

To: Honorable Mayor Steffenson and City Council

From: Joe Hogeboom, Community and Economic Development Director

Date: April 18, 2021

Subject: Rental housing discussion

During the course of the past several years, the City of Maple Grove (“City”) has experienced a significant increase in both new construction of residential rental projects, as well as in the number of existing residences being converted into rental properties. In all, the City has experienced a 30% increase in the amount of new rental units in the last five years. This presents two primary challenges. The first challenge is the ability for the current staffing model to maintain effective and thorough licensing and inspections of new and existing rental units. The second challenge is the loss of home-ownership opportunities for properties within an entry-level and move-up level price point.

To address these issues, the City has the ability to enact a moratorium, through adoption of an interim ordinance, that would place a temporary restriction on allowing new rental licenses to be issued. A moratorium could be structured to address temporarily limiting all rental licenses, or it could be structured to limit licenses of rental licenses for single-family and townhome products only. During the time of the moratorium, the City could analyze the following:

- Current and potential rental licensing and inspections staffing models.
- Current and potential rental licensing fee structures.
- Potential incentives for affordable/attainable homeownership development projects.
- Potential permanent rental licensing limits.
- Other property maintenance and inspection considerations.

If the City elects to enact a moratorium, staff feels that nine months would be sufficient to complete the above analyses. To enact a moratorium, a public hearing would have to take place to formally consider the interim ordinance, and notice of the hearing would be sent all current rental license holders.

The City Attorney, as well as Community and Economic Development Staff will be on hand to facilitate a work session discussion that will review current rental license statistics, current trends in rental housing, and moratorium requirements.