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Park Point Community Club

July 28, 2026

Subject: Vacation Rental Policies - Follow-Up from 7/7/26 Meeting

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

Thanks to all of you for taking the time to meet with members of the Park Point Community Club and Minnesota Point 50 (Dawn Buck, Pat Sterner, Jessica Boehland, Paul Treuer, and Brian Ruggle) on July 7, 2026, to discuss our report "Finding the Balance with Vacation Rentals in Duluth."[1] We appreciated the chance to share our understanding of the current situation on Park Point and as well as some promising practices that have emerged from other communities and a set of recommendations for consideration as the City works to refine its approach to vacation rental permits.

As a reminder, we shared a set of 11 recommendations. They are:

1. Hire a consultant to support a comprehensive redesign of vacation rental policies.
2. Seek and incorporate community input into the redesign process.
3. Extend the moratorium until the redesign process is complete.
4. Cap the percentage of vacation rentals in neighborhoods.
5. Prioritize community ownership over commercial ownership in neighborhoods.
6. Require owners to designate a responsible point of contact.
7. Require owners to display a Good Neighbor Guide.
8. Develop and maintain a public vacation rental website.
9. Dedicate sufficient City staff and resources to enforcement.
10. Establish a fee structure that will fully fund enforcement.
11. Implement a Resilience Tax on vacation rentals.

At the end of the July 7 meeting, members of PPCC and MP50 agreed to share responses to the survey of Park Point residents that PPCC conducted in Spring 2026. Dawn Buck shared that information with some of you earlier this month. Please let us know if others would like to see that information or if you have any questions about the survey.

We also agreed to share some additional information about potential legal pathways to advance our

[1] Finding the Balance with Vacation Rentals in Duluth: Recommendations from the Park Point Community Club and Minnesota Point 50

suggestions of: 1) Extending the moratorium on short-term rental permits; 2) Prioritizing community ownership over corporate ownership; and 3) Establishing policies unique to Park Point. This letter includes that information as well as some additional suggestions to advance our shared goals of preserving housing availability, housing affordability, and community cohesion on Park Point.

Extending the moratorium on short-term rental permits

The City of Duluth's 12-month moratorium on short-term rental permits appears to have taken effect on November 26, 2025, meaning it will expire on November 25, 2026. In our report, PPCC and MP50 recommended extending the moratorium to allow the City time to work with a consultant to undertake a comprehensive redesign of vacation rental policies that incorporates community input. However, members of City Council and City staff have noted that the State of Minnesota prohibits municipalities from extending moratoria, or "interim ordinances," beyond 12 months.

We believe the relevant statute is part of the State of Minnesota's Local Government Police Powers, "Section 462.355: Adopt, amend comprehensive plan; interim ordinance."[2] This Section states, in part:

> If a municipality is conducting studies [...], the governing body of the municipality may adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety and welfare of its citizens. The interim ordinance may regulate, restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.

The statute specifies:

> The interim ordinance may be extended for the following conditions and durations [...]:
>
> > (1) up to an additional 120 days following the receipt of the final approval or review by a federal, state, or metropolitan agency when the approval is required by law and the review or approval has not been completed and received by the municipality at least 30 days before the expiration of the interim ordinance;
> >
> > (2) up to an additional 120 days following the completion of any other process required by a state statute, federal law, or court order, when the process is not completed at least 30 days before the expiration of the interim ordinance; or
> >
> > (3) up to an additional one year if the municipality has not adopted a comprehensive plan under this section at the time the interim ordinance is enacted.

It is unclear to us whether any of these conditions could pertain to our situation and would appreciate your assessment and response. We found one example of a city in Minnesota adopting an interim ordinance longer than one year. In July 2026, the City of Isanti adopted a 30-month moratorium on hyperscale data centers.[3]

[2] Local Government Police Powers, Section 462.355: Adopt, amend comprehensive plan: Interim ordinance
[3] Isanti approves 30–month moratorium on hyperscale data centers

If an extension is not permissible, we encourage City staff to continue to make adjustments to the vacation rental policies as warranted even after the moratorium expires and the new policies take effect. We propose that the City's in-house working group on this issue continue to meet on a regular (at least monthly) basis and be expanded with members from the community, including a representative from Park Point. If more significant changes seem warranted after, say, one year under the new policies, we encourage City staff to enact a new moratorium to provide space for a more comprehensive redesign process that incorporates more substantial community engagement. Minnesota state law does not appear to specify any minimum waiting period between moratoria.

Prioritizing community ownership over corporate ownership

In our survey of Park Point residents, we heard an interest in maintaining traditional "homesharing," or the ability of owners to rent out their homes to visitors, enabling them to actively engage with visitors and help them understand the local community and ecosystems while also earning revenue that can help the owners pay property taxes and remain in the community. However, we heard little support for individual community members owning multiple vacation rentals, and we heard deep concern about the rapid growth of corporate ownership of vacation rentals, which appear less likely to benefit the community and more likely to threaten housing availability, housing affordability, and community cohesion.

Reflecting this distinction, PPCC and MP50 recommended in our report that the City prioritize community ownership over commercial ownership of vacation rentals. Specifically, we recommended that the City cap the number of units that individual community members are allowed to own and operate and ban commercial ownership of vacation rentals in neighborhoods.

Members of City Council and City staff have noted that they believe the City is unable to make such a distinction in its approach to vacation rentals. While the City may not be allowed to explicitly ban commercial ownership, we believe it could and should pursue other requirements that would have the effect of prioritizing community ownership over corporate ownership. For example, the City could:

- Enact a primary-residence requirement, ensuring that any vacation rental is "occupied by the host for most of the year and/or that the rental is in or part of the owner's primary residence"[4];
- Limit the number of vacation rentals that any permit holder may operate; and/or
- Cap the number of days per year that a unit may be rented.

Many other cities, including several in Minnesota, have adopted these types of requirements. For example, Mendota Heights[5] and Minnetonka[6] both require permit holders to maintain primary residence at the rental property. Minneapolis requires that "an owner can only have one short-term rental property besides their home. This includes limited liability corporations (LLCs). It also applies to

[4] Short-Term Rental Regulations: A Guide for Local Governments
[5] City of Mendota Heights: Short Term Rentals
[6] Minnetonka Matters: Short Term Rental Ordinance

people with more than one LLC."[7] And, of course, Duluth already caps at 21 the number of days per year that a unit may be rented under its "Accessory Vacation Dwelling Unit, Limited" permits.[8]

Establishing policies unique to Park Point

In our report, PPCC and MP50 made some recommendations that might apply to Park Point but not to other parts of Duluth. These recommendations included capping the percentage of vacation rentals in neighborhoods and requiring owners to prominently display a hard copy of a Good Neighbor Guide in the rental unit that includes information specific to the neighborhood in which the vacation rental is located. We also suggest that a digital version of the Guide be sent to renters along with the rental agreement at the time the unit is booked. However, members of City Council and City staff have noted that they believe they are unable to apply different rules to different neighborhoods in Duluth.

We believe that both of these requirements could advance our goals even if they are written to apply equally to all neighborhoods or to all areas zoned Residential. For example, a cap on the percentage of vacation rentals per block could apply citywide even if only a handful of neighborhoods ever approach that cap. Similarly, a Good Neighbor Guide could include the same information for all vacation rentals in Duluth even if the information about Park Point is less relevant to visitors in other parts of town.

However, we do not believe that such a universal approach is legally necessary. During our July 7 meeting, we heard the concern that treating Park Point differently would constitute redlining. That is not correct. As defined by the Federal Reserve, "redlining is a form of illegal disparate treatment whereby a lender provides unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the residents of the area in which the credit seeker resides or will reside or in which the residential property to be mortgaged is located."[9] Our situation is different.

The National League of Cities (NLC) is a membership organization that provides education, research, support, and advocacy to city leaders across America. Duluth is a member. In a 2022 report called "Short-Term Rental Regulations: A Guide for Local Governments," NLC confirms that "cities can decide to limit the availability of [short-term rentals] in specific areas of cities, such as particular residential areas or neighborhoods with specific historic character."[10] It also notes that one policy lever available to cities is to "adopt a permit requirement and set a specific quota (number or percentage) on the number of short-term rental permits that will be distributed in a particular geographic area (e.g., neighborhood, census tract, ZIP code, etc.)."

The State of Minnesota's Local Government Police Powers, "Section 462.357: Official controls: zoning ordinance,"[11] lays out cities' ability to treat different areas differently. This Section states:

> For the purpose of promoting the public health, safety, morals, and general welfare, a

[7] City of Minneapolis: Short-term rental licenses
[8] City of Duluth: Short-Term Rentals
[9] Federal Fair Lending Regulations and Statutes
[10] Short-Term Rental Regulations: A Guide for Local Governments
[11] Local Government Police Powers, Section 462.357: Official controls: zoning ordinance

> municipality may by ordinance regulate on the earth's surface, in the air space above the surface, and in subsurface areas, the location, height, width, bulk, type of foundation, number of stories, size of buildings and other structures, the percentage of lot which may be occupied, the size of yards and other open spaces, the density and distribution of population, the uses of buildings and structures for trade, industry, residence, recreation, public activities, or other purposes, and the uses of land for trade, industry, residence, recreation, agriculture, forestry, soil conservation, water supply conservation, conservation of shorelands [...], access to direct sunlight for solar energy systems [...], flood control or other purposes, and may establish standards and procedures regulating such uses.

The Section also notes:

> The regulations shall be uniform for each class or kind of buildings, structures, or land and for each class or kind of use throughout such district, but the regulations in one district may differ from those in other districts. The ordinance embodying these regulations shall be known as the zoning ordinance and shall consist of text and maps.

We believe that adopting an approach to vacation rentals that is unique to Park Point is not only legally permissible but also appropriate. Park Point is a unique neighborhood facing unique pressures. A historically low-income and tight-knit community, Park Point is now undergoing rapid gentrification that is pricing out lower-income owners and long-term renters in favor of wealthier owners and second homes. In addition, Park Point faces high and growing tourist demand. Perhaps most notably, Park Point is situated on a sandbar that is home to environmentally sensitive plants, animals, and ecosystems vulnerable to erosion, habitat loss, and the pressures of a changing climate.

In recognition of its unique characteristics, Duluth's zoning regulations already consider Park Point as different from other neighborhoods. Most of Park Point's built environment is zoned Residential - Traditional (R-1), though smaller portions are zoned Residential - Urban (R-2), Mixed Use - Waterfront (MU-W), and Mixed Use - Neighborhood (MU-N). Areas at the southern end of Park Point are zoned Park and Open Space (P-1), Airport (AP), and Rural - Conservation (R-C). However, Park Point is also subject to the Natural Resources Overlay (NR-O). As laid out in the Unified Development Chapter[12]:

> The purpose of this overlay is to promote, preserve and enhance the water resources and environment within the city and protect them from adverse effects caused by poorly sited or incompatible development. It is intended to implement the Minnesota Wetland Conservation Act (WCA), federal emergency management agency (FEMA) rules, and the Minnesota department of natural resources (DNR) shoreland and flood plain regulations. In accordance with this regulatory framework, wetlands, flood plains and shorelands are protected by regulating developments that would have an adverse or potentially irreversible impact on unique and fragile land, by minimizing conflicts and encouraging compatibility between environmentally sensitive lands, and by requiring detailed review standards and procedures for developments proposed for such areas, thereby achieving a balance between urban growth and development and protection of natural areas.

[12] City of Duluth: Unified Development Chapter 50-18.1: Natural Resources Overlay (NR-O)

Specifically, “the shoreland overlay applies to lands within 1,000 feet of Lake Superior or within 300 feet of rivers, creeks, streams and tributaries and floodplains [...].”[13] Since Park Point is so narrow, the entire neighborhood falls within these parameters and is therefore considered a Shoreland Zone. We believe that this recognition of the importance of protecting the water resources and environment within the city could also serve as justification for limiting vacation rentals on Park Point.

Thank you for inviting this additional information. We look forward to your response to the specific issues the information raises**.** We are glad to continue to support the City Council and City staff as we work to improve Duluth’s approach to vacation rentals, recognizing the benefits of vacation rentals while protecting housing availability, housing affordability, and community cohesion and vitality.

Sincerely,

Dawn Buck, President, Park Point Community Club

Pat Sterner, President, Minnesota Point 50

Jessica Boehland, Member, PPCC / MP50 Housing Working Group

Andrea Kuzel, Member, PPCC / MP50 Housing Working Group

Char Roise, Member, PPCC / MP50 Housing Working Group

[13] City of Duluth: Unified Development Chapter