Council Agenda Item 26-038-O

MEETING DATE: August 24, 2026

SUBJECT/TITLE: AN ORDINANCE AMENDING CHAPTERS 29 AND 29A OF THE DULUTH CITY CODE TO REGULATE SHORT TERM RENTAL LICENSING AND PERMITTING.

SUBMITTED BY: Life Safety Division, Planning & Economic Development Department

PREVIOUS COUNCIL ACTIONS:

25-0808R RESOLUTION ADOPTING INTERIM CONTROLS PENDING FINAL DECISION REGARDING ENACTMENT OF A MORATORIUM ON CERTAIN SHORT-TERM RENTAL PERMITS (REPLACEMENT)

25-028-O 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

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. A moratorium was initiated by Resolution 25-0808R and Ordinance 25-028-O to review existing requirements of the licensing process, enforcement measures, and effects on housing and neighborhoods.

Ordinance 26-038-O is the result of further study and collaboration of the Life Safety Division, Construction Services Division, Planning & Development Division, City Clerk's Office, and the City Attorney's Office, which proposes the following changes in short term rentals:

- Establish one cohesive process for licensing processes overseen by the Life Safety Division
- Refocus where and how short-term rentals are allowed
- Streamline and better define lodging uses
- Strengthen enforcement of illegal short-term rentals
- Establish a pathway for previously licensed vacation dwelling units

BUDGET/FISCAL IMPACT: An immediate budgetary impact is not expected from the passing of this ordinance. Though it is anticipated that a fee structure will be brought forward at a later time that includes increased fees to cover the costs of adequately administering the licensing and enforcement process.

NECESSARY ACTION: If the ordinance is passed the new short-term rental licensing rules will go into effect. If the ordinance is not passed, when the moratorium expires previous rules regarding short term rentals will resume.