



Section 7. That Section 50-36.1, Council, of the Duluth City Code, 1959, as amended, be amended as follows, as shown in Attachment 7;

Section 8. That Section 50-37.10, Special Use or Interim Use Permit, of the Duluth City Code, 1959, as amended, be amended as follows, as shown in Attachment 8;

Section 9. That Section 50-37.17, Accessory Home Share Permit, 1959, as amended, be amended as follows, as shown in Attachment 9;

Section 10. That Section 50-39.2, Enforcement, of the Duluth City Code, 1959, as amended, be amended as follows, as shown in Attachment 10;

Section 11. That Section 50-41.1. Definitions: A, of the Duluth City Code, 1959, as amended, be amended as follows, as shown in Attachment 11;

Section 12. That this ordinance shall take effect 30 days after its passage and publication.

STATEMENT OF PURPOSE: This ordinance implements a text amendment related to vacation rental dwellings regulated by chapter 50 of the City Code, known as the Unified Development Chapter (UDC).

This ordinance implements the following major changes:

- A. Interim use permits for vacation dwelling units will be approved by the planning commission, subject to appeal to the city council. This is similar to the current process for Special Use Permits or Variances.
- B. Limiting the total number of bedrooms in any new vacation dwelling unit to not exceed four (4) Bedrooms. About 10% of the currently licensed vacation dwelling units in Duluth have five (5) or more bedrooms, and will be grandfathered in if they reapply, but not if the ownership of the property changes or the permit lapses.
- C. Strengthening the conditions for approval to include a requirement for dense urban screen or fence to be in place at the time of approval, and to be continuously maintained during the permit period.
- D. Increasing the vacation dwelling unit cap to provide for an increase of 10 percent of the net increase in new housing units created in the city in the previous year, or no more than ten (10) new vacation dwelling units per year, whichever is less, provided that the total number of vacation dwelling units authorized 4 shall not exceed 120 units.
- E. Retaining the exemption for vacation dwelling units located in form districts; and
- F. The creation of a new, over-the counter annual permit for short-term vacation dwelling units permitting owners to rent their owner-occupied, homestead property as vacation dwelling units for not more than twenty-one (21) days per year, specified in the permit, with no rental period for no more than seven (7) consecutive days, nor less than two (2) consecutive days. The ordinance language states that this is an annual permit, not a three-year permit as is an accessory home share permit.

This ordinance language will be paired with modifications to the fee schedule, and fee increases related to vacation dwelling units, at the time of the second reading.

Planning staff hosted an on-line public information meeting on Thursday, September 23, 2021. A twenty-minute presentation was followed by thirty minutes of comments and questions from members of the public. A general summary of the comments and questions is included as an attachment. The planning staff also received three pieces of written correspondence on this topic, which are also included with the comments from the public information meeting.

The planning commission held a public hearing and considered the changes at a special Tuesday, September

28, 2021, planning commission meeting. Following discussion and two recommended changes to the proposed text, one related to adding flexibility to screening/fencing of vacation dwelling units and another related to adding flexibility for continuous residency of accessory home shares, the commission voted with 6 yeas, 0 nays, and 0 abstentions, to recommend that the city council approve the text change to the Unified Development Chapter of the City Code.

PL 21-136