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CHRIS FARRELL: As more vacation homes and rentals pop up along Minnesota's North Shore, it's harder for locals to find a place to live. To try and solve some of the lack of housing residents are facing, a county committee has been formed to decide how vacation rentals fit into the future of Cook County. So joining me to dive deeper into the issue is Joe Friedrichs. He is the news director at WTIP in Grand Marais. He has been one of the main reporters following this story. So Joe, welcome to *Minnesota Now*.

JOE FRIEDRICHS: Thank you, Chris. Good to be here.

CHRIS FARRELL: All right, so give us a scope of the problem. Tell us, what is the problem here?

JOE FRIEDRICHS: Well, it's an interesting way to present it because some people would say that there isn't a problem here. So it depends who you're asking. Certainly those in the vacation rental industry would say that there's actually a downward trend in the number of vacation rentals in Cook County. And the county's own data supports that.

For example, there were 266 legally operating vacation rentals at the end of 2020. And now at the end of 2021, the county says there were 239. So people in the industry who are on this committee that you mentioned, Chris, are saying, well, wait a second how, could we then be taking away from the stock if it's actually a downward trend. So that's an interesting scenario.

They also point to the fact that there's a lot of these homes that are in the vacation rental industry are in the upper market, you know, \$500,000 homes or up that are typically a vacation rental. So it's much more complex than vacation rentals are the problem for our lack of housing in Cook County, let's solve it through that. It's a lot of layers to it.

CHRIS FARRELL: So just following up on that, are these vacation rentals, are they bringing income into Cook County?

JOE FRIEDRICHS: Well, the Visit Cook County, our tourism agency, their data would certainly support that as well. There's a lodging tax that the ordinance now has in place that was passed in 2019 in Cook County that you have to register a vacation rental the same way that a resort or hotel has to be registered through the county, pay a lodging tax.

They bring in revenue now. And, of course, then the visitors that stay at these vacation rentals, they're spending money at the local restaurants and buying things in shops and so forth. So there's an economic connection to it, absolutely.

CHRIS FARRELL: So why is there so little housing? I mean, that seems to be the nub of the issue here, right?

JOE FRIEDRICHS: Right. That's been a problem in Cook County for decades, certainly as long as I've lived here, which is now coming up on a decade, not quite. But I've talked with people who have been here since generations. And in the '80s, for example, this was researched from Northspan Group in Duluth that said, this is an issue in Cook County. This was in the '80s, that said, you've got a major housing problem in Cook County and you better figure out something to do about it. There's been some development in the housing industry.

There's been about 50-plus units each year that are applied for building permits. A lot of those, 60% of those are on a lake. So that's going to be an expensive project, not something that an average medium income is going to be building a home on a lake or buying a home on a lake.

CHRIS FARRELL: And what about housing for workers, people who are working in the restaurant or at the resort? How concentrated-- and, typically, they're going to be living on, earning a lower income.

JOE FRIEDRICHS: Well, some employers have taken that matter into their own hands. They've built workforce housing that's specifically, even if it's for seasonal workers, some of the vacation rental industries have done that. I know Cascade Lodge on the North Shore on Highway 61 has done that as well, brought in specific housing just to say, hey, look, if you work here, we're going to have a place where you live. Bluefin has done some of that in the past as well.

So there's some of that happens. Otherwise, it is. That's the issue. People move here because they like grand moray and the job that they want to get or Cook County is more a lower income, that's the issue is that if the employer doesn't offer housing, it's very, very, very challenging to find any long-term rental. Even if you have connections in the community, there are almost are zero most of the time.

CHRIS FARRELL: So this committee in Cook County, I mean, what does it hope to achieve?

JOE FRIEDRICHS: Well, I think it's a review of the ordinance that was passed in 2019 is its primary objective is to say, OK, we have this ordinance in place now. It'll be three years at the conclusion of it. What worked and what didn't work?

I don't think it's necessarily to try to solve the housing crunch. We've recently formed a Housing Redevelopment Authority, an HRA, in Cook County to levy authority and so forth. And their primary objective is to get more homes and housing units available. But this vacation rental committee that you're talking about, Chris, is almost separate from that mission, so to solve the housing crunch.

It's essentially to review making sure that the compliance factor is working. They've contracted out with an organization called Host Compliance. And they're a West Coast organization. The county has teamed with them to monitor and make sure people are registering, paying the fees, annual fees to have a vacation rental in Cook County.

They may look at, a consideration could be, do we want to follow Lake County's lead-- Two Harbors, Lake County, Silver Bay, and so forth-- and put a moratorium in place? Lake County did that in May of this year. So that's more what the vacation rental community is doing is, did this ordinance that we drafted work? What do we need to tweak about it? And should we consider some other aspects about vacation rentals? It's not about solving the housing crunch.

CHRIS Got it. And so what can you tell us about the-- I don't know what's the right word-- the demographics of the

FARRELL: committee? Who's making up this committee?

JOE I've heard from some local people that were disappointed in the fact that it's a lot of government, local

FRIEDRICHS: government officials. The county commissioners have some representation, county administrator, the assessor, people then who are involved in vacation rentals are on this committee, including the largest representation from Cascade Vacation Rentals, that's our largest company that does that. The citizen input side of it, from what I heard from some community members who have reached out to me, said, you know, I think there's a couple or three or four maybe at the most who are citizen representation.

In other words, people who are just consider this to be a community issue and want to say, hey, let's work around it. Maybe vacation rentals are a problem and let's talk about it in that aspect. So it's across the map though. It's vacation rental organizations. It's government officials that make up about half of it. And then there's also some hotel managers, small resort managers and so forth as well.

CHRIS And so-- and please correct me if I'm wrong in my details-- but I understand that more than 500 people filled out

FARRELL: a survey about vacation rentals. And so what were some of the results of that survey?

JOE Well, we're waiting, they're coming. It just ended on the 27th, which was last Monday. So in all fairness to the

FRIEDRICHS: county, they're going to compile that data. It just wasn't quite available. This committee was just officially formed on Tuesday, last Tuesday a week ago on the 28th. So it's still, a lot of that data needs to be processed because they just closed the survey on Monday and some of that was written form or complete sentences.

So they need to get that data put together. I'm sure that they will release that publicly. And we'll share that and the vacation rental committee will be reviewing that data as well. And I just want to point out, Chris, it's very interesting that the narrative of our conversation as we open today and as I heard in your host intro was vacation rentals are a problem in Grand Marais residents are on high alert and trying to solve it or do something.

And that isn't what this committee is necessarily about. That may be certainly what community members are concerned about and just discussed on social media and so forth. But it's such a complex conversation that it warrants a little more depth than just that kind of blanket summary.

CHRIS Yeah, and so that leads to sort of my last question in the minute that we have here is, what do you think is

FARRELL: missing from this conversation?

JOE Well, when it comes to-- they're almost two separate issues when you look at them that way. Like is this

FRIEDRICHS: ordinance working? And the vacation rental is going to figure that out. Is the housing stock an issue? Absolutely, the HRA, community members, there's some other groups that have formed organically locally that are also solving that. Work is being done. It's just a process. And I think that people are coming to, rallying around this, understanding the degree of how important and critical this is to figure this out, to get more homes in Cook County if we want to have places for workers to live and bring people to the county.

CHRIS Well, Joe, I can keep asking you lots of questions. I'm really interested in this topic. But, unfortunately, I

FARRELL: understand the tyranny of the clock, which has just--

JOE Indeed.

FRIEDRICHS:

CHRIS Indeed, you do. So that's just kicked in. So thank you very much for your time.

FARRELL:

JOE My pleasure, Chris. Thanks a lot.

FRIEDRICHS:

CHRIS Joe Friedrichs is news director at WTIP. And he's been following the future of vacation rental properties in Cook

FARRELL: County. You can find more of his reporting at wtip.org.