

**Public Hearing Agenda
December 1, 2020 4:30pm
City Hall, Council Chambers**

Call To Order:

Roll Call: Council members A.Forsman, Kess, Debeltz, Omerza, Callen, Campbell and Mayor Novak

Purpose:

To hear public comment regarding Ordinance No. 344 regarding the licensing of Short Term Rentals

Letter from Rev. Chad and Lori Brekke

Letter from Rebecca Roberts and Eric Melhorn

Adjourn

Dear Mayor Novak and members of the Ely city Council,

My name is Chad Brekke and I am writing with concerns related to the proposed ordinance regulating short term rentals. I have been coming to Ely since I was a teenager and my church youth group went on boundary waters trips outfitted through Cliff Wold's. Those trips clearly had a profound influence on me as I have spent the past 30 years as a Lutheran pastor.

For more than 12 years, our family has owned a small seasonal cabin on White Iron Lake. A couple of years ago, I started researching and planning for a way that we might be able to afford a place in town where we could spend time after the cabin is shut down in the fall.

I researched companies that could manage a short term rental property during the spring/summer in Ely which would allow for our personal use the rest of the year. I chose evolve because they have high standards for the properties they represent and a great reputation in the industry. I carefully studied the options and had several conversations with city officers Harold Langowski and Doug Whitney along the way. We purchased our home at 227 E. Harvey St. in October, 2019. We spent the next six months improving and furnishing the property to meet the high standards of evolve. We established a great relationship with our neighbors and have been open and honest about our intended use of the home.

We contracted with a local resident to be our on-site manager and to handle the property care and maintenance. That person also happens to be a local hotel owner. We operate as partners rather than competitors. During our first rental season, most of our guests have been families for whom our small house works better than staying in a hotel room. Our guestbook is filled with stories of local hiking and canoeing adventures, along with all kinds of visits to Ely shops and restaurants. Our neighbor has enjoyed meeting our guests who have traveled to the town she loves and she even stays in touch with some of them.

During the rental season, our home provides work for local house cleaners, propane and fuel oil providers, maintenance and repair people, etc. I assure you that I am a familiar face at our local hardware stores. Because our home is made available for rentals during part of the year, we pay for robust homeowners insurance coverage along with significant liability coverages. In addition to county and state taxes, we pay Ely city taxes for each and every rental along with applicable annual permitting fees.

If you read the property description of our rental home as it is listed on evolve, it will become clear that I am a lifelong ambassador of Ely Minnesota. Every guest of our rental home arrives to find a gift certificate to a local coffee shop or restaurant. A portion of every rental in the coming year will go to support the Ely food shelf.

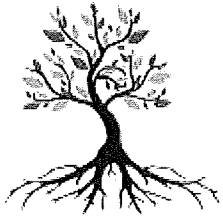
Our home on Harvey Street took years of planning, praying, and saving. Our family's investment to make this dream a reality has been considerable and we would ask that our property would therefor be grandfathered in, prior to any new restrictions or regulations that were not in place when we made this investment. We have been so blessed to share this special place with folks visiting the town we love. The vast majority of these people were first time visitors to the area and nearly all of them said they will be returning!

We are happy to formally commit to restricting our rentals to preclude the winter months as I have outlined here. In addition to allowing for our personal use, we did not want the potential disruption to our neighbors that could be brought on by snowmobiles and trailers, etc.

Thank you for your attention to our concerns and for your service to the people of Ely!

Sincerely, Rev. Chad and Lori Brekke

484-888-2646. <https://evolvevacationrental.com/vacation-rentals/us/mn/ely/437532>



Chad Brekke, Lead Pastor
chadb@princeofpeacechurch.org

Prince of Peace Lutheran Church
7217 West Broadway Ave., Brooklyn Park, MN 55428
(763) 560-8958 www.princeofpeacechurch.org

GROW DEEP / REACH OUT



Casey Velcheff <casey.velcheff@ely.mn.us>

Re: Short term rental ordinance1 message

On Wed, Nov 18, 2020, 1:19 PM Eric M <ericmelhorn@gmail.com> wrote:

Our names are Rebecca Roberts and Eric Melhorn.

We have recently completed the purchase of a property in Ely on 28 West Conan Street. You may be familiar with it, as it seems to be known to many Ely residents as "The Castle." The Castle is about 114 years old and is quite distinguished looking.

We purchased the castle with the intent of restoring it. It is currently under a fair amount of duress, but the foundation is mostly sound.

We are writing you regarding a recent city ordinance concerning short-term rentals. Our initial plan with purchasing the castle was to restore it to its original beauty and use it as an Airbnb. But the new ordinance has thrown that into question.

With a limit of 10 short-term rentals per the R-1 zone, we don't know if we would be able to qualify the property by the time the remodel is complete. Without the sewer, plumbing, electrical, roofing, and various other improvements needed, the castle does not meet the criteria for either a short or long term rental. We are estimating putting anywhere from \$40,000 - \$55,000 into it, using all local contractors. Our hope is to be done by mid-summer, 2021. We don't disagree with the vetting system put into play by the ordinance, where we have concerns is with the severe limiting of permits in the R-1 zone. We are investing in the castle, investing in the community with the intention of continuing with restoring other properties in need. This cannot happen unless we have more than a fair chance of obtaining a soon-to-be rarified permit. Ely is going to be our home, but this is a business, and we are responsible business owners. With the current rental prices in Ely, it would not be cost-effective to remodel the property and make it a long-term rental – it's just not fiscally viable.

There are many advantages to making this a short-term rental. Besides all the local contractors we would be using, it would be a great historical landmark that would draw more tourists to Ely. If we cannot find a way to be assured of a better than likely chance at an Airbnb permit, the building will most likely be sold as-is and just be another distressed and sub-par rental property.

It has one bedroom upstairs and two downstairs, so it would be mostly rented to couples and small groups – not a party house. We and the city council members share that desire. As we stated before, this is a business, and party houses are money losers.

We are also planning on moving here permanently, as we have family and another property in the area. So this isn't a matter of out of town investors doing a property grab. We are hoping that we will be able to get more information on the fees and intentions of the city council with this communication as there are many dominoes on the board right now and your direction decides if we push on or pick up.

Thank you for your time and consideration.

Eric Melhorn and Rebecca Roberts

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Thanks!