



Council Agenda Item 25—0808R and 25-028-O

MEETING DATE: October 14, 2025

SUBJECT/TITLE: RESOLUTION ADOPTING INTERIM CONTROLS PENDING FINAL DECISION REGARDING ENACTMENT OF A MORATORIUM ON CERTAIN SHORT-TERM RENTAL PERMITS and AN INTERIM ORDINANCE PURSUANT TO MINN. STAT. § 462.355, SUBD. 4, IMPOSING A MORATORIUM ON CERTAIN SHORT-TERM RENTAL PERMITS AND RELATED CITY ACTIVITIES AND APPROVALS PENDING COMPLETION OF A CITY STUDY WEIGHING THE NEED FOR ANY AMENDMENT TO OFFICIAL CONTROLS.

SUBMITTED BY: Ben Van Tassel, Planning and Economic Development Director

RECOMMENDATION: Approve

BACKGROUND:

Short-term rentals were added as a use in 2012 in the City's Unified Development Chapter (UDC). As lodging trends and demand have changed, the City has adjusted code standards, instituted a maximum cap, and made other adjustments related to short-term rentals.

At a time when the city of Duluth is experiencing a growing demand for housing units, the city continues to experience a trend in the conversion of long-term housing units into short-term rentals. In addition, multiple overlapping city short-term rental licensing, permit, and approval processes have created difficulties in the administration of short-term rentals. Relatedly, because the city's Unified Development Chapter of the Duluth City Code, Minnesota State Fire Code, and Minnesota State Building Code impose inconsistent and occasionally conflicting standards governing short-term rental properties, the city's various short-term rental procedures frequently result in confusion among stakeholders and place unnecessary burdens on the city's staff, planning commission, and council.

A moratorium on new short term rentals will provide time to conduct a study considering the need for any additions or amendments to the existing processes. A study may include:

- Review existing enforcement measures for short-term rental violations and consider potential changes;
- Review existing requirements regarding the proximity of a caretaker or manager for short term rentals and consider potential changes;
- Consider reforms to the municipal short-term rental registry;
- Consider limitations on locations and saturation of short-term rentals;
- Review city code for amendments relating to official controls for short-term rentals;
- Review current city department and division regulatory responsibilities relating to licensing, permitting, oversight, and approval of short-term rental units, and consider potential methods for redistribution or consolidation of such responsibilities to eliminate potential inefficiencies, errors, and regulatory conflicts.

The proposed moratorium would be implemented in two phases: (1) an interim ordinance establishing the moratorium, an exemption that allows the city to process and issue permits for pending applications deemed fully complete, and an automatic extension to preserve the status quo for certain existing permits that expire



while the moratorium is in effect; and (2) a resolution, as authorized under the UDC, that would immediately pause the issuance and processing of new short-term rental applications pending the adoption and effective date of the city's interim ordinance.

BUDGET/FISCAL IMPACT: Revenue from application fees will be reduced during a moratorium.

OPTIONS: Approving the Ordinance and Resolution will result in a one-year moratorium on short-term rentals and initiate a study.

ATTACHMENTS: None.