOLE MEETING

---

Caleb Anderson, Pine County Planning, Zoning, and Solid Waste Department

Erin Loeffler, MN Board of Water and Soil Resources

Paul Swanson, Pine Soil and Water Conservation District

06/28/2022



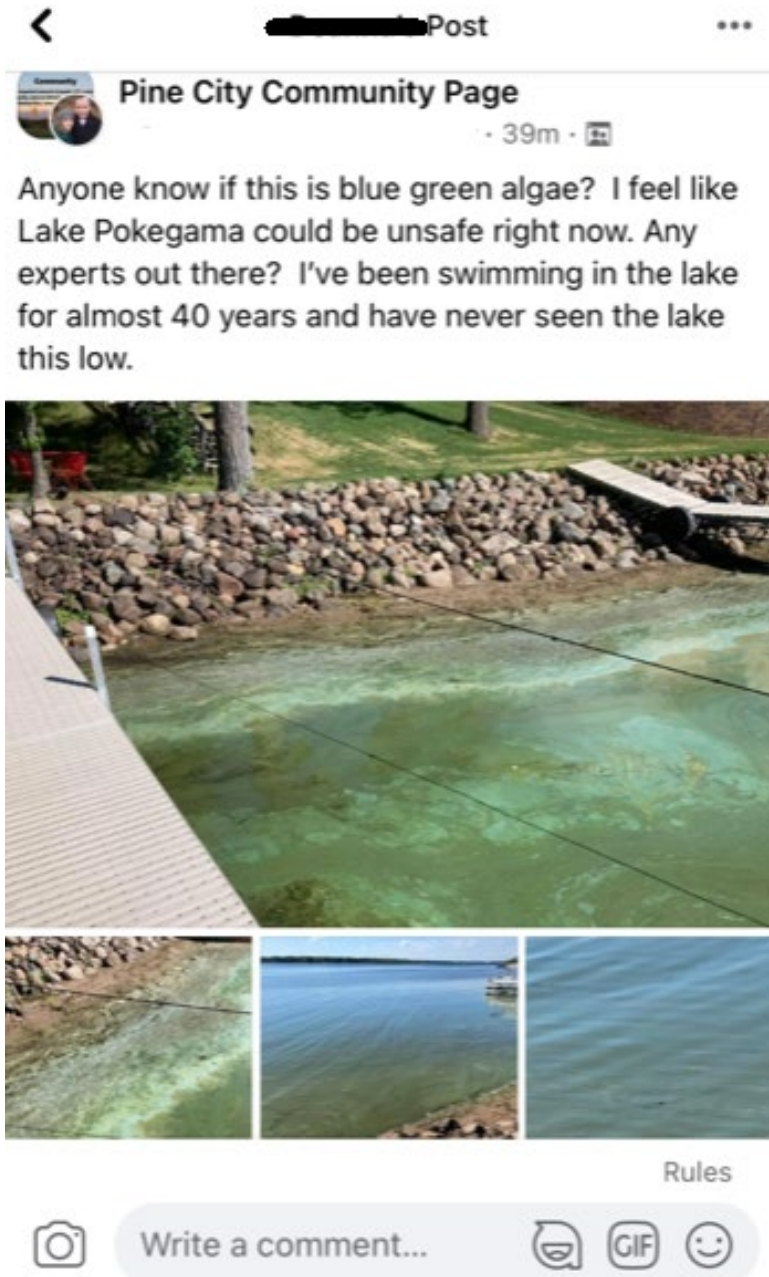
Kettle River  
northern Pine County



Counties along with state and local partners are investing significantly in protection and restoration of water resources.

# Pokegama Lake

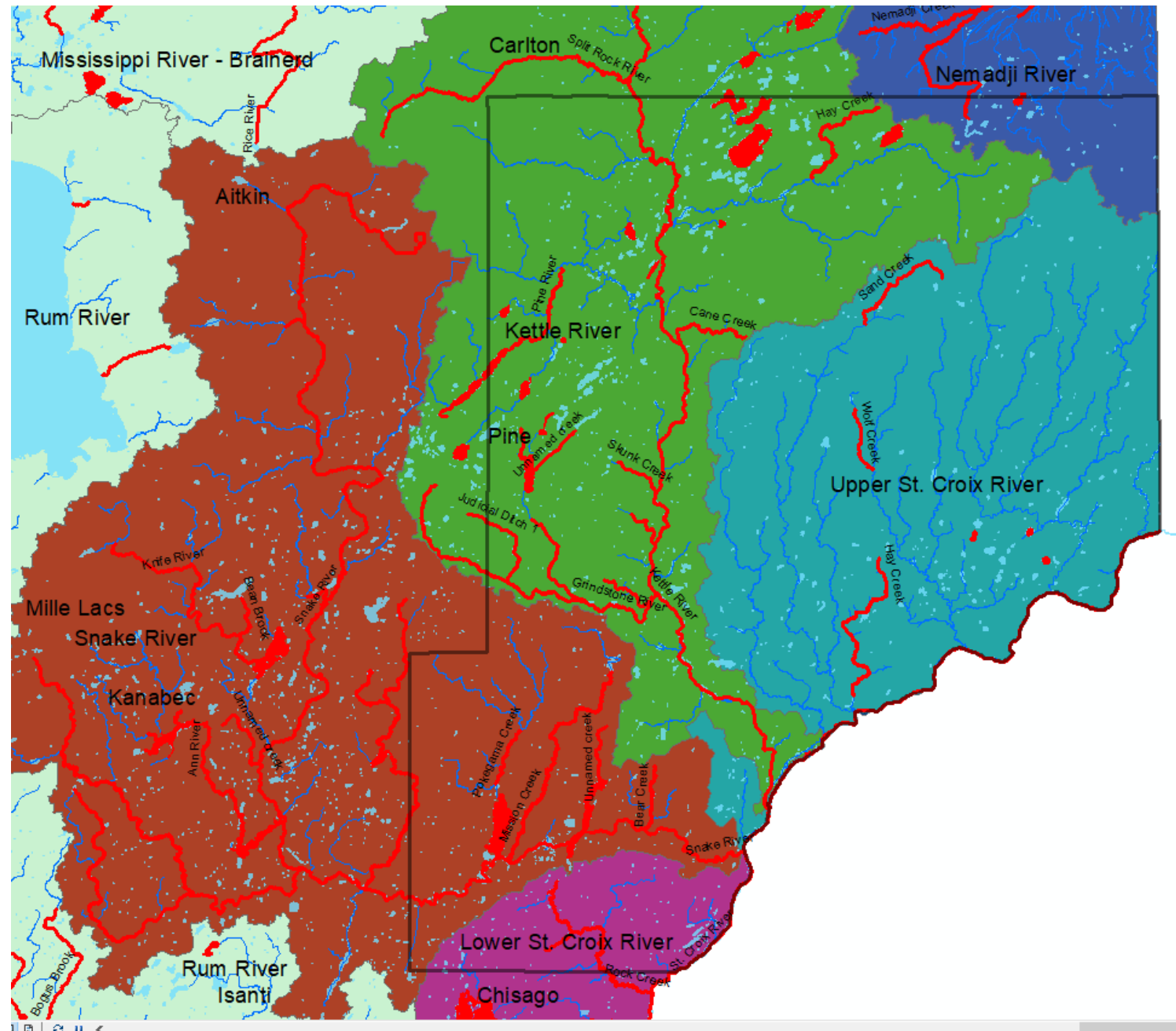
## June 2021





## Impaired Waterways of Pine County and associated watersheds

Red lakes and rivers are impaired, there are 66 total

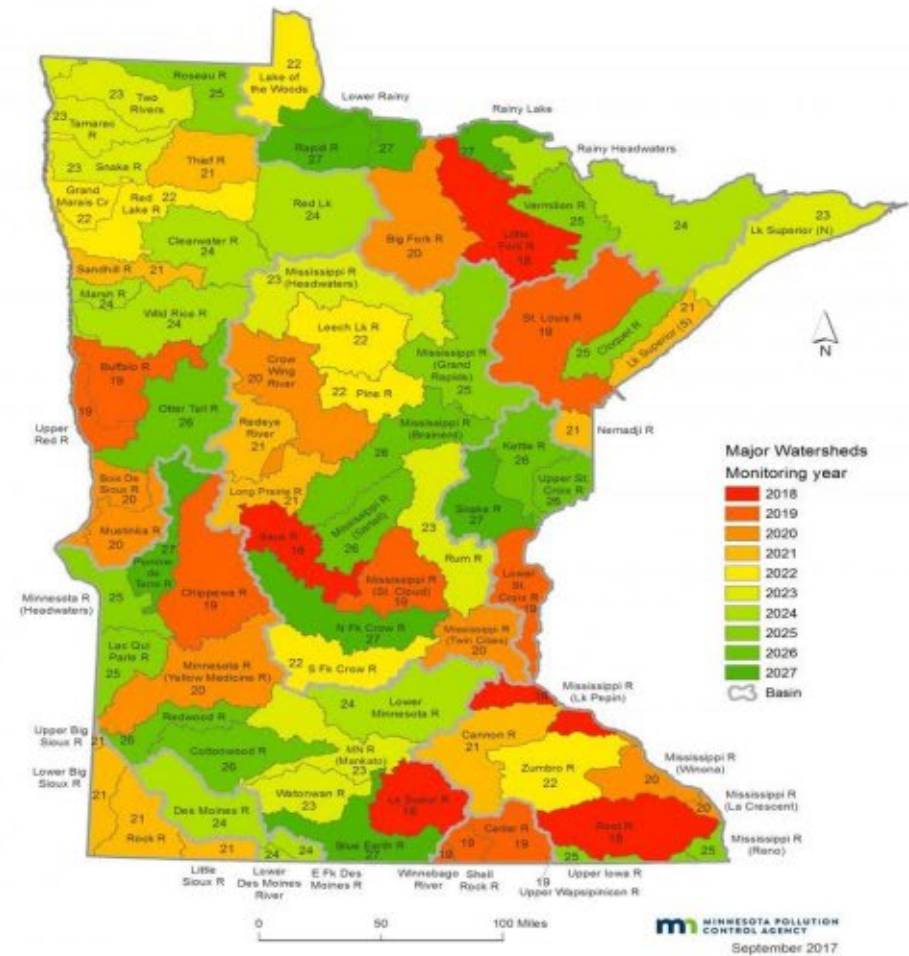


# MPCA's Current Watershed Cycle and Approach

The red arrow emphasizes the important connection between state water programs and local water management. Local partners are involved - and often lead - in each stage in this framework.



**Watershed Lake and Stream Monitoring Schedule (2018 - 2027)**



The federal Clean Water Act requires states to designate beneficial uses for all waters and develop water quality standards to protect each use.

State Defined Beneficial Uses of Public waters

- Class 1: Domestic consumption
- Class 2: Aquatic life and recreation
- Class 3: Industrial consumption
- Class 4: Agricultural and wildlife
- Class 5: Aesthetics and navigation
- Class 6: Other uses
- Class 7: Limited Resource Value Water (LRVW)

*53 of Pine Counties 66 impairments are Class 2*

Monitoring Lakes for Aquatic Life, MN DNR and MPCA

- Index of Biological Integrity
- Gill netting, Trap netting, electrofishing, seining
- Indicator of Lake Biological Health on Regional Basis



Monitoring Lakes for Chemistry, MPCA

- 1-2 years of MPCA visits
- Local Partners
- Several parameters: total phosphorus, sulfate, Dissolved Oxygen, transparency, etc



# Cross Lake TMDL Example



November 2013

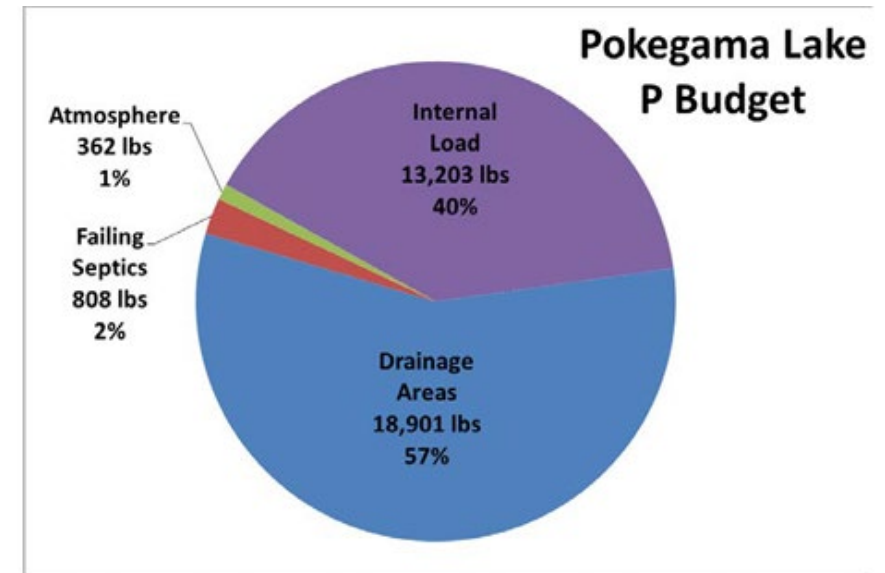
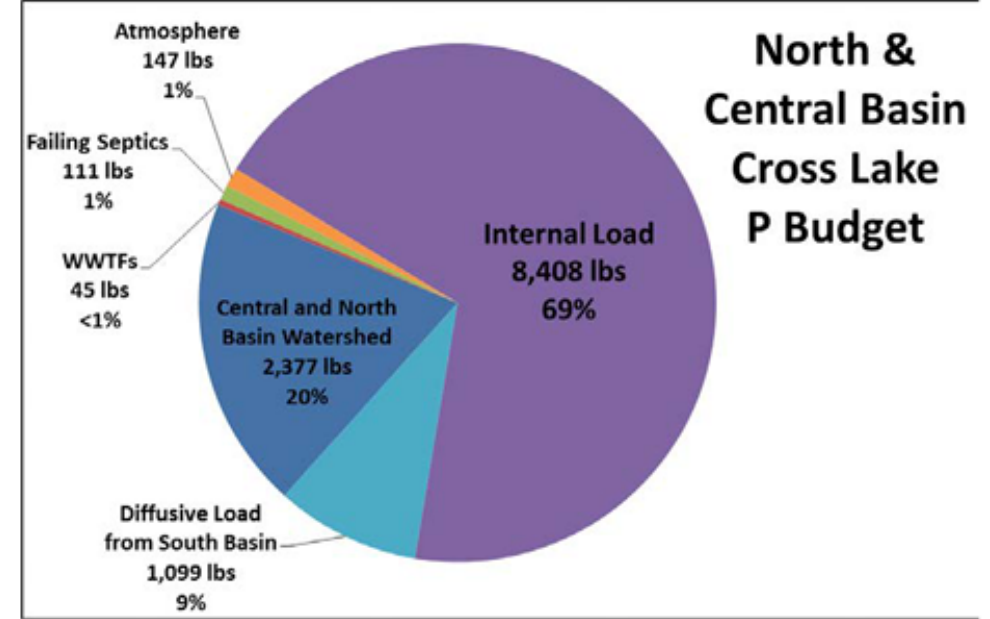
## Snake River Watershed TMDL

Prepared for:  
**Minnesota Pollution Control Agency**  
520 Lafayette Road North  
St. Paul, MN 55155-4194

Prepared by:  
**Wenck Associates, Inc.**  
1800 Pioneer Creek Center  
P.O. Box 249  
Maple Plain, Minnesota 55359-0249  
(763) 479-4200



Figure 4.4. Cross Lake average annual TP budget.



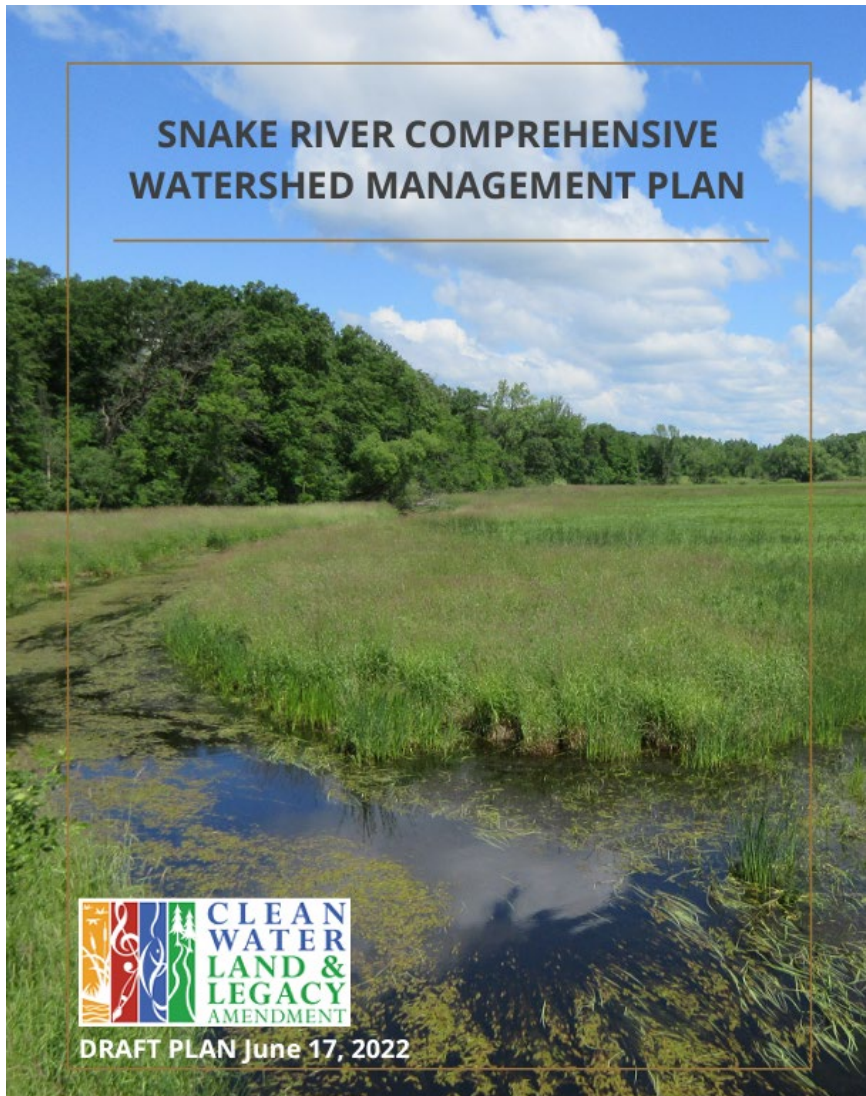


One ton of sediment is capable of containing one pound of phosphorus; which is capable of growing 500 pounds of algae.

Table 4-12. Cross Lake North and Central Basin Total Maximum Daily Load allocations.

Allocation	Source	Existing TP Load <sup>1</sup>	TP Allocations		Load Reduction	
		(lbs/year)	(lbs/year)	(lbs/day) <sup>2</sup>	(lbs/year) <sup>3</sup>	%
Wasteload Allocation	North & Central Basin Watershed Construction & Industrial Stormwater	21	21	<0.1	0	0%
	South Basin Diffusive Flux Construction & Industrial Stormwater <sup>4</sup>	21	21	<0.1	0	0%
	South Basin Diffusive Flux WWTFs <sup>5</sup>	45	29	<0.1	16	36%
	ITPHS Septics	111	0	0.0	111	100%
Load Allocation	South Basin Diffusive Flux	1,078	1,947	5.3	(+)869	--
	Direct Watershed Load <sup>6</sup>	2,356	1,220	3.3	1,136	48%
	Internal	8,408	3,053	8.4	5,355	64%
	Atmosphere	147	147	0.4	0	0%
Reserve Capacity		--	7	<0.1	--	--
MOS		--	339	0.9	--	--
<b>TOTAL</b>		<b>12,187</b>	<b>6,784</b>	<b>18.6</b>	<b>5,749</b>	<b>47%</b>

# Snake River 1W1P: Ten-year water quality goals



Approximately 1/3 of the excess watershed loading in Cross Lake will be corrected if we meet this goal.

Goal 1 Reduce phosphorus in priority impaired lakes by 420 pounds per year.

Goal 2 Protect priority unimpaired lakes by maintaining or reducing current phosphorus levels.

Goal 3 Reduce sediment in priority streams and rivers by 220 tons per year.

Goal 4 Reduce E. coli exceedances in priority impaired streams and rivers by 10%.

# Awkward Family Photo

And now let's discuss  
One Watershed One Plan

Collaboration with watershed  
partners





## Program Vision



**One Watershed  
One Plan**

Develop prioritized, targeted and measurable local implementation plans aligned with state strategies on major watershed boundaries.

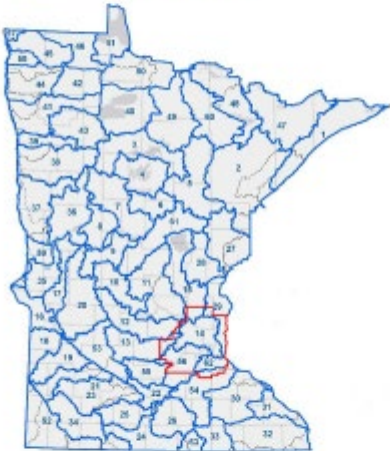




# One Watershed One Plan

## Transition Plan

Version 1.0



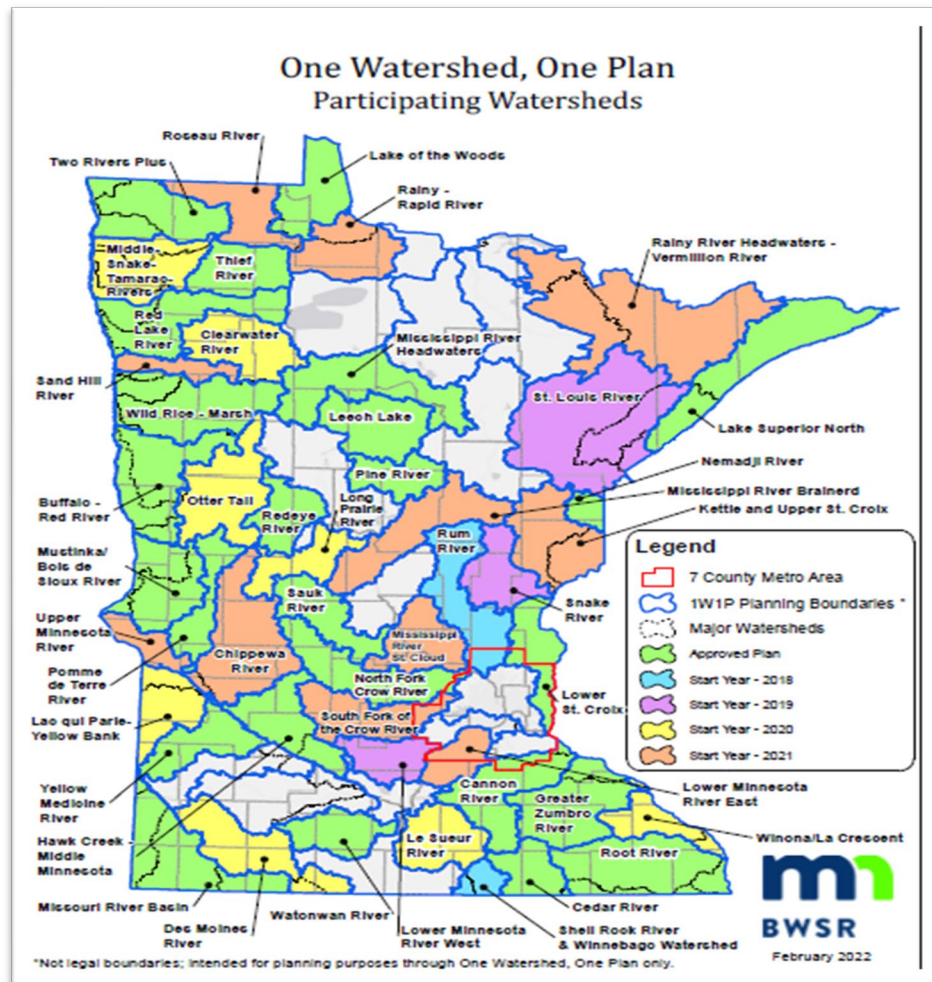
May 2016



**Vision:** The vision of One Watershed, One Plan is to align local water planning on major watershed boundaries with state strategies towards prioritized, targeted and measurable implementation plans – the next logical step in the evolution of water planning in Minnesota.

**Purpose:** The purpose of this Transition Plan is to outline expectations and identify incentives for local governments to participate in development and implementation of comprehensive watershed management plans in order to achieve statewide transition by 2025.

# Program Status



**One Watershed  
One Plan**



**Comprehensive  
Watershed  
Management  
Plan**

# Watershed-based Funding Program



## Guiding Principles

### Watershed-based Funding Pilot Program

---

#### Vision

*BWSR's vision is to move towards more systematic Clean Water Funding for local water management (LWM) authorities on a watershed basis. This funding approach will result in greater efficiency and effectiveness for both LWM authorities and the state and is critical for Minnesota to reach its clean water goals. This funding model could also serve as a future framework for broadening funding to include other state funding sources associated with supporting LWM activities.*

#### Purpose

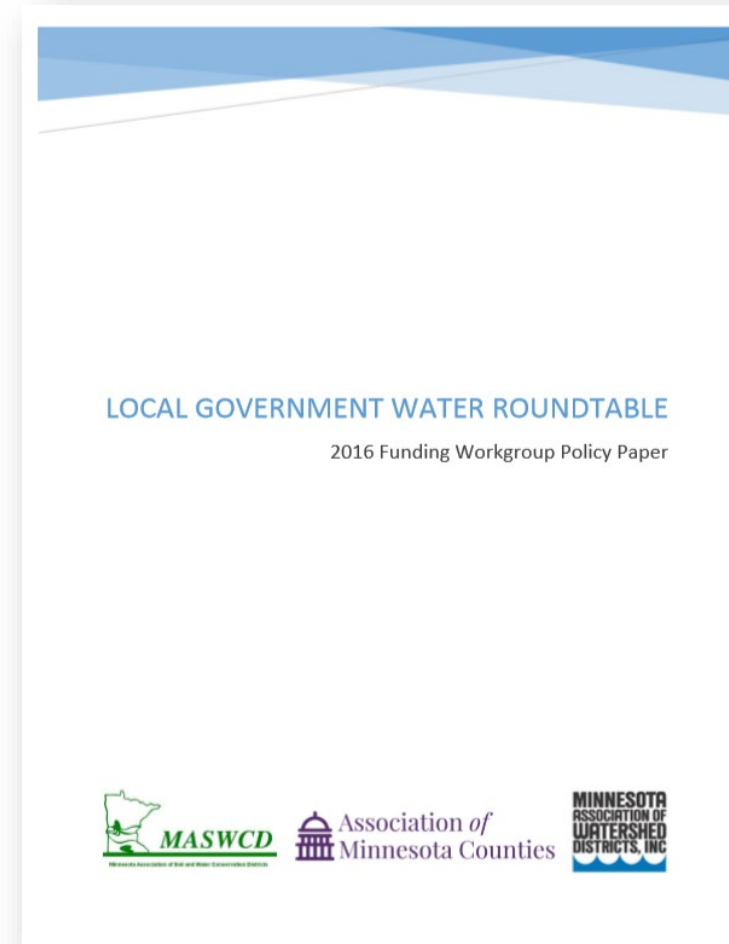
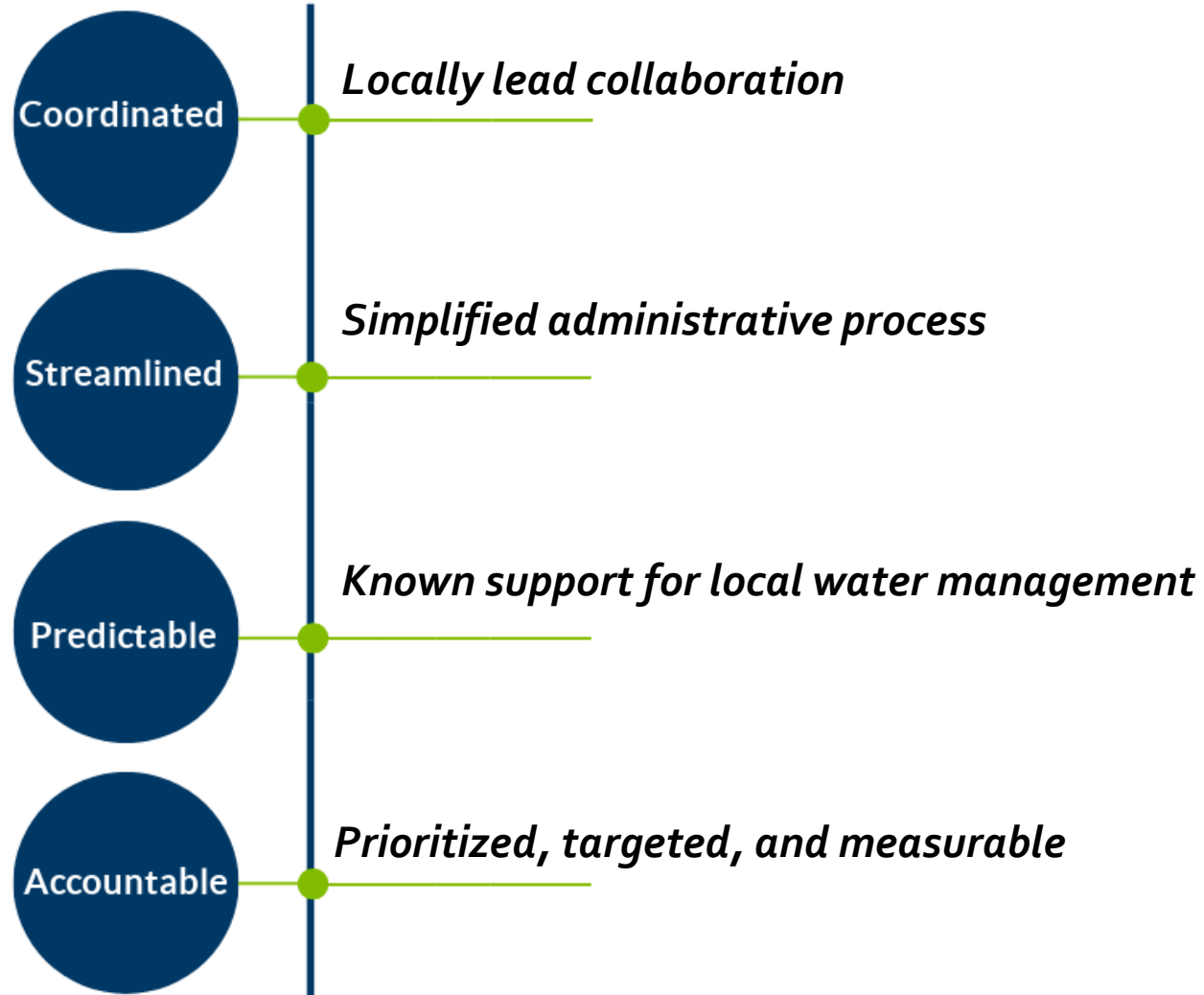
*The purpose of this document is to further outline this vision by providing the guiding principles that will direct and influence future policies and procedures for Clean Water Funds appropriated to the Board of Water and Soil Resources for the purposes of implementing comprehensive watershed management plans. Eligible watersheds are defined as those areas that have watershed management plans developed under the One Watershed, One Plan Program or the Metropolitan Surface Water Management Act.*

- **Watershed-based funding will be used to implement activities identified in comprehensive watershed**

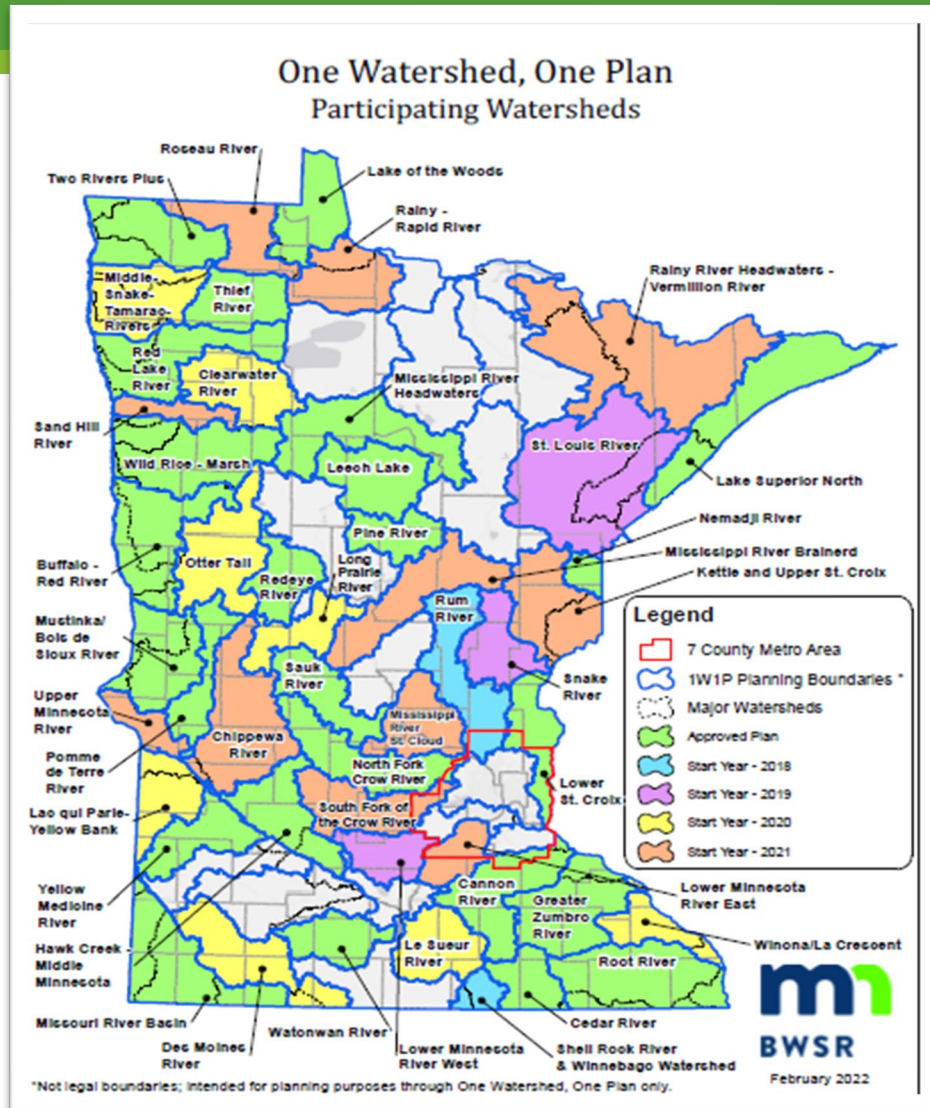




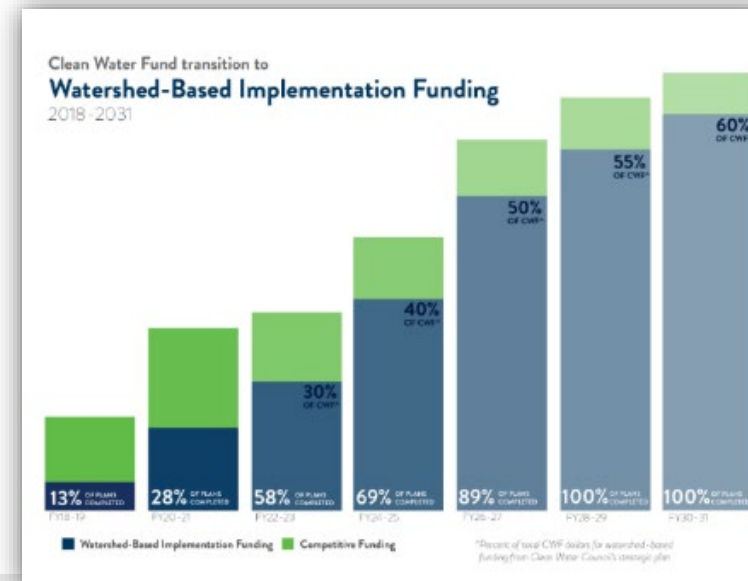
# Why watershed-based funding?



# Watershed-Based Implementation Funding (WBIF) Program



- FY18-19 = \$9,750,000 (pilot)
- FY20-21 = \$26,966,000
- FY22-23 = \$43,564,000



# BOARD ORDER

## Clean Water Fund Watershed-based Implementation Funding Program

### PURPOSE

Authorize the fiscal years 2022-2023 Clean Water Fund Watershed-based Implementation Funding Program (Program) and adopt the Program Policy.

### FINDINGS OF FACT / RECITALS

1. The Laws of Minnesota 2021, 1<sup>st</sup> Special Session, Chapter 1, Article 2, Sec. 6(a) appropriated \$21,197,000 for fiscal year 2022 and \$22,367,000 for fiscal year 2023 for performance-based grants with multiyear implementation plans to local government units.
2. The Board has authorities under Minnesota Statutes §103B.3369 and 103B.101 to award grants and contracts to accomplish water and related land resources management.
3. The Board has authorities under Minnesota Statutes §103B.101, Subd. 14 and 103B.801 to approve comprehensive watershed management plans, Minnesota Statutes §103B.255 to approve county groundwater plans, Minnesota Statutes §103C.401 to approve soil and water conservation district plans, and Minnesota Statutes §103B.231 to approved watershed management plans.
4. The fiscal years 2022-2023 Clean Water Fund Watershed-based Implementation Funding (WBIF) Program policy was created to provide expectations for subsequent implementation activities conducted with these funds.

Table 1: FY2022 and FY2023 Watershed-based Implementation Funding Grant Statewide Allocations

1W1P Planning Area #	1W1P Planning Grant Year*	1W1P Name	FY22/23 Allocation	Fiscal Year Funding
1	Pilot (approved)	Lake Superior North	\$599,767	2022
12	Pilot (approved)	North Fork Crow River	\$1,120,477	2022
32	Pilot (approved)	Root River	\$1,469,595	2022
41	Pilot (approved)	Red Lake River	\$1,071,149	2022
19	Pilot (approved)	Yellow Medicine River	\$814,603	2022
4	2016 (approved)	Leech Lake River	\$598,115	2022
51	2016 (approved)	Lake of the Woods	\$621,173	2022
42	2016 (approved)	Thief River	\$529,892	2022
17	2016 (approved)	Pomme de Terre River	\$717,428	2023
54	2016 (approved)	Cannon River (non-metro)	\$1,028,658	2023
33	2016 (approved)	Cedar River	\$593,987	2022
52	2016 (approved)	Missouri River Basin	\$1,320,445	2022
35	2016 (approved)	Mustinka/Bois de Sioux	\$1,064,522	2023
6	2017 (approved)	Pine River	\$482,142	2022
10	2017 (approved)	Sauk River	\$832,550	2022
37	2017 (approved)	Buffalo-Red River	\$1,296,838	2023
29	2017 (approved)	Lower St. Croix River (non-metro)	\$471,070	2023
25	2017 (approved)	Watsonwan River	\$700,477	2023
38	2018 (approved)	Wild Rice - Marsh River	\$1,371,259	2023
45	2018 (approved)	Two Rivers Plus	\$1,062,253	2022
8	2018 (approved)	Leaf, Wing, Redeye River	\$706,488	2023
64	2018 (approved)	Nemadji River	\$250,000	2023
30	2018	Greater Zumbro River	\$1,216,243	2022
3	2018 (approved)	Mississippi River Headwaters	\$861,581	2022
53	2018	Hawk Creek - Middle Minnesota	\$942,433	2022
63	2018	Shell Rock River/Winnebago	\$322,128	2022
15	2018	Rum River (non-metro)	\$1,011,327	2022
55	2019	Lower Minnesota River West	\$596,617	2023
28	2019	Snake River	\$636,684	2022
2	2019	St. Louis River	\$1,475,535	2023
44	2020	Middle Snake Tamarac Rivers	\$1,099,173	2023

43	2020	Clearwater River	\$974,726	2023
36	2020	Ottertail	\$1,265,049	2023
9	2020	Long Prairie River	\$714,854	2023
18	2020	Lac qui Parle/Yellow Bank	\$623,429	2022
34	2020	Des Moines River	\$1,414,031	2022
26	2020	Le Sueur River	\$860,588	2023
31	2020	Winona/ La Crescent	\$577,696	2022
		<b>Statewide Subtotal</b>	<b>\$33,314,982</b>	

# FY 22 & 23 Biennial Funding

- Nemadji River: \$250,000
- Kettle River: Similar to Snake
- Snake River: \$636,684
- Lower St. Croix River: \$471,070 (non-metro)+ Lower St. Croix River (Metro)  
\$807,509 = \$1,278,579
  - 6/22/2022 Metro LSC Partnership agreed to pool all the WBIF funds to the greater partnership.
  - FY2020 funding it pooled ~\$1,264,531 Chisago SWCD Fiscal Agent





# 1W1P Joint Powers

February 26, 2020

Presented by:

Karen Clayton Ebert  
[kebert@mcit.org](mailto:kebert@mcit.org)

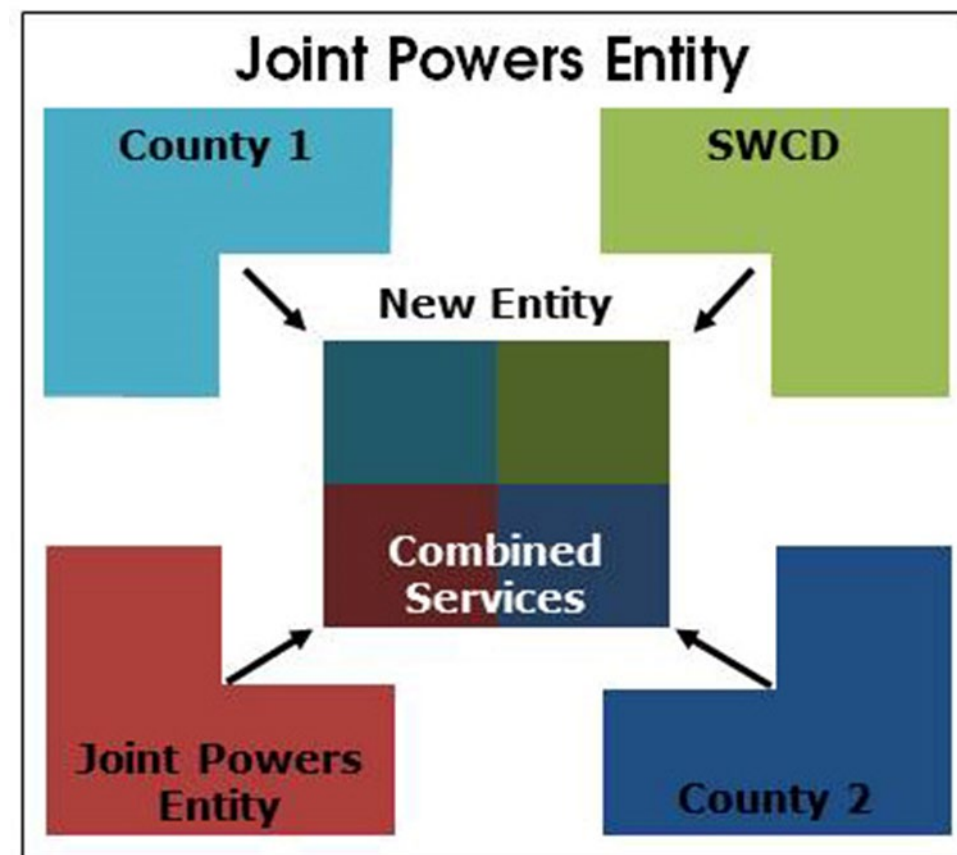
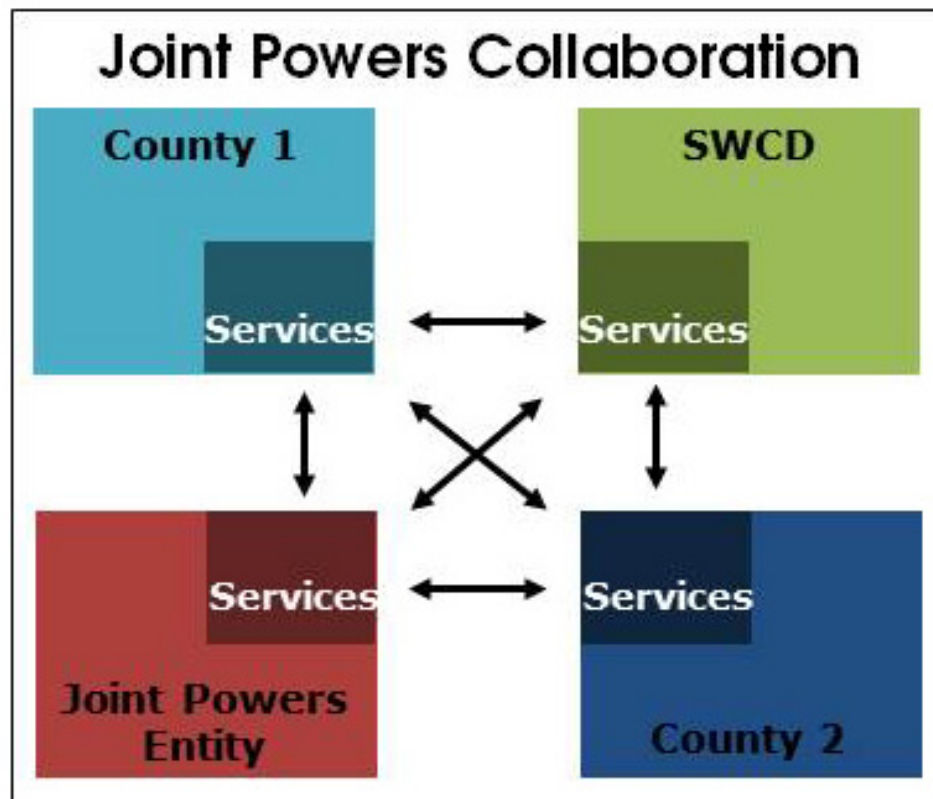
Jen Wolf  
[jwolf@mcit.org](mailto:jwolf@mcit.org)

The information contained in this document is intended for general information purposes only and does not constitute legal or coverage advice on any specific matter.

# Joint Powers Agreements

- Minnesota Statutes, Section 471.59
- Joint Powers Statute
  - Permits government units to join as one to accomplish common goals
  - May form a new entity
  - May remain separate entities and share resources
  - Agreement must include mandatory statutory provisions

# Joint Power Agreements

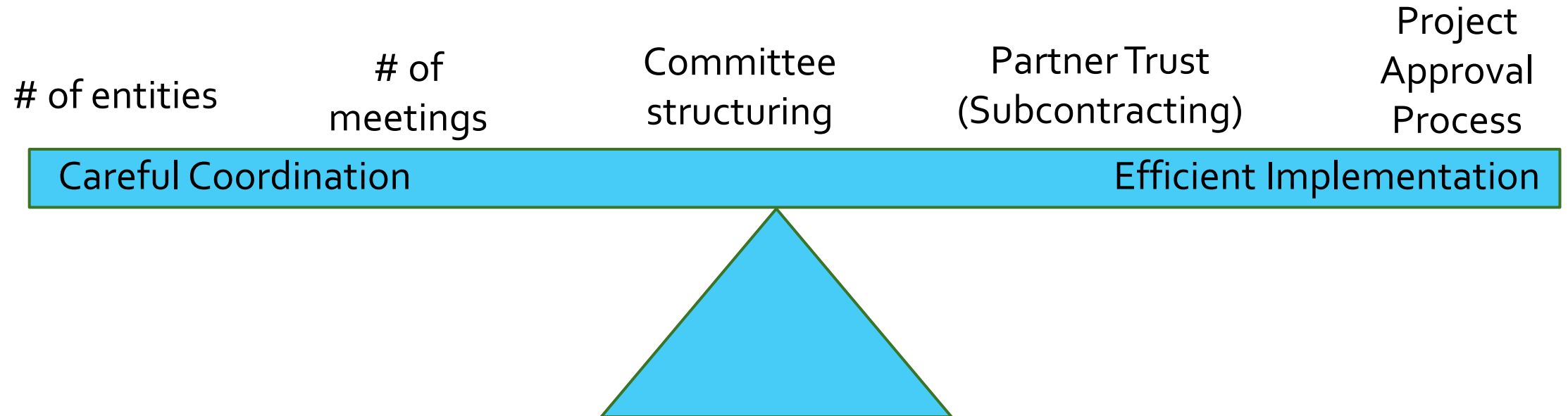


# Implementation Structures- as of 2020

Planning Area	Collaboration	Entity
Root River	X	
Yellow Medicine River	X	
Lake Superior North	X	
Red Lake River	X	
North Fork Crow River	X	
Leech Lake River	X	
Pine River	X	
Lake of the Woods		X
Missouri River Basin		X
Cedar River	X	
Cannon River		X
Pomme de Terre River		X (existing PDTRA)
Lower St. Croix River	X	



# The Balancing Act of Implementation



# Status Update

- Nemadji: First Biennium of implementation to be completed 2023
- Kettle/Upper St. Croix: Just beginning planning phase. Anticipated adoption is Fall 2023
- Snake: Draft plan recently completed. Adoption anticipated January 2023
- Lower St. Croix: Second year of first biennium now beginning.



## Grant All-Detail Report

### Watershed Based Implementation Funding Phase I 2020

**Grant Title** - Lake Superior North Watershed Based Funding

**Grant ID** - C20-9833

**Organization** - Lake County

Original Awarded Amount	\$330,508.00	Grant Execution Date	3/20/2020
Required Match Amount	\$33,050.80	Original Grant End Date	12/31/2022
Required Match %	10%	Grant Day To Day Contact	Christine McCarthy
Current Awarded Amount	\$330,508.00	Current End Date	12/31/2022

#### Budget Summary

	Budgeted	Spent	Balance Remaining*
Total Grant Amount	\$330,508.00	\$99,399.68	\$231,108.32
Total Match Amount	\$33,350.80	\$0.00	\$33,350.80
Total Other Funds	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$363,858.80</b>	<b>\$99,399.68</b>	<b>\$264,459.12</b>

*\*Grant balance remaining is the difference between the Awarded Amount and the Spent Amount. Other values compare budgeted and spent amounts.*

# What the workplan said they would accomplish

	Subsistence	State Grant	Local Funding				
Groundwater Nutrient Load Reduction Initiative through SSTs Abatement	Subsurface Sewage Treatment Systems	Current State Grant	Lake Superior North Watershed Based Funding	\$160,000.00	\$87,623.02	2/10/2022	N

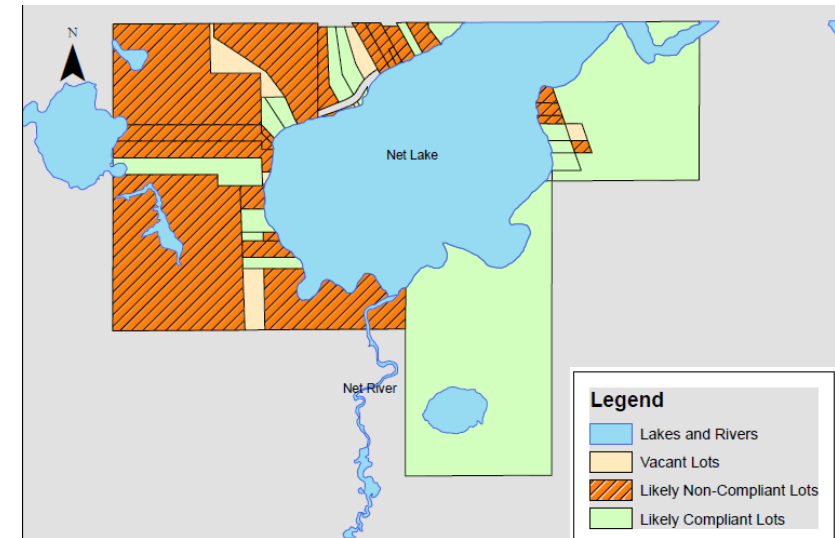
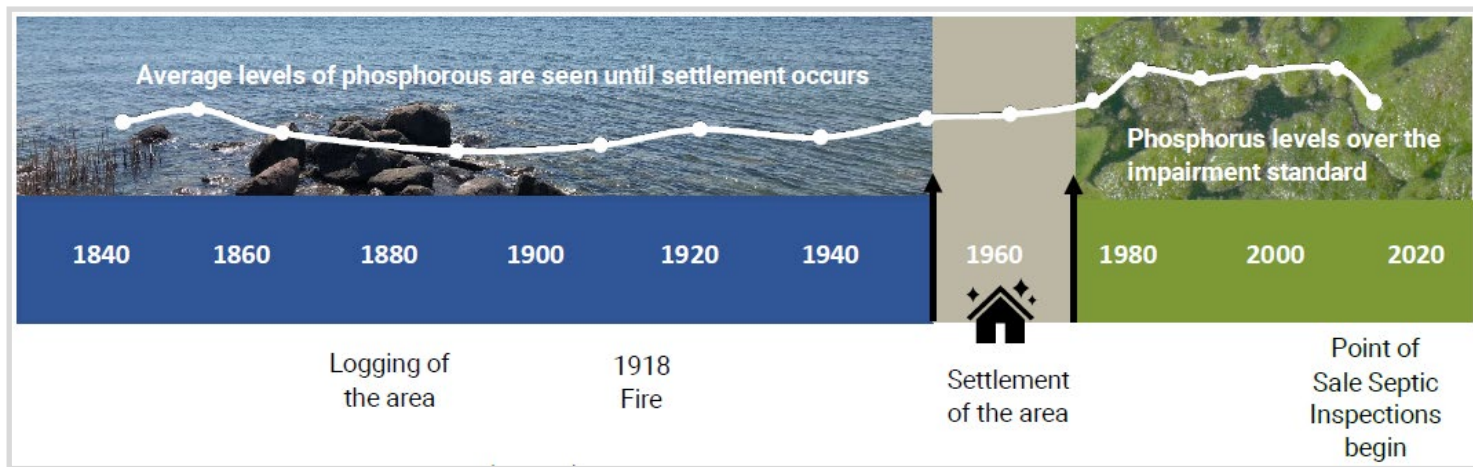
- In continuation and to complete lingering outcomes of the Cook County Lake Shore Septic Compliance Program, a Clean Water Fund Grant, Cook County will work with contracted assistance in the effort of bringing a large number of known failing septic systems into compliance.
- This project will significantly reduce the amount of nutrients being released that is adversely impacting the water quality within the Lake Superior North Watershed.
- This will involve technical and financial assistance and adherence to ordinance provisions. Project deliverables will include average pollution reduction numbers using the SSTs Excel Estimator. This project address LSN1W1P priority implementation goals SSTS 1.3 (and additionally: SSTS 1.44).



# What Cook County Actually Accomplished

- 2021 was a year of significant progress for Cook County through the further implementation of the grant project. After making the appropriate adjustments in response to the Covid-19 pandemic, **Cook County started out with an identified 116 failing septic systems in need of repairs or replacements.** By the end of 2021, **with the assistance of retained legal counsel and intensive internal staff work,** the number of remaining systems that need to be addressed has been **reduced to just 12 systems.** The priority of cases remained elevated for imminent threats to public health, followed by the most egregious of system failures, considering also proximity to surface and ground water resources and any neighboring drinking water well system. Our efforts continued in phases that proceeded in cases of twelve systems in batches until all systems owners had been engaged. We expect to be able to continue with the use of this system of engaging with the resistant property owners of potential future failing septic systems since part of the goal was to establish a streamline and consistent set of protocols to gain compliance with State and County regulations. Once the overall grant project expires, we will transition the legal efforts to be conducted through our County Attorney's Office.

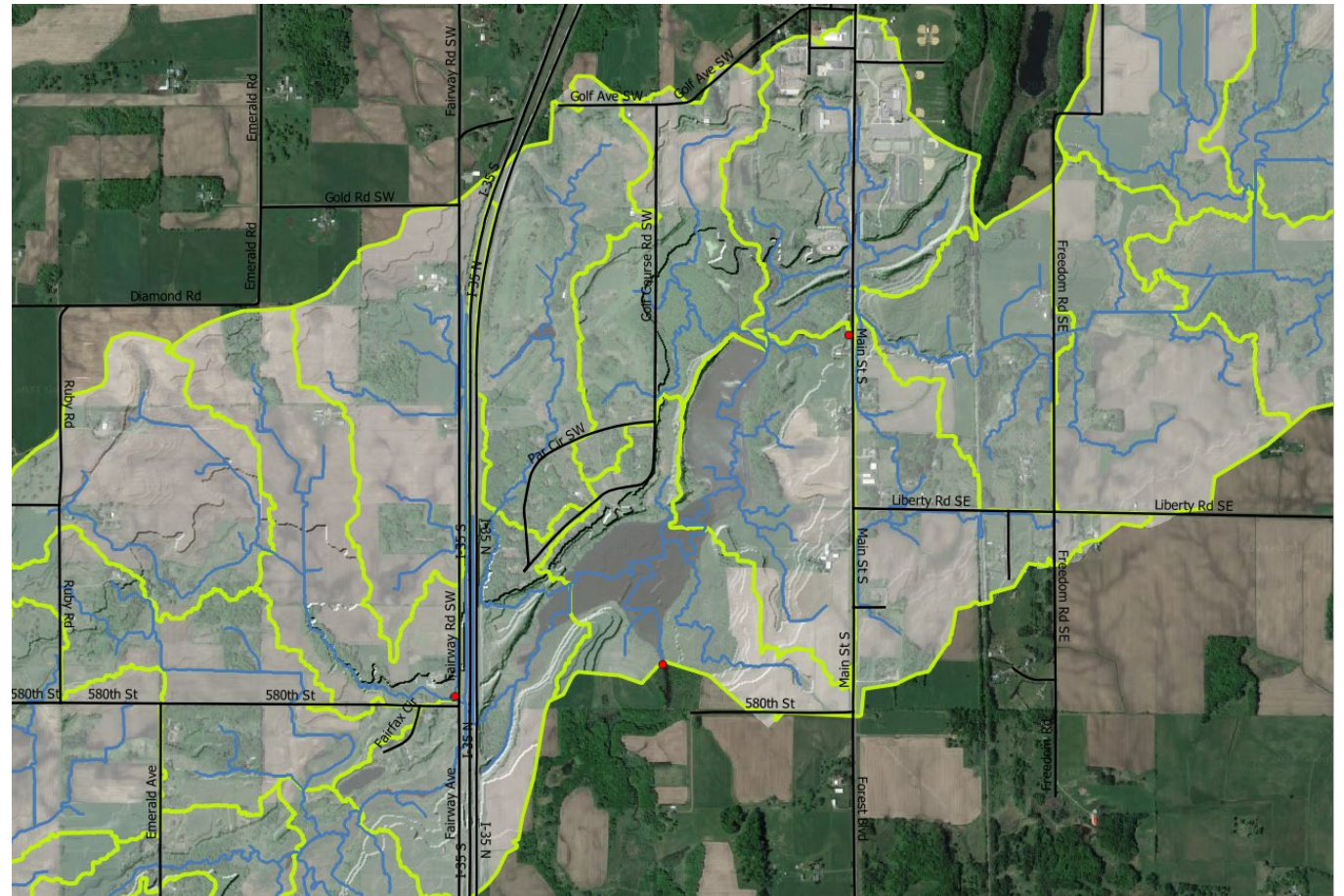
# WBIF Project: Net Lake SSTS Assessment



- Educational mailer was sent out offering free septic system inspections and informing homeowners of loan and grant opportunities. 28 property owners.
- 3 inspections scheduled as of 6/22/22.
- \$10k budget

# WBIF Project: Rock Lake SWA

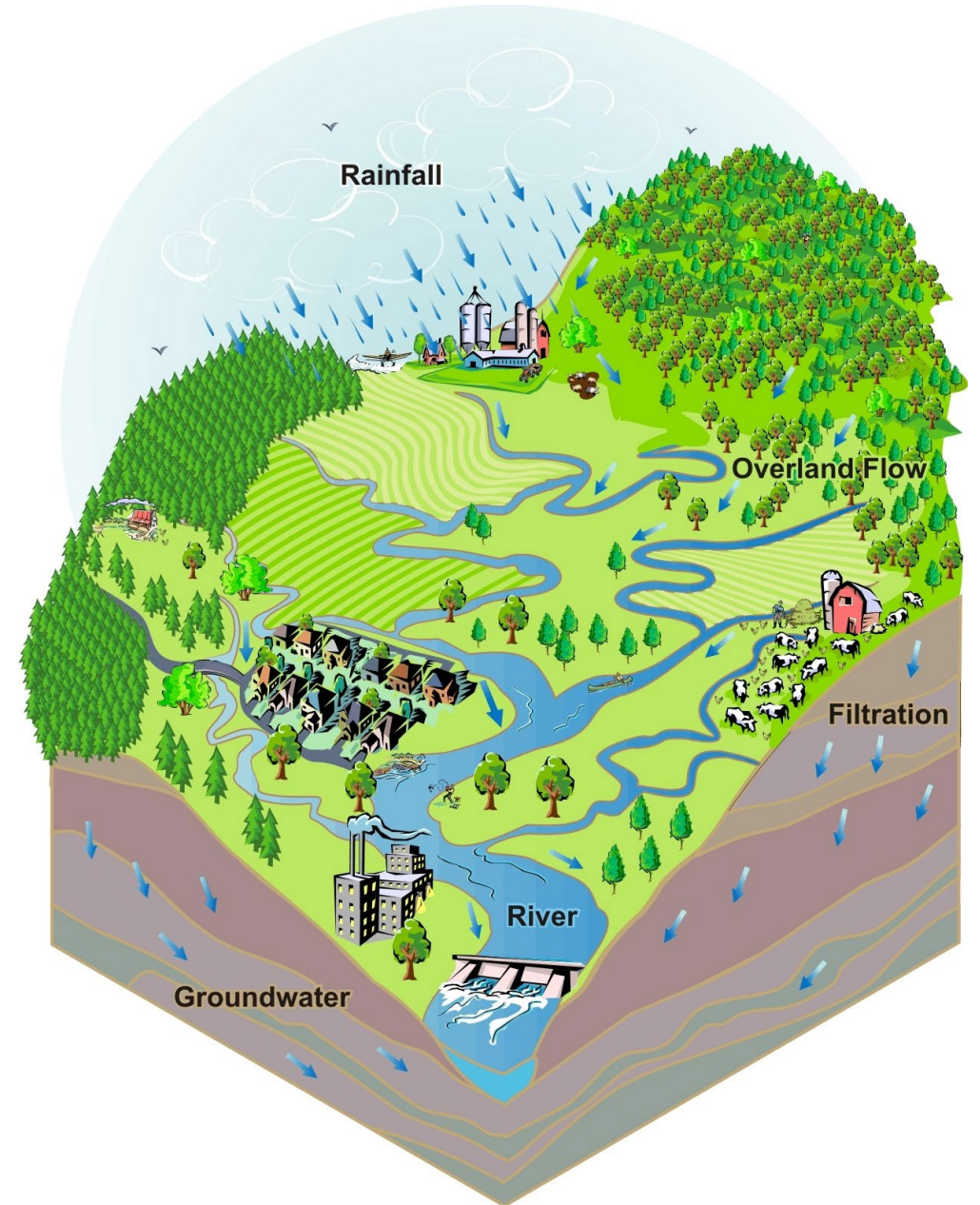
- Slope and erosion potential analysis
- Subwatershed analysis
- Watershed modeling to determine estimated phosphorus loading by subwatershed
- Modeling to determine load reductions as a result of BMP's
- BMP location identification





# Other County Watershed Management Strategies

- Shorelands Ordinance
- Floodplain Ordinance
- Wetland Conservation Act
- Septic Systems Ordinance





# Pine SWCD

- WBIF Projects are in progress
- Staffing expansion for increased WBIF
- Additional funding for projects
  - State clean water grant
  - Cost share program
  - Other sources



# WBIF Project: Cattle Exclusion on Rock Lake

## Pollutant Reductions

- 1.9 tons/year sediment
- 3.5 lb Phosphorus/year





# WBIF Project: Wetland Restoration in Rock Lake Subwatershed

- Watershed storage
  - Floodwater attenuation
  - Reduced runoff and velocity
- Habitat



# SWCD 2021 Projects

- 2 shoreline restoration Projects in 2021~ \$12,700 (state cost-share)
  - Reductions; 23.04 TSS/yr & .8lbs/P
- 2 shoreline protection Projects in 2021~ \$4,761.89 (district funds)
  - Reductions; .3TSS/yr & .3lbs/P
- Forest project Implementation ~ \$3,700 (state cost-share and district funds)
  - One tree planting project in 2021
- 3 Ag BMP projects ~ \$39,000 (Wild Rivers Conservancy & LSC WBIF)
  - Includes installation of WASCBs, grassed waterway, and cattle exclusion fencing
  - Reductions 223.7 lbs/yr TSS; 259lbs/yr P





# Short-Term Rentals

Airbnb

Vacation Rental By Owner (VRBO)

Hosted Rentals

Vacation Rentals

---

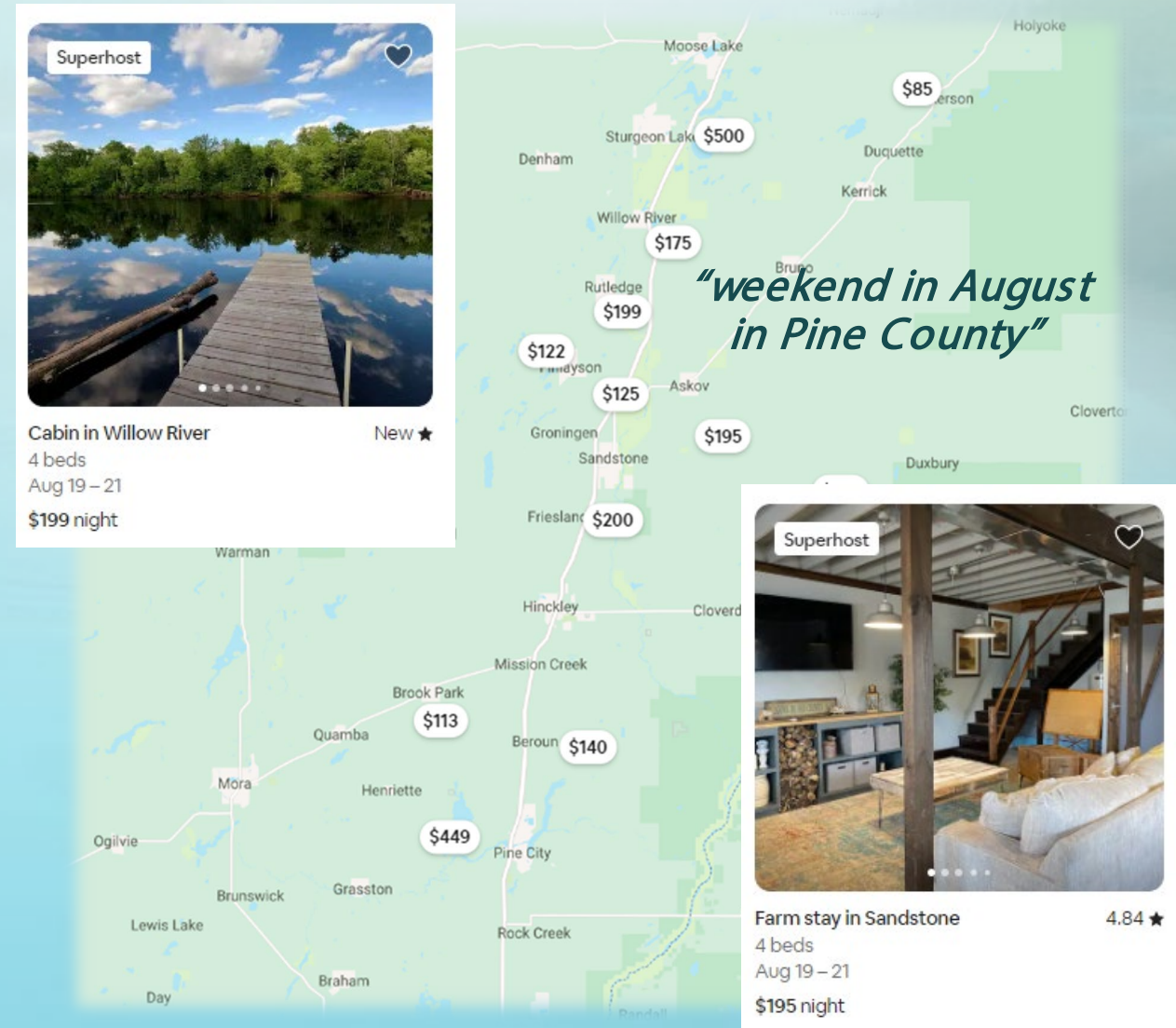
*June 2022 – Lezlie Sauter, Economic Development Coordinator*

# Short-Term Rentals

- Short-term rental describes furnished self-contained apartments or homes, that are rented for short periods of time, usually by the month or week, as opposed to annual rentals in the unfurnished apartment rental market.
- Seen as an alternative to hotels sometimes being 25–50% cheaper with additional amenities such as kitchen/ kitchenettes, washer and dryer.
- "Short Stay" rentals are often an offshoot of the corporate housing market.
- Popular uses include vacation rental and relocation.

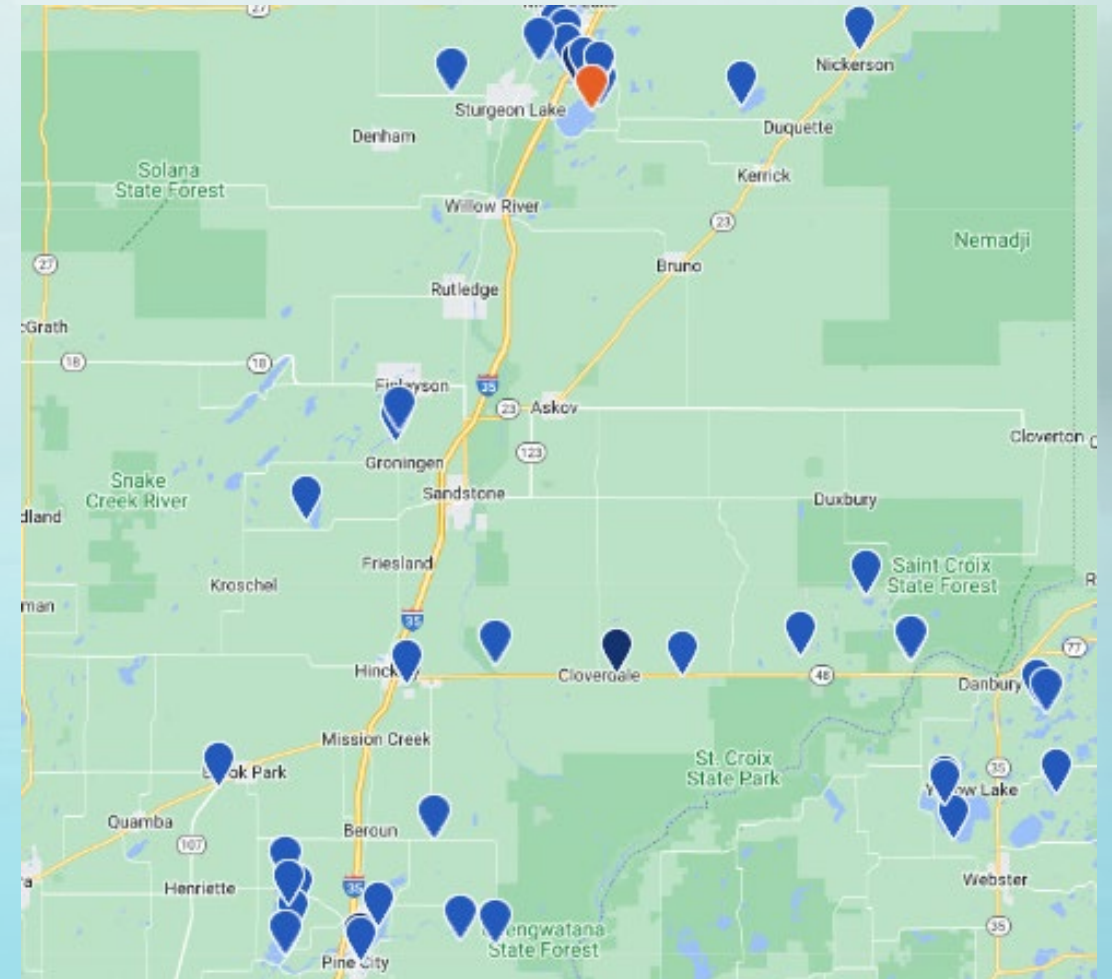
# Airbnb

- An online marketplace for lodging, primarily homestays for vacation rentals, and tourism activities.
- The company has been criticized for enabling bait-and-switch scams, being involved in West Bank settlements, possibly driving up home rents and creating nuisances for those living near leased properties.
- The company is regulated by many jurisdictions, including the European Union and cities such as San Francisco and New York City.
- Airbnb and its competitor Vrbo are viewed as a competitive threat by the hotel industry.



# VRBO

- The original VRBO.com website was created in 1995 in order to rent a Breckenridge Ski Resort condo
- The website later became a service for homeowners to list their properties for short term rental.
- Prior to the Internet, vacation rental services were offered via classified ads, management services, and compilations of rentals based on various destinations
- In its first 10 years, VRBO slowly grew to list over 65,000 rentals.
- As of April 2019, the site listed more than two million properties across the world that travelers could rent.





House

**Award Winning Lake Home With 200 Ft. Of Lake Shore and Pontoon Rental**

Sleeps 12 - 4 bedrooms - 13 beds

Very Good! 4/5

★ 4.0 (20 reviews)

Free cancellation up to 30 days before check-in

**\$351 avg/night**





# Local Impact

Regulations

Housing Affordability

Economy

# Regulations & Ordinances

- Health & Safety – ensuring units are **clean**, property owners provide adequate **parking** and there are **fire prevention** and safety measures in place
- Zoning – consider potential **nuisances** with different people coming & going to the property; restricting short-term rentals to certain **zoning districts**
- Registration – permitting systems can **restrict the number & location** of short-term rentals; or the **number of days** per year it can be short-term let
- Taxation – collecting accurate information
- Enforceability – capacity & ability to enforce regulations & ordinances that pass legal scrutiny

# Pine County STR Permits or Registration

## Required:

- All shorelands except:
  - Pokegama Township
  - Windemere Township
- Nickerson Township
- City of Pine City (registration)
- City of Brook Park
- City of Kerrick
- City of Denham
- New Dosey Township
- Kerrick Township
- Pine Lake Township

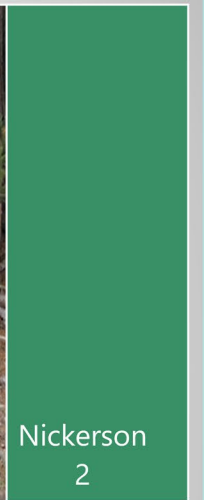
## Not Required:

- City of Hinckley
- City of Finlayson
- Royalton Township
- Mission Creek Township
- Hinckley Township
- Partridge Township
- Wilma Township
- Chengwatana Township – does within Shoreland
- City of Rutledge
- City of Sturgeon Lake
- City of Bruno
- And many more...



# Pine County STR- Assessor's Office

## 48 properties



# Housing Affordability

- Rental prices increase (0.42%) and home listing prices increase (0.76%) per 10-12 listings in a neighborhood or census tract<sup>1</sup>
- Protests in San Francisco<sup>2</sup>
- Boston limits STR for 90 days/ yr<sup>3</sup>
- Manhattan study found 2-3x more rent generated by STR than median average rent<sup>4</sup>

1 - Barron, Kyle; Kung, Edward; Proserpio, Davide (October 5, 2017). "The Sharing Economy and Housing Affordability: Evidence from Airbnb". SSRN 3006832

2 - <https://www.theguardian.com/us-news/2015/nov/02/airbnb-san-francisco-headquarters-occupied-housing-protesters>

3 - <https://www.bostonglobe.com/business/2019/11/28/boston-tough-rules-governing-airbnb-rentals-are-finally-full-effect/qGyipfGarsWFPfcMmnrvyM/story.html>

4 - Guttentag, Daniel (August 30, 2018). "What Airbnb really does to a neighbourhood". [BBC News](#)



# Pine County Housing Affordability

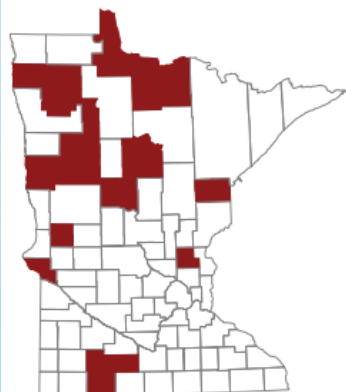
## 2021 COUNTY PROFILES SUMMARY



Every two years, the Minnesota Housing Partnership publishes County Profiles, an essential resource that provides data on housing measures for all 87 counties across the state, including: rent and home values, income and cost burden for renters and homeowners, earnings of top jobs compared to housing costs, homelessness, and more.

For the 2021 edition of the County Profiles, cost burden forces many families to sacrifice food, medicine, education, and transportation in order to pay for housing. Rent continues to increase faster than wages, and the housing stock is aging.

### Counties with rent increase of 30% or more from 2000 to 2019

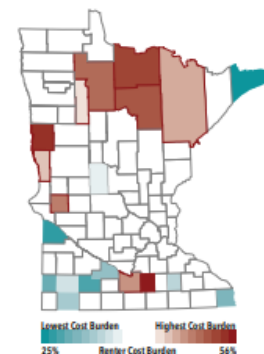


77%	Big Stone	34%	Wadena
39%	Clay	34%	Watonwan
38%	Cottonwood	33%	Carlton
36%	Becker	33%	Red Lake
36%	Marshall	32%	Stevens
36%	Lake of the Woods	31%	Mahnomen
35%	Clearwater	31%	Isanti
35%	Cass	30%	Koochiching
34%	Jackson		
34%	Pennington		

### Highest and lowest percent of cost-burdened renters

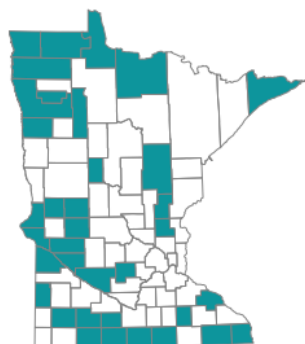
Waseca County in Southern Minnesota has the **highest renter cost burden rate** in the state with 56% of renter households paying more than 30% of their income on rent.

Cook County in the Northland has the **lowest renter cost burden rate**, but that is still 25% of all renter households.

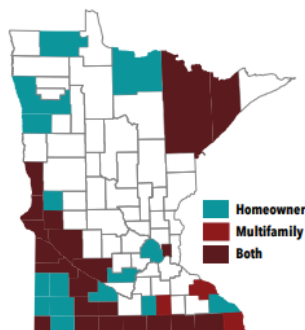


10 highest CB	10 lowest CB
56% Waseca	35% Dodge
55% Koochiching	35% Murray
55% Clay	35% Todd
52% Blue Earth	34% Nobles
52% Stevens	33% Houston
52% Beltrami	33% Brown
52% Itasca	31% Cottonwood
50% Clearwater	31% Pipestone
50% Wilkin	27% Lac qui Parle
50% St. Louis	25% Cook

### Counties with no newly issued multifamily permits in 2019



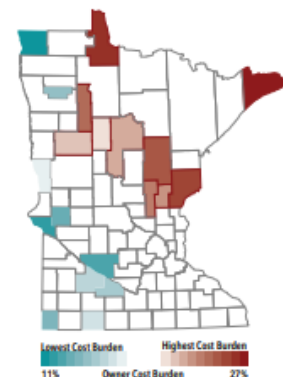
### Counties with 50% or more of properties built before 1970



### Highest and lowest percent of cost-burdened owners

Cook County has the **highest percent of cost-burdened homeowner households** with 27% paying more than 30% of their income on housing.

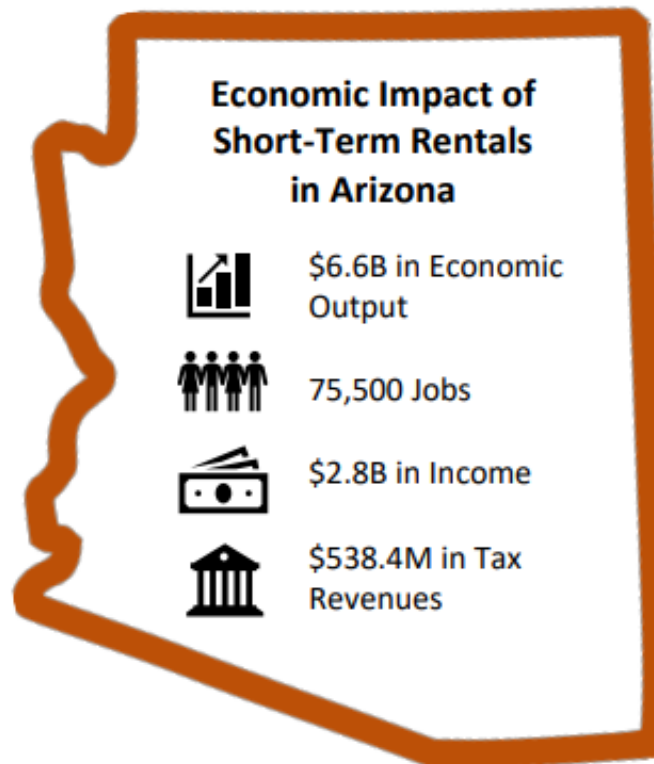
Kittson County has the **lowest homeowner cost burden rate** with 11% – or 1 in 10 homeowner households.



10 lowest CB	10 highest CB
14% Redwood	27% Cook
14% Jackson	26% Aitkin
14% Wilkin	26% Pine
13% Stevens	26% Lake of the Woods
13% Rock	25% Mille Lacs
13% Red Lake	25% Clearwater
13% Brown	24% Kanabec
12% Big Stone	23% Cass
12% Renville	22% Hubbard
11% Kittson	22% Becker

## Key Findings

- In 2021, STR and visitor activity contributed over \$6.6B to Arizona's economy.
- The spending of visitors that stayed at STRs in 2021 supported approximately 75,500 jobs across the state.
- The economic activity generated by travelers staying at STRs produced \$2.8B in income for local residents.
- In total, STR and visitor spending activity generated \$538.4M in state and local (i.e., county and city) tax revenues in 2021.
- The state collected approximately \$275.3M in tax revenues and local governments collected approximately \$263.0M in tax revenues from STR and traveler activity.
- These tax revenues included the bed taxes levied on STR rental fees and the sales taxes levied on visitor spending as well as the tax revenues generated by the 75,500 jobs across the state.



## Economic Impact – Arizona Report

Rounds Consulting Group was hired by Airbnb & Vrbo to analyze the economic impact of STRs in AZ;

Impacts for each county were calculated based on the level of STR activity in each county and local tax structures.

# *Short-term rental boom creates housing shortage in Two Harbors*

## Duluth

- Duluth began permitting short-term rentals (as Vacation Dwelling Units, or VDUs) in 2013 and established safety inspections and tax regulations
- In 2015, the City Council placed a one-year moratorium on VDUs, to study the matter further.
- In 2016, the Council lifted the moratorium and established a cap of 60 on VDUs. The cap was raised to 70 in 2021, and then to 80 in early 2022.

## Two Harbors

- Two Harbors began permitting STRs, in 2018, as residential and long-term rental properties began to convert to short-term rentals at an accelerating rate.
- In 2021, 21 units were purchased by investors and converted into STRs.
- Currently, Two Harbors has issued 56 STR permits—one permit for every 63 residents.

# Pine County Housing Action Plan - 2018

## *Suggested Economic Development Goals:*

1. Creating a to actively promote tourism in the county through a unified brand
2. Work to promote and drive entrepreneurship and small business development throughout the area
3. Attract other industries or more ideally to foster growth at existing businesses in the county.
4. Create a housing construction and rehabilitation trades program at PTCC

**5.** Economic Development, again, is key to creating demand for housing that will help to work against the trend of aging homeowners moving out and a lack of middle to high income homebuyers moving in. However, it is also important to create a base of housing that supports growth in any of the areas identified above. This includes housing available for short term rental to tourists, affordable workforce housing and housing that encourages small business patronage through proximity. Next, we identify the practices by which the county and partner cities can work specifically on housing to stem the current decline and build a strong base for community wide growth.



# Pine County Housing Action Plan - 2018

## *Strategic Overview of Housing Recommendations:*

1. Develop baseline maps & property information layers
2. Intervene on deteriorating housing
  - Land trusts
  - Rehabilitation programs
  - Homeownership covenants
3. Increase the quality of rental stock
  - Rental registry
  - Rental rehabilitation
  - LIHTC/ WFH collaborations
4. HRA levy for housing programs
5. Long range project development
  - The Rock, MLCV, Mill Site



*Home in Sandstone*

# Areas for Further Study

- County role & long-term vision
- Identify stakeholder groups
- Input community feedback
- Data analysis:
  - Average property value of STRs
  - Percent of STRs within shoreland
  - Percent of STRs owned by Pine County residents
- Tools to encourage/ discourage

