

Should You Rent Out Your Home For Super Bowl LII? Some Things To Consider



By: Kristin B. Rowell, Esq. of Anthony Ostlund

Like many Minnesotans, I happily watched our Minnesota Vikings clinch the NFC North title in a 34-7 victory over the Cincinnati Bengals last weekend. Also like many Minnesotans, I find myself hoping (and praying) that not only is Minnesota going to host Super Bowl LII, we are going to play in it.

Setting aside who will represent the NFC on February 4, 2018, one of the most common topics surrounding the excitement associated with Super Bowl LII is that people can make a significant amount of money renting their home, condominium or townhome for all or part of the Bold North's festivities. This is especially true if the residence is located in or near the City of Minneapolis. I've heard reports of "friends of friends" renting their Minneapolis residence for as much as \$10,000 a night during Super Bowl week. In fact, several of my friends and I have threatened to move in together for the week (families and all), rent out all of our other homes, split the aggregate profits, and use the money to take a vacation together in 2018. Not a bad idea if we can figure out how to keep all of the kids, spouses, significant others and pets happy for the week (which would be no small undertaking).

People are really taking advantage of these rental opportunities though. I read a recent report of a 20,000 square-foot home on a private island in St. Alban's Bay renting for \$250,000 during Super Bowl week. A key selling point is that the property has a landing area for a helicopter. The same is true for a 10-acre estate in Long Lake that is now advertised at \$100,000 for the week.

But if you or your clients are seriously considering renting out your home for the Super Bowl, here are three things worth knowing about.

1. Restricting Short-Term Rentals

Many cities throughout the Twin Cities have been working hard for the past several months to enact or update their ordinances related to short-term rentals.

For example, for the first time on October 25, 2017, the City of St. Paul adopted zoning and licenses ordinances to regulate short-term rentals. According to the City's website: "A short term rental is a house, apartment, bedroom, or even couch rented for less than 30 days and is typically booked on websites like Airbnb and VRBO. The Department of Safety and Inspections (DSI) is responsible for issuing licenses and enforcing the ordinance. DSI can provide information and details on how to apply for a short term rental license." (<https://www.stpaul.gov/departments/planning-economic-development/planning/current-activities/short-term-rental-zoning-and>).

The City of Minneapolis has created three categories of short-term rentals, and the kind of license you are required to obtain depends on the rental category. The categories are: (1) owner-occupied, where the owner stays in the residence and a portion of the residence is rented; (2) another kind of owner-occupied, where the owner leaves the residence and the entire residence is rented; and (3) non-owner occupied, which is where the owner does not reside at the residence and rents the entire residence. Under Minneapolis's short-term rental ordinances, the following rules apply:

- A short-term rental property registration or rental license is not required for an owner who lives at the property, rents a room and stays at the property during the rental period.

- A short-term rental property registration is required for an owner who lives at the property, rents out an entire unit and leaves the property during the rental period.

- A rental license is required for the owner of a non-occupied rental property who rents out an entire unit. Only Tier 1 or Tier 2 rental licenses are eligible for this designation.

(See <http://www.minneapolismn.gov/inspections/rental/shorttermrentals>.) All refer to the "short-term" period of 30 days or less. Minneapolis began taking rental applications on December 1, 2017. Under the City's code, it is a misdemeanor to operate a rental dwelling without a license.

Short-term rental information is available online for numerous cities throughout the Twin Cities:

- St. Louis Park: <https://www.stlouispark.org/our-city/resident-resources/selling-renting>
- Wayzata: <https://www.wayzata.org/203/Rental-Licenses>
- Tonka Bay: [http://www.cityoftonkabay.net/vertical/sites/%7B4A0B5943-C4EE-4132-80D2-7FD9E610BCBF%7D/uploads/Proposed_Short-Term_Rental_Ordinance\(1\).pdf](http://www.cityoftonkabay.net/vertical/sites/%7B4A0B5943-C4EE-4132-80D2-7FD9E610BCBF%7D/uploads/Proposed_Short-Term_Rental_Ordinance(1).pdf)
- Richfield: <http://www.richfieldmn.gov/departments/community-development/permits-inspections-licenses/rental-license-inspections>
- Edina: <https://www.edinamn.gov/Faq.aspx?QID=319> *(Edina does not allow short-term rentals)*
- Burnsville: <https://www.burnsville.org/DocumentCenter/View/12154>
- Columbia Heights: https://www.columbiaheightsmn.gov/departments/fire_department/applying_for_a_new_rental_license.php

If you or your clients are considering renting out your residence during Super Bowl week, check out your city's website to educate yourself about applicable licensing requirements.

2. Restricting Common Interest Community Rentals

Renting a single-family residence is different than renting a condominium or townhome. The Minnesota Common Ownership Interest Act (MCOIA) governs various aspects of condominium and townhome living. MCOIA gives power to the homeowner's association to regulate the owners of the townhomes and condominiums in its common interest community. For example, if you rent out your condominium or townhome for Super Bowl and your guests want to use the party room in your building to host a party, the homeowner's association has the power to "impose and receive any payments, fees, or charges" for doing so. Minn. Stat. § 515B.3-102.

Moreover, most homeowner's associations have rules and regulations in their bylaws about whether you can even rent your unit on a short-term basis in the first place. I understand that numerous associations who did not have such regulations worked quickly to enact them after it was announced that Minnesota was hosting Super Bowl LII. In fact, the anxiety for many condominium and townhome owners about who the average rental guest will be during Super Bowl week—and what consequences might result to their unit if they rent to that average rental guest—caused many associations to prohibit short-term rentals for Super Bowl week altogether.

3. Buying Against Risk Is A Good Idea

In order to mitigate homeowner anxiety about the potential negative impact to renting out his or her residence during Super Bowl week, homeowners should strongly consider obtaining a special rental insurance policy. While the average homeowner's insurance policy might protect against certain losses, to ensure the appropriate rental protection, a rental insurance policy is critical.

The good news is that due in large part to the proliferation of VRBO and Airbnb, nowadays, most major insurance companies offer vacation rental insurance policies. In one of the most troubling incidents I am aware of, a man who rented an Airbnb in Texas was resting in a hammock in the backyard of the rental home when one of the trees that held the hammock collapsed onto his head and killed him. I think it is safe to say that the homeowners who rented their home never thought that would happen to one of their guests. https://www.nytimes.com/2015/11/14/your-money/death-in-airbnb-rental-raises-liability-questions.html?_r=0

Moral of the story? Before you decide to rent out your residence, talk to your agent or broker about adding the appropriate insurance coverage.

Go Vikings!

Kristin Rowell is a trial lawyer and shareholder of the business litigation boutique law firm of Anthony Ostlund. Kristin represents companies and individuals in complex real estate disputes, closely-held company shareholder disputes, contract, and employment matters. Kristin regularly appears on behalf of her clients in state and federal courts in Minnesota and North Dakota. When she is not helping her clients solve their legal problems, you can usually find her working out at Discover Strength, TigerFit or Lifetime Fitness, spending time with family and friends, or volunteering for the University of Minnesota Masonic Children's Hospital.