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Planning & Economic Development Department

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MEMORANDUM

DATE: September 8, 2026

TO: Planning Commission

FROM: Reina Owecke, Planner II

SUBJECT: UDC Text Amendment (PLUTA-2608-0001) related to lodging uses (Section 50-19.8, Permitted Uses; Section 50-20 Use Specific Standards; Section 50-24.2 Parking Standards; Section 50-37.17 Review and Approval Procedures; Section 50-39 Enforcement and Penalties; Section 50-41 Definitions)

In November 2025, City Council imposed a moratorium on the permitting and approval of vacation dwelling units, accessory vacation dwelling units, accessory vacation dwelling units (limited), accessory home shares, and bed and breakfasts within the City of Duluth, pending the completion of a study of city process for short term rental licensing, permitting, and approvals.

Based on this study and public feedback, Planning staff have examined zoning regulations related to various lodging uses and recommends a comprehensive update. These changes are in response to operational issues observed in short-term rental enforcement, inconsistencies between zoning and building code definitions, and confusion surrounding legacy uses such as “seasonal camp or cabin.” This memo describes the current zoning rules and proposes potential changes.

Lodging and Short-Term Rental Standards in Current UDC:

1. Multiple Lodging Type Categories – The UDC currently separates overnight accommodations into hotel/motel, bed and breakfast, seasonal camp or cabin, recreational vehicle park, vacation dwelling units (VDUs), home shares, and accessory VDUs.
2. Separate Use Specific Standards – Use standards vary widely by category.
3. Regulatory Structure – Each use category has its own definition, allowed districts, and standards, sometimes creating overlapping pathways for similar uses.

Proposed Changes:

1. <u>Elimination of Short-Term Rental Categories</u>

   This amendment removes the following use categories:
   - Vacation Dwelling Units (VDUs)

- Accessory Home Shares
- Accessory Vacation Dwelling Units

All short-term rental permitting and licensing will instead occur through the Life Safety and the City Clerks Office, with regulations governed by other chapters of the city code. This change will eliminate loopholes where short-term rentals were misclassified as lodging uses.

2. Consolidation of all Overnight Guest Uses into "Lodging"

In an effort to prevent attempts to rebrand short-term rentals as boutique hotels or cabin clusters, the amendment defines all overnight guest accommodations—cabins, inns, hostels, motels, hotels, resorts—as lodging.

This amendment removes the following use categories:

- Bed and Breakfast
- Hotel or Motel
- Seasonal Camp or Cabin
- Accessory Bed and Breakfast
- Recreational Vehicle (RV) Park

3. Creation of a Lodging, Small Category

The proposed lodging, small use category is intended to provide a clear, predictable framework for smaller scale commercial lodging operations that serve the transient public. By establishing a distinct small lodging classification, the UDC recognizes that modest-scale lodging can be appropriate in areas where larger facilities may not be, while still ensuring that these uses operate safely, maintain adequate staffing, and remain compatible with surrounding uses.

Definition:

A building or series of buildings, with 6 to 12 lodging units under one ownership and on one parcel, such as a cabin, inn, hostel, motel, hotel, or resort, that are commercial in nature and marketed to the transient traveling public for overnight stays. Lodging may offer customarily incidental services including meals and services to its guests. For hostels with one large sleeping area, each bed shall constitute a lodging unit if rented separately to individual guests.

Districts Allowed:

RR-1 (Special Use), RR-2 (Special Use), MU-N, MU-I, MU-W, and all Form Districts

Use-Specific Standards:

- This use may not be open to members of the public for any parties or special events, unless an event center is otherwise permitted in the zone district.
- In-person staffing must be provided at a front desk that is accessible to all guests during any times when check-in or check-out may occur. These hours must be posted on-site for all guests and posted on the lodging's web site.
- 24-hour guest assistance must be available either in person, via phone, or via messaging.
- In the RR-1 district, buildings shall be located not less than 50 feet from any property line abutting a residential use.
- In the RR-1 and RR-2 districts, building height may be no more than 1 story.

4. Creation of a Lodging, Large Category

The proposed lodging, large use category is intended to regulate higher-intensity commercial lodging facilities. By distinguishing large lodging from smaller operations, the UDC ensures that these uses meet enhances expectations for guest services, staffing, and site management appropriate to their scale. The updated definition and staffing requirements also close gaps that previously allowed short-term rental uses to resemble hotel-level operations without providing similar oversight.

Definition:

A building or series of buildings, with 12 or more lodging units, such as a motel, hotel, or resort, that are commercial in nature and marketed to the transient traveling public for overnight stays. Lodging may offer customarily incidental services including meals and services to its guests and may use hotel space for banquets and events.

Districts Allowed:

MU-N (Special Use), MU-I, MU-C, MU-B, MU-W, and all Form Districts

Use-Specific Standards:

In person 24 hour staffing must be provided at a front desk that is accessible to all guests; virtual staffing, where staff is available via phone or messaging instead of in person, may be used for the portion of the day between 10:00 pm and 6:00 am.

5. Replacement of "Seasonal Camp or Cabin" with "Campground and Recreational Vehicle Park"

The amendment removes the outdated use category, replacing it with a use that better aligns with modern operational practices.

Campground Definition:

A facility containing one or more sites for tents or recreational vehicles, offered for short-term use for compensation, and that may include accessory facilities such as showers, laundry, or cooking and dining facilities.

Districts Allowed (Special Use):

P-1, R-C, RR-1, & RR-2

Use-Specific Standards:

1. There shall be no more than 10 campground sites per acre. The number of camp sites allowed may be reduced during the special use permit process based on topographical and natural features of the property.
2. No more than 10 percent of the campsites may be located in a group location.
3. No more than 50 percent of the campsites may be rented on a monthly or seasonal basis.
4. Toilet facilities must be provided during all seasons of operation.
5. In the R-C and RR-1 districts, buildings shall be located not less than 100 feet from any property line abutting a residential use.
6. In the R-C district, the design of the property shall preserve the rural character by preserving all natural vegetation not required to be removed for access roads, trails, or camp sites, and by separating each camp site by at least 25 feet, measured from the closest points on each campsite.
7. New recreational vehicle parks or campgrounds and expansions to existing recreational vehicle parks or campgrounds are prohibited in any floodplain district. Recreational vehicles placed in existing recreational vehicle parks, campgrounds or lots of record in the floodplain are subject to the following:

(a) For lawful, non-conforming recreational vehicle sites located within any floodplain being subject to standards in 50-38.2.B and:
    (i) Meet the following requirements for manufactured homes in Section 50-20.1.D; or
    (ii) Be travel ready, meeting the following criteria:
        (i) The vehicle must be fully licensed;
        (ii) The vehicle must be ready for highway use, meaning on wheels or the internal jacking system, attached to the site only by quick disconnect type utilities;
        (iii) No permanent structural type additions may be attached to the vehicle; and
        (iv) Accessory structures may be permitted in the Flood Fringe District, provided they do not hinder the removal of the vehicle should flooding occur, and meet the standards outlined in Section 50-18.1.C.2 and Section 50-18.1.C.4(b)(iii); or
    (iii) Within Coastal V zones, recreational vehicles must meet the criteria within Section 50-20.3.G.7.(a)(ii) or otherwise comply with the provisions of Section 50-18.1.C.6(c)(ii)(1-4).

Per Section 50.37.3 of the UDC. Planning commission shall review the proposal based on the below criteria:

1. Is consistent with the comprehensive land use plan;
2. Is reasonably related to the overall needs of the community, to existing land use, or to a plan for future land use;
3. Is required by public necessity, convenience, or general welfare, or good zoning practice;
4. Will not create material adverse impacts on nearby properties, or if material adverse impacts may be created they will be mitigated to the extent reasonably possible.

Planning commission may recommend approval, approval with modifications or denial to city council.

Staff finds that:

- The proposed text amendments modernize outdated use categories, better align zoning definitions with building and life-safety regulations and establish predictable standards for lodging options, thereby implementing the comprehensive land use plan and following good zoning practice.
    1. Is consistent with the comprehensive land use plan;
    2. Is reasonably related to the overall needs of the community, to existing land use, or to a plan for future land use;
    3. Is required by public necessity, convenience, or general welfare, or good zoning practice;
    4. Will not create material adverse impacts on nearby properties, or if material adverse impacts may be created, they will be mitigated to the extent reasonably possible.

Staff recommends that Planning Commission recommend approval of the proposed lodging amendments to City Council.