



MINNESOTA POINT 50

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Subject: Vacation Rental Policies - Follow-Up from 8/6/26 Presentation to City Council Committee of the Whole

Dear Roz Randorf, John Dukich, Ben VanTassel, Shawn Krizaj, and Jon Otis,

Thank you to Ben, Jon, and other members of City staff who have been working over the past several months to develop a new framework for short-term rental (STR) permitting and enforcement in Duluth. As members of the Park Point Community Club (PPCC) and Minnesota Point 50 (MP50), we share your interest in finding an approach that balances the interests of tourism and economic development with the priorities of housing availability, housing affordability, and community cohesion.

Several members of PPCC and MP50 were able to join the City Council Committee of the Whole on August 6, during which Ben and Jon presented the City's proposed framework for managing short-term rentals (STRs) in Duluth. We appreciated the chance to deepen our understanding of the City's priorities and the proposed framework. We see a great deal of alignment between our own recommendations and the City's proposed approach to STRs. However, we have a number of questions about the proposed ordinance and related plans, and we remain concerned about the availability of housing, the affordability of housing, and community cohesion and vitality under the proposed regime.

Specifically, we are concerned about:

- 1) Continued loss of long-term housing to vacation rentals;
- 2) Continued concentration of vacation rentals on Park Point; and
- 3) Continued lack of enforcement of STR permits and guest behavior.

We have laid out some specific questions below and would appreciate some additional information. We would also like to review the draft ordinance and any accompanying materials as soon as they are available. Finally, we would like to know more about the process for approving and implementing the new ordinance and for monitoring and potentially modifying the new ordinance over time.

We are concerned about the continued loss of long-term housing to vacation rentals, which reduces the availability of housing for owner-occupants and long-term renters and reduces housing affordability. We understand that, in the proposed framework, new STRs will be prohibited in single-family homes and duplexes, but we have a number of remaining questions and concerns.

- We understand that, under the new ordinance, buildings with more than 6 units will be considered hotels and therefore not allowed in areas zoned Residential. Will STRs be allowed in buildings with 3-6 units? If so, will those uses be allowed in areas zoned Residential (R-1 and R-2)?
- Park Point has some areas zoned Mixed Use - Waterfront (MU-W) and Mixed Use - Neighborhood (MU-N). Would new buildings with 3-6 units or hotels with more than 6 units be allowed in those areas?
- Would STR permits for new Accessory Dwelling Units be allowed on properties or parcels without a homesteaded home?
- Ben mentioned the possibility of allowing STRs in new housing developments if that ability is important for allowing the development “to pencil out.” Can you share more information about any situations in which exceptions to the ordinance may be considered and the process for consideration?
- Do you foresee any other scenarios in which an owner could convert a single-family home or duplex to an STR or tear down a single-family home or duplex and replace it with an STR?

We are also concerned about the continued concentration of vacation rentals on Park Point, which undermines housing availability, housing affordability, and community cohesion and stresses the sensitive ecosystems of Minnesota Point. We understand that, in the proposed framework, new STRs would not be allowed in existing single-family homes and duplexes but existing STRs would be allowed to continue in perpetuity. We do understand that some existing STR permits for single-family homes and duplexes would end, if those homes fail to comply with more stringent building codes and life safety regulations or if the owners of those permits decide to stop renting out their properties. However, we are concerned that this reduction in permits and the density of STRs on Park Point would be minimal and slow to materialize. We also have some remaining questions.

- What types of permits would be grandfathered into the new system? Only those with current permits or those in the queue for new permits?
- Could a grandfathered STR permit be sold to a new owner along with the home?
- If an owner tears down a home with a grandfathered STR permit and builds a new home (or duplex, triplex, etc.) at the same address, will that new home be eligible for the preexisting STR permit?
- What would an owner need to do to keep a grandfathered STR permit active? Would they just need to pay for permit renewal over time? Would they need to rent the unit a certain number of nights per year, or could the permit go dormant without being discontinued?

We are concerned about the continued lack of enforcement of STR permits and guest behavior. We understand that the City intends to work with an online platform that will make it easier for City staff and the general public to understand the STR market, including the ability to see which addresses have STR permits, file complaints, and track complaints over time. But we still have concerns and questions about enforcement.

- How will the City conduct and fund enforcement of STR permitting and operations?
- Will all STRs be taxed as commercial properties?
- How will the City identify and shut down unpermitted STRs?
- What will be the penalty for running unpermitted STRs?
- What will be the process for managing complaints about noise, parking, etc. at permitted STRs?
- What will be the penalty for bad guest behavior?
- Under what circumstances will an STR permit be revoked? In cases where owners manage multiple STRs, would a permit revocation apply to an individual property or the owner of that property (and therefore apply to all STRs managed by that owner)?
- Would an owner whose permit has been revoked be allowed to apply for additional permits at the time of revocation or at some point in the future?

Finally, we are wondering about the process for approving the new ordinance and for monitoring and potentially modifying the ordinance over time.

- When will the proposed ordinance be available for public review?
- How can the public share feedback about the new ordinance?
- When would the new ordinance take effect?
- What is the proposed schedule for buying and activating the STR-management software?
- Will the City's internal Working Group continue to meet and suggest improvements? If not, why not? If so, will the Working Group be expanded – or converted into a “Community Oversight Board” – to include representatives from Park Point and other neighborhoods, and possibly representatives from City Council?
- What kind of process will City staff use to track, evaluate, and share with the public information about performance of the new ordinance, such as number of permits, number and nature of complaints, etc.?
- What kind of process will City staff use to recommend or implement improvements to the STR ordinance and management in the future?

Thank you for your efforts to improve Duluth's approach to short-term rentals. We understand that it is challenging to balance the many interests and priorities at play, and we appreciate your commitment to protecting housing availability, housing affordability, and community cohesion in our neighborhoods.

Sincerely,

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Pat Sterner, President, Minnesota Point 50

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