

Minnesota Supreme Court to hear lawsuit over Winona rental law

Elizabeth Baier Nov 5, 2014

Ted and Lauren Dzierzbicki's property is located in popular area close to the Winona State University campus. The couple bought the house for their daughter to use while she attended the college a few years ago.

The Minnesota Supreme Court on Thursday will hear objections to a city of Winona law that limits the number of rental homes on each city block.

The case began when the city of Winona decided to limit rentals near the Winona State University campus. Supporters of the rule say it has helped stabilize the neighborhoods closest to the university, where many homeowners turn their property into college rentals.

But a group of Winona homeowners has long argued that the city does not have the authority to limit the number of homeowners who can rent their properties.

Earlier this year, the Minnesota Court of Appeals <u>upheld the law</u>, which allows only 30 percent of homes on a block to be rental properties.

That means on a block with 10 homes, only three can receive rental certificates.

"What we want is for this law to be declared invalid and unconstitutional," said Anthony Sanders, an attorney with the Institute for Justice, which represents the group of homeowners.

Sanders said that would allow people who want to rent out their homes to have their right to do so recognized. It also would prevent situations in which homeowners "have a safe home that they can't sell and they can't rent and that therefore the house goes into foreclosure," he said.

Cities can protect the health and welfare of residents, Sanders said, by licensing rental properties and enforcing nuisance laws. But he argues that zoning laws cannot give cities the power to exclude others from renting homes.

Winona city leaders passed the rule in 2005 to control a high concentration of rentals near the college campus. Since then, other Minnesota cities have passed similar caps on rentals, including Mankato, Northfield and West. St. Paul.

George Hoff, an attorney for the city of Winona, said city leaders considered the rule for years before adopting it.

"What's happened is the property owners are trying to convert from a single-family residential use to a business. Nothing more, nothing less," Hoff said. "They are trying to turn their properties into a business and a profit-center. And the city is saying, we are regulating that for the public good, based on the studies that we have looked at."

The League of Minnesota Cities and the cities of St. Paul, Mankato and Rochester have filed briefs in support of the city of Winona. The Minnesota Association of Realtors, the American Civil Liberties Union of Minnesota, the Cato Institute and the Minnesota Free Market Institute and the Minnesota Vacation Rental Association are supporting the homeowners.

The Supreme Court can take as long as it needs to issue its ruling after Thursday's hearing.