



**Short Term Rental Task Force  
Regular Meeting  
September 21 2023, 3:00PM  
City Hall  
102 Butler Street, Saugatuck, MI**

*This is an in-person meeting at Saugatuck City Hall, 102 Butler St, Saugatuck, MI 49453. The meeting will also be available live, virtually on Zoom.*

**1. Call to Order/Roll Call:**

**2. Approval of Agenda:** (Voice Vote)

**3. Approval of Minutes:** (Voice Vote)

- a. August 17, 2023 Regular Meeting
- b. September 7, 2023 Regular Meeting

**4. Public Comments on Agenda Items:** (Limit 3 minutes)

**5. Review/Discussion:**

- a. Short-Term Rental Task Force Action Report
  - a. Final Changes or Additions
  - b. Approval of the Report and Recommendations to the Planning Commission and City Council

**6. Communication/Correspondence:**

- A. John Thomas

**7. Public Comment:** (Limit 3 minutes)

**8. Member Closing Comments:**

**9. Adjourn** (Voice Vote)

**NOTICE:**  
Join online by visiting:  
<https://us02web.zoom.us/j/2698572603>  
**572603**

Join by phone by dialing:  
**(312) 626-6799 -or-  
(646) 518-9805**

Then enter "Meeting ID":  
**2698572603**

Please send questions or comments  
regarding meeting agenda items  
prior to meeting to:  
[rcummins@saugatuckcity.com](mailto:rcummins@saugatuckcity.com)



## SHORT-TERM RENTAL TASK FORCE MEETING MINUTES- *Proposed* August 17 , 2023

The Short-Term Rental Task Force met for a  
Special Meeting at 3:00 p.m.  
City Hall  
102 Butler St., Saugatuck, MI 49453.

### **Call to Order:**

The meeting was called to order by Chair Anderson at 3:00 p.m.

### **Attendance:**

Present: Anderson, Boerema, Clark, Gudith, Hart, Manns, Stanton and Steele.

Absent: Tringali

Others Present: Director of Planning, Zoning & Project Management Cummins, City Manager Heise, Attorney Witte and Clerk Wolters.

### **Approval of Agenda:**

*Motion by Manns, second by Hart to add the guest speaker, Allison Furman approval the agenda for August 17<sup>th</sup>. Upon voice vote, motion carried 8-0.*

### **Approval of Minutes:**

Change: Anderson was absent, minutes for August 3, should show member Manns open and closed meeting.

*Motion by Manns, second by Stanton to approve the August 3, 2023, regular meeting and the July 25, 2023, town hall meeting including corrections mentioned. Upon voice vote, motion carried 8-0.*

### **Guest Speaker:**

Allison Furman- *Joey Andrews's representative.*

- Working on a bill that would create a registry and database statewide for short term rentals.
  - Tax mechanisms in the same bill as above:
    - Short term exercise tax of 6% that municipalities can opt into and 1% to toward department that oversees the registry and the rest to municipalities.
    - Automatically expanding the bed tax. 2% of revenue goes to municipalities to use for seasonally appropriated projects.
- Penalties for local units of government to revoke permits.
- Short-term rentals follow the same fire and safety standards as traditional lodging.

- Amending the Zoning Enabling Act so short-term rentals can be restricted to commercial areas instead of residential areas.

**Public Comment on Agenda Item Only:**

Peter Hanson, resident:

- Regarding the survey results:
  - People have many electronic devices that have unique IP addresses allowing the taking of the survey multiple times.
  - Data is meaningless if the survey taker is unknown and cannot trust the data.

Nancy Kimble, resident:

- The survey was confusing regarding caps and supporting 20% vs. 30%.
- The questions were confusing, so the data will be hard to draw conclusions from.
- The least supportive policy was CAPS.
- No questions about full-time residents and what value they add.
  - Support the following:
    - School, SCA, Nonprofits, clubs, government entities on the boards/commissions and city council.

Dick Waskin, resident:

- No consensus on CAPS, it would be irresponsible to take if there is not a clear consensus in the community regarding CAPS.
- A clear path forward should be adopting a good neighbor policy and enforcement of current ordinances.
- Tourists and part-time people contribute to the community too.
- The most important part of the community is every part.

Doug Rodewald, resident:

- He used to have a STR before moving here full-time and appreciates what they do for the community.
- STR driving up home prices, not true there are other factors.
- CAP is a good way to actually set some boundaries.
- He looked at the City of Saugatuck budget regarding homestead vs. non-homestead taxes. Non-homestead pays more in taxes, but don't contribute more. A different millage The budget shows more goes elsewhere than to the town.
- STR don't contribute for all the services to manage them.
- Think about how we want the STR to impact the community while figuring out fees and taxes.

Jani Goodwin, resident:

- To say people that don't live in the community don't have a voice is not inclusive.
- One of the reasons she is in Saugatuck is because Saugatuck is tolerant.
- She is more active the eleven months out of the year than some people that live here twelve months.
- Remember the economy and the larger picture.

**Review/Discussion:**

**Survey Results:**

Kyle Mucha from McKenna reviewed results from the Community Engagement Survey Results and Key Takeaways:

- The survey was open from July 18, 2023, until August 7, 2023. In total, 626 responses were received. 5 responses were determined to be duplicates and were subtracted from the data for this analysis, leaving a total of 621 responses.
- The following key takeaways were gathered from the results of the survey:
  - Full- and part-time residents both agree that short-term rentals have the benefits of supporting tourism and businesses in the city and increase the city’s tax base, but part-time residents agree with this at higher rates than full-time residents. Unlike full-time and part-time residents, non-residents selected that short-term rentals allow homeowners to increase their incomes as a top benefit.
  - Full- and part-time residents both had the greatest concerns with noise, parking, and a lack of enforcement of short-term rental regulations, while non-residents were also concerned that short-term rentals are increasing home prices, making it difficult to buy a home in the City.
  - Full-time, part-time, and non-residents support strengthening enforcement measures behind short-term rental regulations, including suspending or revoking short-term rental licenses after multiple violations and increasing fees and fines for confirmed violations.
  - The least popular amongst all resident groups were those surrounding caps on short-term rentals, with the strongest disagreement towards caps of greater than 30% of Saugatuck residents.

**Master Land Use Plan and STR Analysis:**

Kyle Mucha from McKenna reviewed goals and policies related to residential and commercial uses in the City. Explored goals and policies that can reasonably be connected to short-term rentals; however, it does not include all goals and policies from the Tri-Community Master Plan.

**Objectives:**

**Communication:**

- A. Christina Wood
- B. Ron Collins

**Public Comment:**

**Mark Wright, resident:**

- Thanked the task force for their work.
- Action needs to happen slowly.
- Does not agree with CAP or the lottery system.

**Gary Kemp resident:**

- Likes the tone of where the STRTF is going, does not agree with CAP.
- Set occupancy limits.
- City needs enforcement for STRs.

**Kieth Charak, resident:**

- Thanked everyone for their volunteerism.
- In 30 years, the real estate value hasn't taken any are drops and many people moved here during the pandemic.
- Questioned what the difference between now and years ago of percentage of residents of the homes in the community that are non-homesteaded and homesteaded.
- Homesteaded properties have dropped in the last 25-30 years along with the population, this will continue if left unchecked.
- Grandfather everybody in and put a lower percentage CAP on and as people stop their STR, they don't get relicensed, and City gets more permanent residents.

**Michael Economos, resident:**

- Community
- K
- K
- K
- k

**Member Closing Comments:**

**Sean Steele:**

**Manns:**

**Adjournment:**

*Motion by Clark, second by Steele to adjourn. Upon voice vote, motion carried unanimously.  
Chair Anderson adjourned at 5p.m.*

Respectfully Submitted

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Jamie Wolters, City Clerk



## SHORT-TERM RENTAL TASK FORCE MEETING MINUTES- *Proposed* September 7 , 2023

The Short-Term Rental Task Force met for a  
Special Meeting at 3:00 p.m.  
City Hall  
102 Butler St., Saugatuck, MI 49453.

### **Call to Order:**

The meeting was called to order by Chair Anderson at 3:00 p.m.

### **Attendance:**

Present: Anderson, Boerema, Clark, Gudith, Hart, Manns, Stanton and Steele.

Absent: Manns

Others Present: Director of Planning, Zoning & Project Management Cummins, Attorney Witte and Clerk Wolters.

### **Approval of Agenda:**

*Motion by Clark, second by Stanton to approve and modify the agenda with 4. Upon voice vote, motion carried 8-0.*

**Approval of Minutes:** None.

**Guest Speaker:** None.

### **Public Comment on Agenda Item Only:**

#### Peter Hanson, resident:

- Regarding item 5a- Correspondence:
  - The correspondence letter is a great example of what happens with no CAP.
  - 25%, 33% and 44% are too high for STRs.
  - No one is looking to buy a home to live in with 44% STRs.
  - City needs a moratorium now on STR while the City looks at enforcement and CAPS.

#### Nancy Kimble, resident:

- Regarding item 5a- Correspondence:
  - All solutions given by correspondence were amazing.
  - Supports CAP.

- Read an excerpt from online of the definition of Saugatuck from 2002 that described this town as one of the top 25 Art destinations prior to the STR issues.

**Review/Discussion:**

**Written Objectives:**

Kyle Mucha from McKenna reviewed:

- Aid & support the City of Saugatuck's tourism industry.
- Preserve the character of Saugatuck by enhancing the small-town feel.
- Effectively enforce short-term rental-regulated ordinances.

**Draft Recommendations:**

**A. Fire Department Recommendations:**

- Chief Janik reviewed the fire department's observations and suggestions regarding STRs.

**B. Recommendations and Analysis from McKenna Associates:**

- Good neighbor guide.
- Noise.
- Fire safety.
- Trash.
- Compliance officer.
- General modifications.

**Cap Analysis:**

- Policy #1: City-Wide Cap.
- Policy #2: Residential District Cap.
- Policy #3: Neighborhood Cap.
- Policy #4: Lottery.
- Policy #5: No Action.

**Communication:**

- A.** Christina Wood
- B.** Ron Collins

**Public Comment:**

**Diana Decker, resident:**

- Hope that if a home doesn't pass fire inspection, hopefully City does not approve STR certificate.
- Most cities have their own master plan, we have a tri-community- dated 2016. All communities are different and should have their own.
- City of Saugatuck should have own police as the enforcement is a topic of discussion.
- All homestead and non-homestead pay same mils, except for 18 mil for school.

**Jane Underwood resident:**

- Receives consistent inquiries to buy her home, especially from large companies and overseas.
- There are too many empty homes in Saugatuck.
- There is a declining school population.

**Gary Kemp, resident:**

- Agrees with member Steeles comments.
- Believes CAP would open up lawsuits.
- Investors contribute to the community without living here.
- Enforcement is needed before implementation of CAP.

**Ethan Barde, resident:**

- Manages rental properties.
- Enforcement will take care of current issues.
- No CAP needed.
- Follow the fire department on occupancy suggestions.

**Kate Thompson, resident:**

- Just purchased a home in Saugatuck.
- People come for restaurants and shows.
- Had questions about adoption date for new policies.
- Establish or revise enforcement.
- Does not support CAPs.

**Michael Economos, resident:**

- Asked a question.

**Doug Lalone, resident:**

- Maximize 2 per bedroom, but one additional per floor and perhaps a cap of 12 or 15.
- Needs enforcement, will they enforce residents like they enforce STR.
- In favor of every other year for fire inspections.

**Member Closing Comments:** None.

**Adjournment:**

*Motion by Steele, second by Gudith to adjourn. Upon voice vote, motion carried unanimously.  
Chair Anderson adjourned at 5:15p.m.*

Respectfully Submitted

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Jamie Wolters, City Clerk



# Short-Term Rental Task Force Action Report

City of Saugatuck, Michigan







# Short-Term Rental Task Force Action Report

City of Saugatuck, Michigan

DRAFT September 15, 2023

Prepared with the assistance of:



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## Acknowledgments

### **TASK FORCE MEMBERS**

*Holly Anderson, Chair*

*Steven Manns*

*Lauren Stanton*

*Sean Steele*

*Kevin Tringali*

*Elizabeth Boerema*

*Cathy Hart*

*Anne Gudith*

*Joe Clark*

### **With special thanks for City staff members:**

Ryan Cummins, Director of Planning, Zoning, & Project Management

Jamie Wolters, City Clerk

Ryan Heise, City Manager

### **And the McKenna Team:**

John Jackson, AICP; President

Chris Khorey, AICP; Project Director

Kyle Mucha, AICP; Project Manager

Danielle Bouchard, AICP; Project Planner

Maya Baker, Project Planner

Emily Huhman, Project Planner

Lauren Sayer, GIS Mapping Specialist

Raphael Kasen, AICP; Public Engagement Specialist

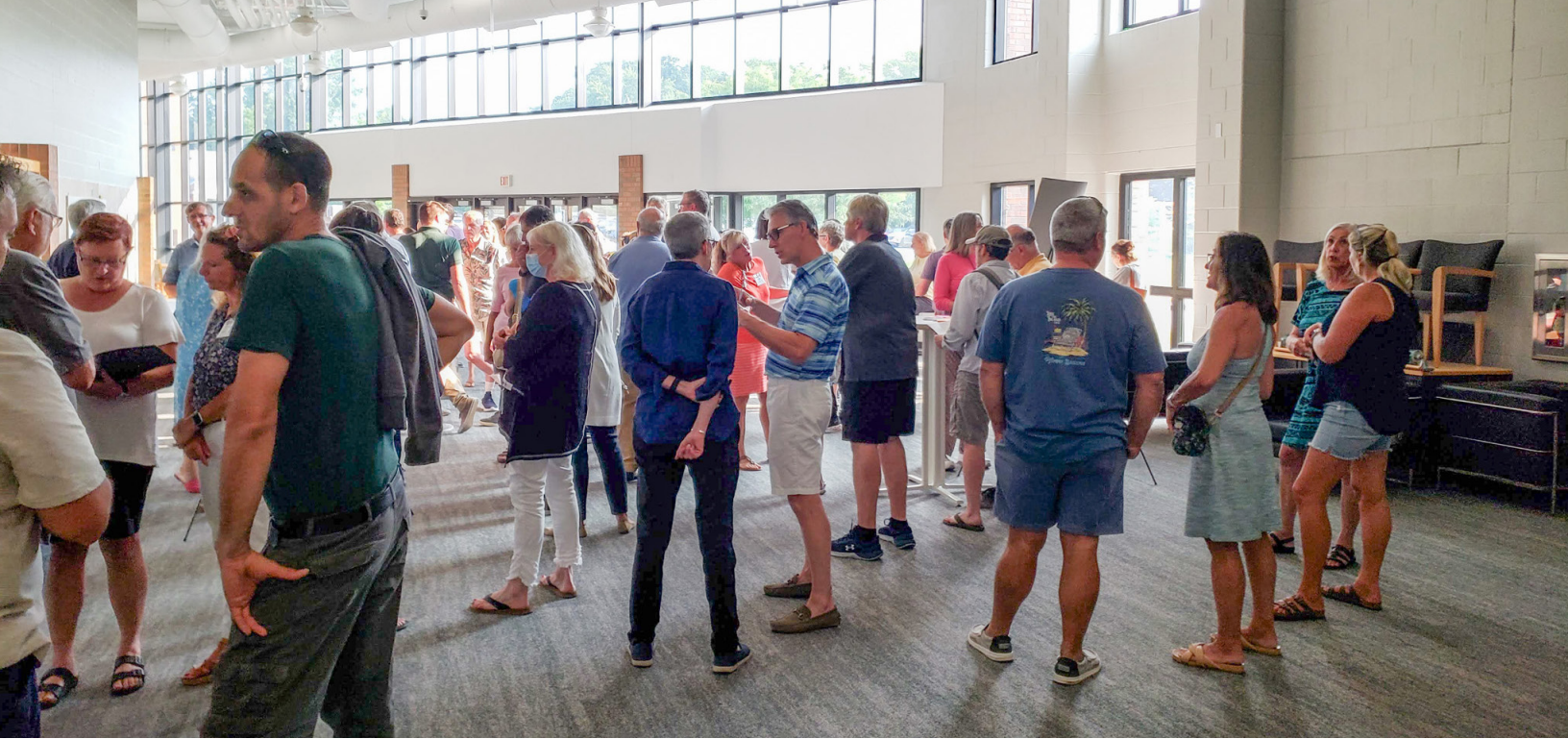
Jeff Keesler, Public Engagement Specialist

Erin Raine, Graphic Designer

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## Purpose & Summary

*This report communicates the efforts undertaken by the City of Saugatuck's Short-Term Rental Task Force to identify and prioritize current short-term rental concerns, issues, opportunities, and objectives held by residents, property and business owners of the City, schools, public safety and other community stakeholders.*

The City of Saugatuck's Short-Term Rental Task Force (also known as the Task Force), was established by Saugatuck City Council on February 16, 2023. The Task Force purpose and priorities include identifying and prioritizing current short-term rental concerns, issues, opportunities, and objectives held by the residents and community stakeholders. For a full listing of the Council's findings, refer to City Resolution No. 230216-A located within this report.

The following report details the analysis, findings, public comment and recommendations as it pertains to the City of Saugatuck's short-term rentals.



## OVERVIEW

The City of Saugatuck Short-Term Rental Task Force consists of nine members, who represent a balance of different stakeholders within the community, including:

- One member from City Council
- Two members from the Planning Commission
- One member from the retail, restaurant or lodging business owner community
- One member from a short-term rental property management group
- One member from a residential zone who holds a short-term rental license and/or is positive about short-term rentals
- One member from a commercial zone who is not the owner of a short-term rental
- One member from the real estate/Realtor community with no short-term rental ownership
- One member from a residential zone who is not a short-term rental owner and who feels negatively impacted by short-term rentals in their neighborhood

The City of Saugatuck's Short-Term Rental Task Force began meeting in May of 2023 to implement the purposes and priorities outlined by the Council Resolution. During monthly meetings, the Task Force reviewed and undertook the following generalized topics:

- Reviewed Michigan communities' policies towards short-term rentals.
- Analyzed state-level data on housing markets.
- Discussed City of Saugatuck ordinances, regulations and policies;
- Engaged in discussions pertaining to the City of Saugatuck assessing & zoning data.
- Listened to public comments from residents and stakeholders.
- Hosted a community-wide Town Hall and online public engagement survey.

In order to assist in the above-listed items, the City of Saugatuck partnered with the Michigan planning firm **McKenna**, in order to aid in facilitation and in-depth data analysis pertaining to the short-term rental objectives. McKenna is a Michigan based regional planning firm that specializes in municipal planning, development and building services. The McKenna team consisted of professional planners who bring an array of expertise, with backgrounds ranging from municipal policy to design to commercial construction.



# Objectives

## Aid & Support the City of Saugatuck's Tourism Industry

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The Task Force acknowledges that short-term rentals support the tourism industry in the City of Saugatuck, City of Douglas, and Saugatuck Township. The Task Force has expressed the opinion that short-term rentals permit tourists alternative temporary housing options within the City, as compared to a traditional hotel/motel.

### Pathways Forward

Potential avenues to assist in achieving this objective are listed below. These pathways are not all-encompassing, however, are intended to be broad in nature.

- Promote tourist accommodations that offer short-term lodging.
- Encourage underutilized residential dwellings to become short-term lodging options.
- Encourage second homeowners to offer short-term lodging during non-use times.
- Conduct market analyses to determine impact of short-term rentals on the commercial sector in Saugatuck.

## Preserve the Character of Saugatuck by Enhancing the Small-Town Feel

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Beginning in May of 2023, the City of Saugatuck Short-Term Rental Task Force has listened to public comment as it pertains to the character of the City of Saugatuck. Some residents and secondary homeowners state short-term rentals detract from the neighborhood feel. Other supporters of short-term rentals believe it helps encourage a higher standard of property maintenance. As such, the Task Force has defined the following objective as it pertains to maintaining the character of the community:

### Pathways Forward

Potential avenues to assist in achieving this objective are listed below.

- Encourage the preservation of the existing residential housing stock by limiting commercial development.
- Encourage short-term lodging in appropriate areas of the City, such as near Butler Street, to aid in supporting the tourism industry.
- Seek to limit the occupancy of residential short-term lodging dwellings.
- Encourage high occupancy short-term lodging in appropriately zoned areas of the City.
- Review the goals and objectives of the City's Master Plan to ensure alignment with maintaining the small-town character of the City.



## Effectively Enforce Short-Term Rental-Regulated Ordinances

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A key takeaway from the Task Force, public engagement (survey & Town Hall) and public comment during meetings has been centered on ordinance and regulation compliance from patrons and property owners of short-term rentals. A significant consensus has been that existing ordinances and regulations need to be followed as it pertains to noise, trash, parking and occupancy limits of short-term rentals.

### Pathways Forward

Potential avenues to assist in achieving this objective are listed below.

- Encourage proactive monitoring of short-term rentals within the City.
- Begin an informational campaign pertaining to regulations on short-term rentals.
- Publish common violations noted by the Allegan County Sheriff's Office and ways to mitigate such issues.
- Create and publish a "frequently asked question" as it relates to short-term rentals on the City website.

# Recommendations

## Good Neighbor Guide

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A good neighbor guide sets expectations and regulations for those who rent a home within the Saugatuck area. Such a guide helps ensure residents' quiet and peaceful enjoyment of their neighborhoods. The Task Force has discussed the need to adopt a city wide "good neighbor guide." Provisions could include:

- Noise considerations
- Trash disposal
- Parking considerations—off-street versus on-street parking
- Owner/Operator of the short-term rental post the occupancy limits as established by the Township Fire Authority.

## Noise

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Noise is a common concern that has been raised since the Task Force began meeting in May of 2023 to discuss short-term rentals. As such, the following recommendations are put forth for consideration.

**Recommendation #1:** Request that City Council review the existing noise ordinance (Section 94.04) to determine if increasing the time of "quiet" hours is appropriate. A partnership with the Allegan County Sheriff's office may be appropriate in review of the noise ordinance.

**Recommendation #2:** Request that the Planning Commission encourage City Council to review the ability to create a noise ordinance for residential districts. Such an ordinance may limit the hours of operation for activities as construction, sound amplifiers, radio and musical instruments. This review would seek to enhance the existing city-wide noise ordinance to aid in further protecting residential districts.



## Fire Safety

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The Saugatuck Township Fire District presented recommendations to the Task Force regarding life safety improvements as it pertains to short-term rentals. The following recommendations are provided:

**Recommendation #1:** Request that the Saugatuck Fire Department transition to annual inspections of short-term rental units.

**Recommendation #2:** Explore reducing the occupancy limits that aligns more with single-family residential dwellings. Such reduced occupancy would entail allowing two (2) persons per bedroom, with a maximum of 12 persons per dwelling.

**Recommendation #3:** Encourage collaboration between the City of Saugatuck, the City of the Village of Douglas and Saugatuck Township to ensure rental ordinances, fee structures and programs mirror each other.

**Recommendation #4:** Explore requiring a local agent or management company to be located within 15 road miles of the short-term rental property. Such local agent or management company shall be knowledgeable about the property and accountable for responding to the property 24-hours a day, 7 days a week, 365 days a year.

**Recommendation #5:** Encourage regulating short-term and long-term rentals identically [in a similar manner].

**Recommendation #6:** Require the short-term rental certificate to be posted in a window visible from the public roadway in order to identify the property as having been issued a permit to operate as an STR.

**Recommendation #7:** Encourage the review of assessing monetary fines/fees to property owners who are in violation of the short-term rental ordinance and Saugatuck Township Fire District requirements. Such fines/fees would be tracked in an enforcement database.

**Recommendation #8:** Review the existing Fire District fee structure and recommend amendments where applicable.

**Recommendation #9:** Require documentation from the short-term rental property insurance company identifying and acknowledging the property is insured as a rental dwelling.

**Recommendation #10:** Acknowledge that the short-term rental properties were originally built and issued certificates of occupancy as “single-family dwellings” under the Michigan Residential Code. Renting a single-family dwelling to the public on a transient basis mirrors a commercial or business-like change-of-use that can trigger other requirements.

## Trash

---

The Task Force has heard from citizens, residents and community stakeholders regarding a buildup of trash and general refuse that accumulates near short-term rentals. Residents believe short-term rentals are increasing the amount of discarded items above and beyond what is witnessed from non-short-term rental properties. The following items are recommended for consideration:

**Recommendation #1:** Encourage the Planning Commission to explore modifying the short-term rental ordinance (Section 154.022.V.) to require all short-term rentals—certified—to have an additional residential dumpster for every four (4) persons of occupancy. Example—if a STR has an occupancy limit of eight (8) persons, two containers shall be required. If an STR has an occupancy limit of 10 persons, three (3) containers would be required.

**Recommendation #2:** Encourage City Administration to review the existing trash and recycling policies to determine if additional pickups from the waste-hauler are warranted.

**Recommendation #3:** Encourage City Administration to review increasing the recycling pickup from once-a-month to twice-a-month to reduce the buildup of materials on residential properties.

**Recommendation #4:** Encourage City Administration to review the existing recycling policy and determine if additional pickups in the peak tourist months (May to September) are feasible with the waste management company.

## Compliance Officer

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The Task Force has heard months of public comment and engaged with stakeholders who have expressed the need to have a dedicated code enforcement officer on staff to deal with concerns arising from short-term rentals. The following are offered for consideration:

**Recommendation #1:** Encourage the City Administration to explore hiring a dedicated code enforcement/code compliance officer to address short-term rental concerns. Such staff members would be able to respond to resident comments arising from noise, trash, occupancy and other ordinance violations.

## General Modifications

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The following recommendations are general comments and directions that the Task Force has explored. These recommendations are broad in nature and are not specific to any one category:

**Recommendation #1:** Encourage the creation of a short-term rental registration public database in which the property owner and management company (if applicable) contact information is made available. Such contact information can be a general number, but one in which concerned residents can reasonably be expected to reach an agent or representative of the property.



**Recommendation #2:** Encourage the creation of a general call-line in which residents may leave non-time-sensitive concerns with city officials regarding short-term rentals.

**Recommendation #3:** Encourage the City Administration to review areas within residential districts in which “no parking this side of the street” signs could be installed to aid in emergency services access. This could be dedicated north/south roadways and east/west roadways to offer an emergency service pathway.

**Recommendation #4:** Encourage City Administration to review the ability to revoke a certificate for a short-term rental if multiple complaints are validated within a 12-month period. Further, encourage such a review to establish what is classified as a violation and the documentation process to the property owner to inform of the validated violation complaint.

**Recommendation #5:** Request that City Administration review the feasibility of requiring short-term rental properties to post their certificate numbers when listing the rental on popular platforms, such as AirBnB and VRBO.

## Residential Caps

The Task Force has heard from residents, stakeholders and members of the community at large on the topic of instituting a cap on the number of short-term rentals. The following analysis is provided as it pertains to instituting caps on the number of short-term rentals within the City of Saugatuck.

# Short Term Rental Caps

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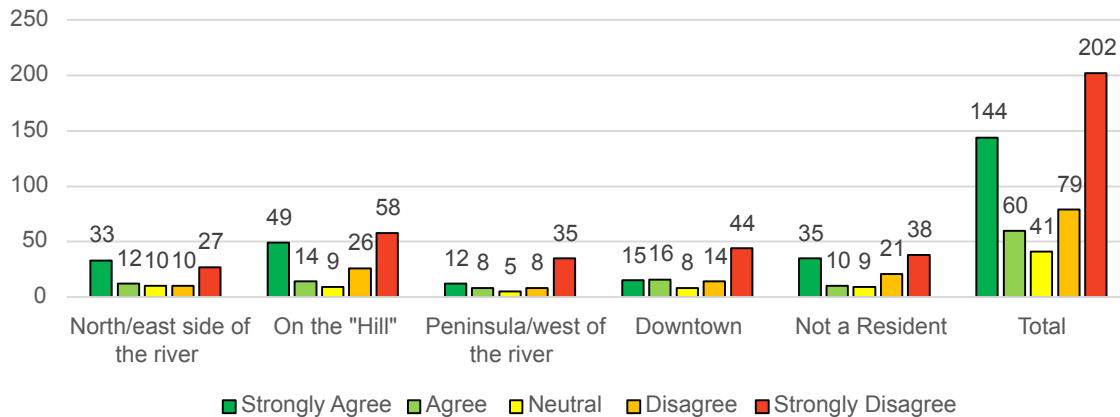
The following outlines proposed recommendations and analysis as stipulated by the City of Saugatuck’s Short-Term Rental Task Force as it pertains to residential “caps” on the number of rental units. The analysis is based on discussions during Task Force meetings, community input via a Town Hall, public comment during regularly scheduled meetings and a comprehensive public engagement survey.

The following graphics are based on the community survey conducted in July and August of 2023. The responses are listed as a total, and also distilled further into neighborhoods (north/east side of the river; peninsula/west of the river; on the “hill”; downtown). Additionally, the below analysis reviewed responses based on full-time/primary home residents, part-time/second home residents and non-residents.

## City-Wide Cap Response

The public engagement survey solicited feedback from residents and community stakeholders as to the temperament of a city-wide cap on short-term rentals. Of the total number of responses received, 144 respondents were indicated they strongly agreed with a city-wide cap, while 202 respondents strongly disagreed with a city-wide cap. When combined with the agree/disagree respondents, 281 were opposed and 204 were in favor.

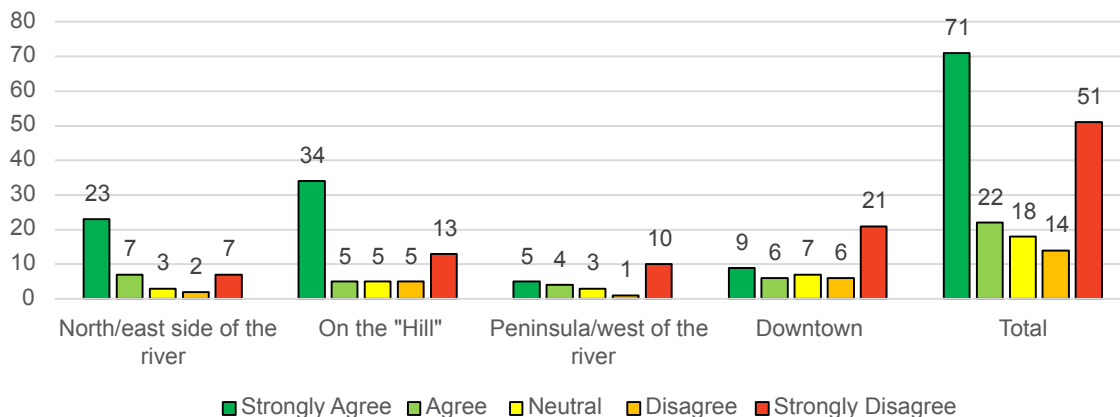
### Implement a Cap on STRs Citywide—All Responses





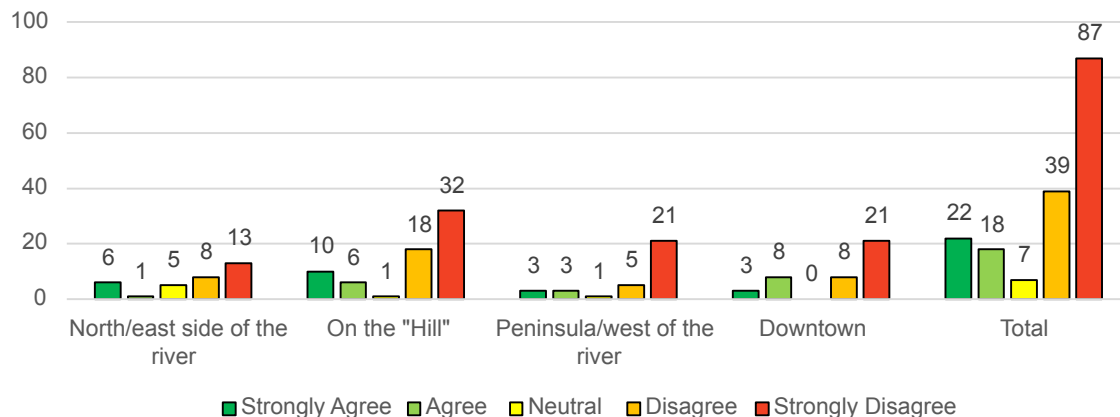
A further analysis of the survey responses indicated that full-time residents were more in favor of a city-wide cap particular for the areas classified as “the Hill” and the north/east side of the river.

### Implement a Cap on STRs Citywide—Full Time Residents



Part-time residents found a cap city-wide to be less agreeable. Part-time residents are more inclined to offer their property in Saugatuck as a short-term rental than full-time residents due to the number of days each year the residential dwelling is being occupied.

### Implement a Cap on STRs Citywide—Part Time Residents



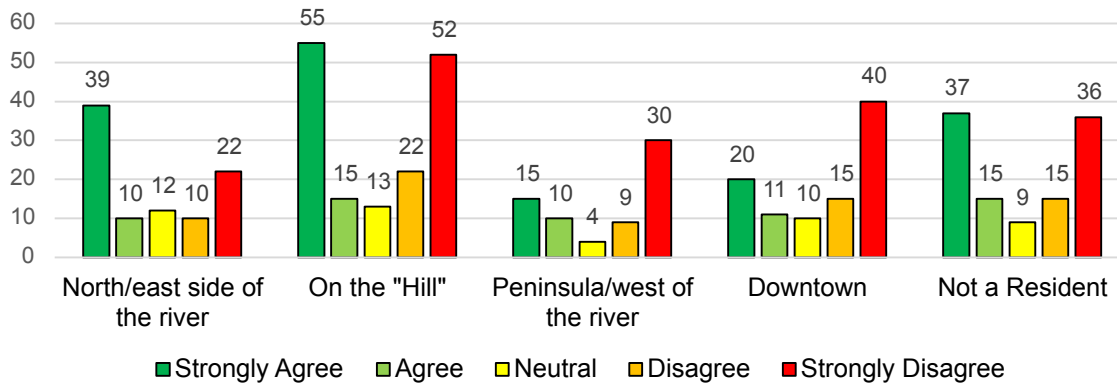
## SUMMARY

When viewed as a whole, a city-wide cap policy was not overwhelmingly supported by those who responded. The response data indicates that full-time residents viewed a city-wide cap more favorably than those who identified as being part-time residents. Public comment has further supported the statement that a city-wide cap would potentially have negative impacts on the economic well-being of the City. The public at large has indicated that short-term rentals provide temporary lodging for tourists, who further support the local businesses of the area. Therefore, placing a city-wide cap on short-term rentals has a potential negative connotation.

## Residential District Cap Responses

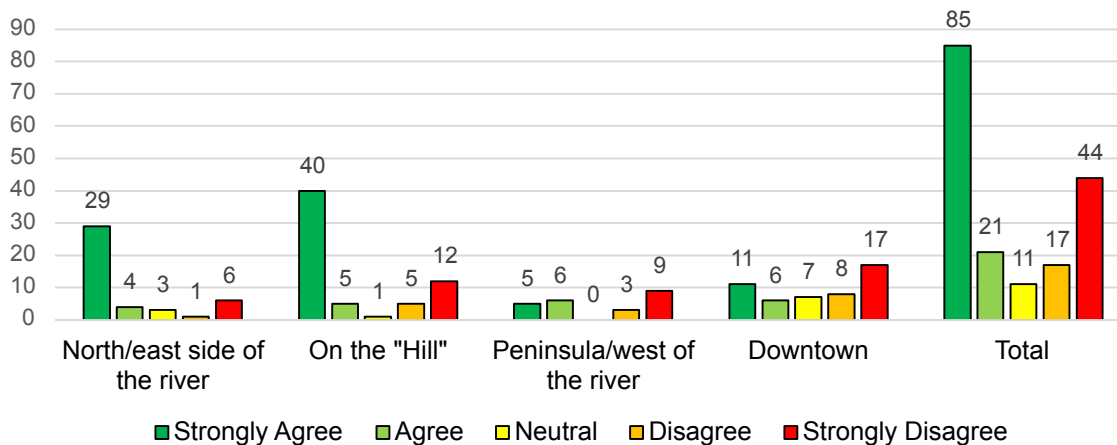
The public engagement survey inquired with respondents about their view on placing caps on short-term rentals in residential districts only, leaving out downtown and other commercial areas. As referenced in the previous section, there are four distinct regions of the City that were reviewed for cap placement. As additional background, “The Hill” region in the summer of 2023 had a significant amount of short-term rental certificates issued.

### Implement a Cap on STRs in Residential Districts—All Responses



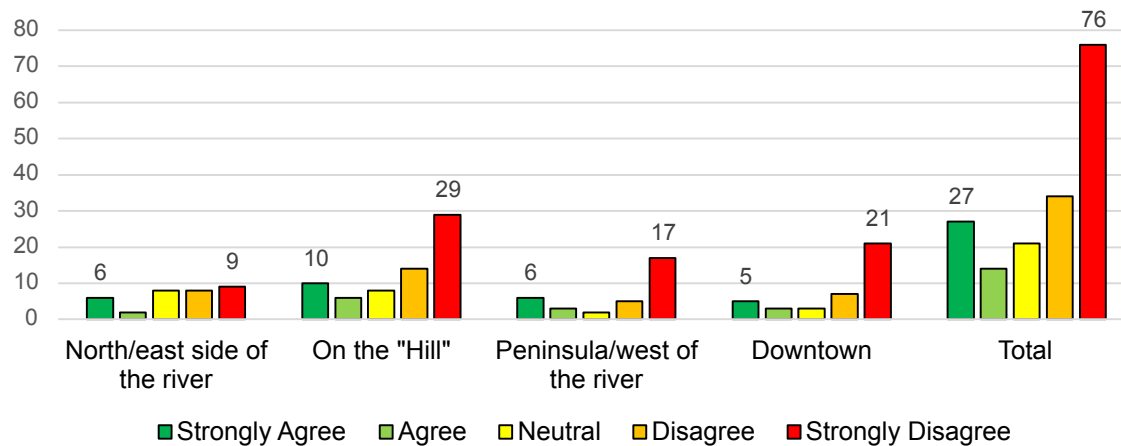
The following table provides the response rate for full-time residents as it pertains to caps within residential districts. Full-time residents were in favor of establishing caps in the north/east side of the river and “The Hill” area of the City. Over 100 respondents were in favor of establishing caps in the residential districts as compared to 61 respondents who were not.

### Implement a Cap on STRs in Residential Districts—Full Time Residents



Part-time residents responded in the opposite trend than those of full-time residents. A significant number of part-time residents were opposed to placing caps on short-term rentals in the residential districts.

## Implement a Cap on STRs in Residential Districts—Part Time Residents



### SUMMARY

When viewed as a whole, a city-wide cap policy was not overwhelmingly supported by those who responded. The response data indicates that full-time residents viewed a city-wide cap more favorably than those who identified as being part-time residents. Public comment has further supported the statement that a city-wide cap would potentially have negative impacts on the economic well-being of the City. The public at large has indicated that short-term rentals provide temporary lodging for tourists, who further support the local businesses of the area. Therefore, placing a city-wide cap on short-term rentals has a potential negative connotation.

Inversely, public comment has been expressed that placing a cap on short-term rentals would stop the decline of available housing stock in the City. Further, supporters of placing a cap on short-term rentals have indicated that such a policy change would encourage part-time residents to become full-time residents. Additionally, an increase in permanent residents would also increase the talent pool for boards and commissions within the City.

The survey responses are relatively split between full-time and part-time residents: full-time residents are more in favor of placing caps on short-term rentals, while part-time residents are opposed to such a policy change. The next section provides potential avenues that could be explored by the Planning Commission and City Council.



## Potential Short-Term Rental Cap Policies

The City of Saugatuck’s Short-Term Rental Task Force has acknowledged the role short-term rentals play in the tourism industry, local economy, and residential quality of the neighborhood districts. Further, the Task Force understands that short-term rentals can be a challenging topic to address to the satisfaction of residents, property owners, community stakeholders, and other key personnel. Therefore, with these factors predominate, the following **potential** policies were presented. These policies were not designed as a “be all, end all” to the short-term rental topic.

### Policy #1: City-Wide Cap

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Explore the creation of a city-wide cap on short-term rentals. Such a cap would be applied to all zoning districts. The cap limit would be an estimated 10 certificates higher than what is on record at the time of the policy adoption. Once the cap limit is reached, no new certificates will be issued.

Residential properties that are in good standing and currently have a short-term rental certificate would be permitted to renew, subject to complying with all applicable zoning regulations and fire-safety stipulations.

Once the number of short-term rental certificates falls below the established cap number, new certificates could be issued up to the cap limit.

## Policy #2: Residential District Cap

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Explore the creation of a residential district cap limit. Such a limit would be applicable to all residential districts, exempting out the downtown area/commercial areas. The cap limit would be an estimated 10 certificates higher than what is on record at the time of the policy adoption.

Residential properties that are in good standing and currently have a short-term rental certificate would be permitted to renew, subject to complying with all applicable zoning regulations and fire-safety stipulations.

Once the number of short-term rental certificates falls below the established cap number, new certificates could be issued up to the cap limit.

## Policy #3: Neighborhood Cap

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Explore the creation of a neighborhood cap. Each neighborhood would have a given number of certificates that could be issued. Once that number is reached, no new certificates would be issued until such a time as the recorded certificates falls below the established cap.

Residential properties that are in good standing and currently have a short-term rental certificate would be permitted to renew, subject to complying with all applicable zoning regulations and fire-safety stipulations.

Once the number of short-term rental certificates falls below the established cap number, new certificates could be issued up to the cap limit.

## Policy #4: Lottery

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Explore the creation of a lottery system that would require all short-term rental seekers to submit an application for entry into a lottery. The City would host a lottery drawing, in which a set amount of certificates would then be awarded. The lottery would be held every year or, alternatively, every other year. Therefore, certificates would expire after a two-year period. Each former certificate holder would need to re-apply to be entered into the lottery system.

## Policy #5: No Action

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An alternative to creating a cap on the number of short-term rentals within the City would be to not establish a maximum number. Market data and other housing markers are trending towards a stabilization of the housing stock and a reduction in the number of new short-term certificates. So long as a property owner can comply with the established zoning and fire-safety regulations, a certificate would be issued. Additionally, an increase in active enforcement measures that address noise, trash and parking concerns could be undertaken, which may alleviate some of the adjacent residential concerns.



## Task Force Discussion On Short-Term Rental Caps

The City of Saugatuck Short-Term Rental Task Force discussed the above potential policies in detail during a public meeting in September 2023. The task force does not support a city-wide cap (limit) on short-term rentals or a lottery. Some members of the Task Force felt strongly about seeking to impose a cap (limit) on the number of short-term rentals within residential zones or neighborhoods within the City. Other members opined that placing such a cap would not have the anticipated outcome that may be expected. Members felt that placing a cap on the number of rentals would not address concerns with noise, debris, parking and occupancy loads within residential dwellings.

In the discussion of caps, task force members did not agree about whether the views of part-time residents should carry as much weight as those of full-time residents. The task force also stressed the importance of involving legal counsel in any decisions made about caps.

The Task Force discussed placing caps on residential areas of the City to help alleviate the number of rentals in a given geographic area. The Task Force further discussed the potential for extreme challenges on establishing neighborhood districts for cap implementation. Some of the questions posed were as follows:

- Would such neighborhood caps be placed block by block?
- Would one side of a street be classified in one neighborhood, with the other side in a separate neighborhood?
- Would instituting a cap in residential neighborhoods then begin to push rentals into other areas of the city, thus exacerbating the issue and not solving for resident concerns regarding the number of rental units?

After discussion on the policies outlined above, the Task Force acknowledged that further review and analysis of instituting a cap on the number of rentals may be required. However, for the purpose of the Short-Term Rental Task Force, a consensus from the members was given that no definitive direction on caps was achieved. The Task Force acknowledged the amount of work and level of data analysis that was conducted since May 2023 and that continued discussions pertaining to caps should continue.

The Task Force found a consensus among members that addressing the initial concerns pertaining to noise, trash and occupancy from an enforcement perspective should be a top priority for the City Administration moving forward. The Task Force opined that by enforcing the existing regulations, while reviewing the recommendations provided within this report, would be beneficial to both residents and stakeholders in the community.

# Analysis

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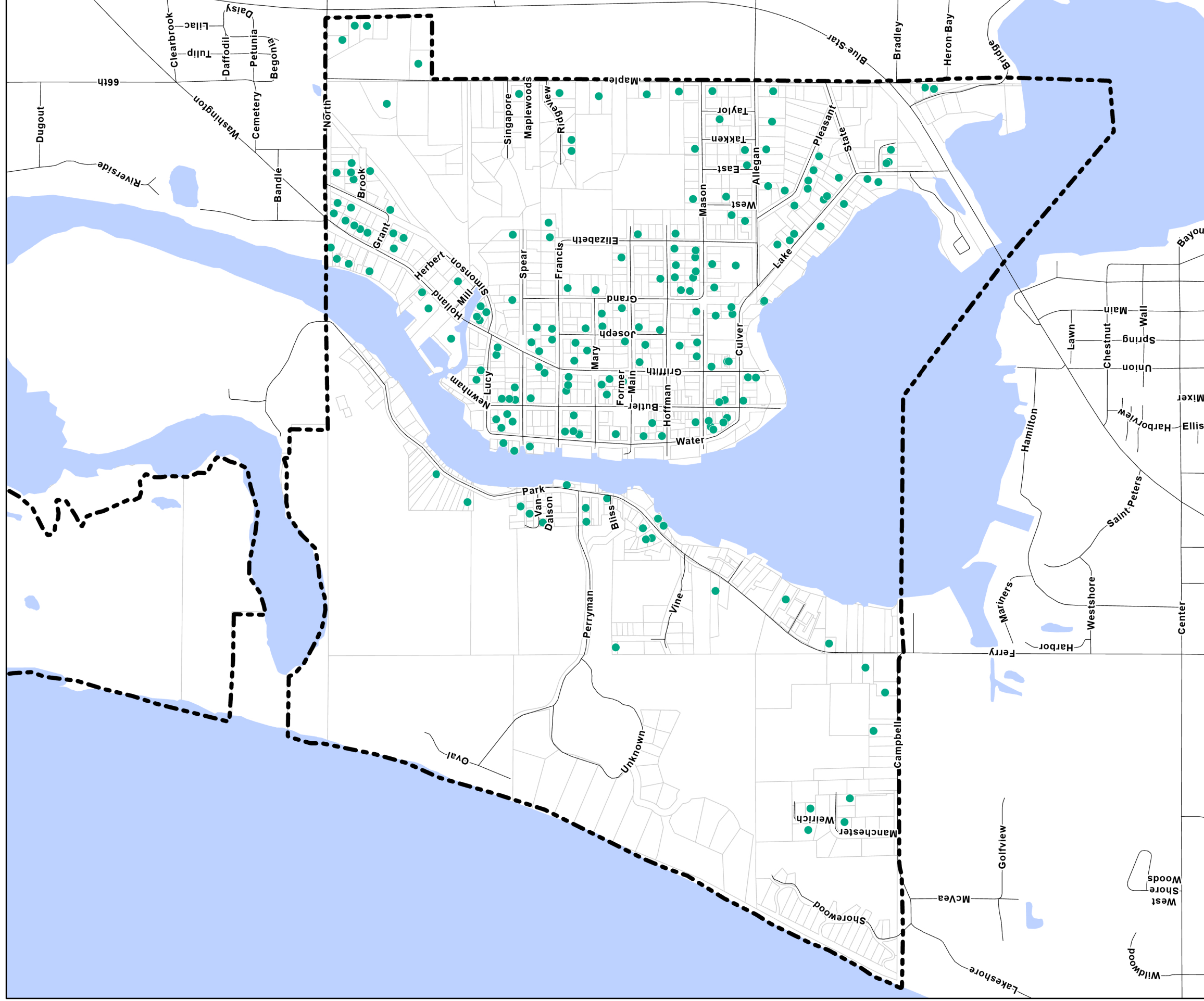
## Local Data Analysis

In partnership with the City of Saugatuck, the McKenna team utilized parcel data and current short-term rental certificates to geographically represent where the short-term rentals are within the City. Further analysis of city data showcased which residential properties were occupied by full-time residents and part-time residents by reviewing the Principal Residential Exemption (PRE) status of city parcels.

The following table provides a total parcel count for each residential zoning district, property classification as established by the City Assessor, PRE status and the number of short-term rentals (STRs) in each district.

District	Residential Classified Parcels	STR Parcels	STR Percentage
Center Residential <b>R-4</b>	23	16	69.57%
Community Residential <b>R-1</b>	343	111	32.36%
Lake Street <b>R-2</b>	120	17	14.17%
Maple Street <b>R-1</b>	36	8	22.22%
Multi-Family Residential <b>R-3</b>	6	4	66.67%
Peninsula North (Duneside) <b>R-1</b>	14	2	14.29%
Peninsula North (Riverside) <b>R-1</b>	7	0	0.00%
Peninsula South <b>R-1</b>	47	7	14.89%
Peninsula West <b>R-1</b>	60	15	25.00%
<b>Grand Total</b>	<b>656</b>	<b>180</b>	<b>27.44%</b>





# Certified Short Term Rentals

City of Saugatuck, Michigan

July 17, 2023

## LEGEND

- Certified Short Term Rentals (259 Total)
- Parcels
- Saugatuck Boundary

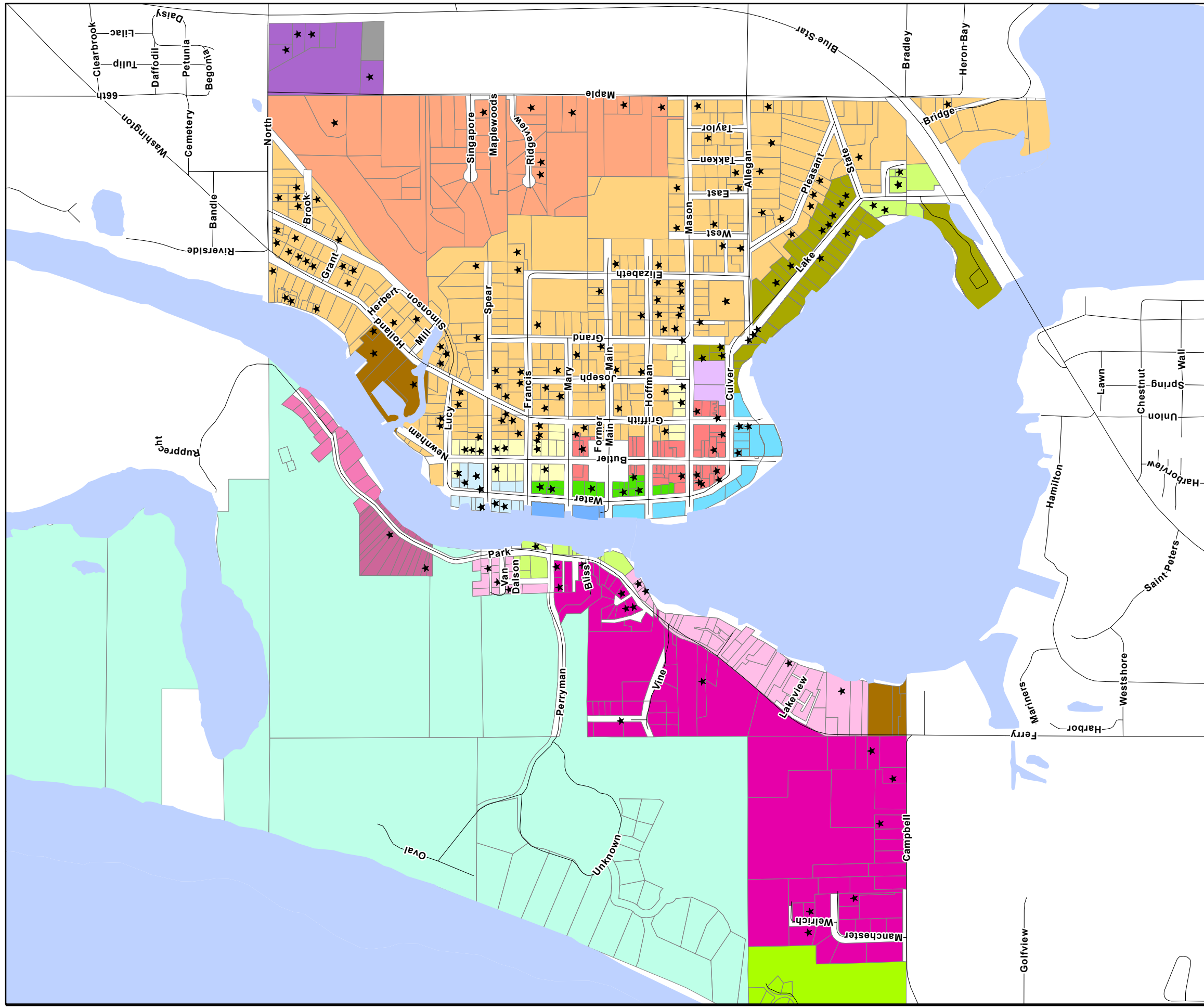


Basemap Source: Michigan Center for Geographic Information, v. 17a. Data Source: Allegan County, 2023. McKenna, 2023.



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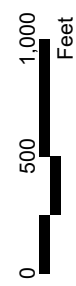
# Certified STR Locations

City of Saugatuck, Michigan

June 29, 2023

## LEGEND

- ★ Short Term Rental (269 total)
- Blue Star District - LI1
- Center Residential - R-4
- City Center - C-1
- Community Residential - R-1
- Conservation, Recreation, & Camp
- Cultural Community
- Lake Street - R-2
- Maple Street - R-1
- Multi-Family Residential - R-3
- Neighborhood Marine
- Peninsula North (Duneside) - R-1
- Peninsula North (Riverside) - R-1
- Peninsula South - R-1
- Peninsula West - R-1
- Resort District - C-4
- Summer Resort & Park Association
- Water Street Commercial - C-2
- Water Street East - C-2
- Water Street North - C-1
- Water Street South - C-2



Basemap Source: Michigan Center for Geographic Information, v. 17a. Data Source: Allegan County, 2023. McKenna 2023.



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# Community Comparison Analysis

In order to aid the Task Force in enhancing their understanding of short-term rental policies and regulations in communities across the state of Michigan, the McKenna team analyzed local ordinances and presented four communities for consideration by the Task Force. The community review analyzed the following topics:

- Short-Term Rental Caps
- Zoning Vs. General Ordinance for regulations pertaining to short-term rentals
- Owner residency requirements
- Tenant code of conducts
- Unit type & parking requirements
- Occupancy limits
- Registration policies
- Penalty stipulations for violations of local ordinances

The following table presents further details:

City of Charlevoix	City of Grand Haven	City of St. Ignace	Suttons Bay Township
<b>Total Housing Units</b>			
2,148	6,066	1,324	1,629
<b>STR cap</b>			
80 <sup>1,2</sup>	No maximum number, only permitted in certain districts.	50 <sup>2</sup>	150*
<b>Zoning vs. General Ordinance</b>			
Zoning	General Ordinance & Zoning Ordinance	Zoning	General Ordinance
<b>Owner Residency Requirement</b>			
Personal units: rented out no more than 28 days per year with owner off-site, unlimited with owner on-site. Owner or designated agent within 60-minute drive.	Owner or designated agent within 60 miles of City.	Owner or designated agent within 30-minute drive, available 24/7 for emergencies.	Owner or designated agent within 45-minute drive, available 24/7 for emergencies.
<b>Tenant Code of Conduct?</b>			
Yes	Post local rules for tenants to see.	Post local rules for tenants to see.	Post local rules for tenants to see.

1 80 Business Rentals—units rented more than 28 days per year without owner on-site. No cap on “personal units”.

2 Exception for rentals registered before adoption of ordinance, maximum 16 if compliant with the 2xbedroom + 2xfloor rule.

City of Charlevoix	City of Grand Haven	City of St. Ignace	Suttons Bay Township
<b>Unit Type Requirements?</b>			
2 types of STRs Personal units: rented for 7-28 days/year Business units: rented more than 28 days/year	Persons not required to acquire an ownership interest. Shall not include dwellings that are occupied only by members of the owner's immediate family.	2 types – "Owner-occupied" and "Not owner-occupied"	
<b>Special Parking Requirements?</b>			
Enforcement may require parking on-site (discretionary)	2 spaces per unit (up to six occupants), plus one space for every three occupants over six, based on approved occupancy for all structures on the site.	Single Family: 2 per dwelling unit. Non-family apartments and houses, boarding or employee housing: One space for each dwelling plus one space per bedroom (sleeping room) must be provided by the rental dwelling owner	Parking on-site only
<b>Occupants</b>			
2 people per bedroom + 2 per finished floor. 10 Max <sup>3</sup> .	Comply with building code capacity—no max. # of occupants.	Comply with building code capacity—no max. # of occupants.	Comply with building code capacity—no max. # of occupants.
<b>STR Definition</b>			
Rented for 1 to 29 interrupted or uninterrupted nights per year in the R-1, R-2, and R-2A zoning districts. Those rented for more than 14 days a year must register.	Providing transient accommodations for less than 1 month more than 3 times per year.	Renting for less than 30 consecutive days.	Renting for less than 30 consecutive days. No registration if renting for less than 2 weeks in a year.
<b>Registration Preference</b>			
1. Properties registered before adoption. 2. Properties that have been rented as an STR w/i the past year. 3. Applicants with PRE in City limits 4. All others.	N/A	Chronological waiting list.	Renewal guaranteed each year if owner has not violated ord. Chronological waiting list.
<b>Registration Schedule</b>			
Yearly registration. Inspection every other year. Schedule not specified in ord.	Rental property registered annually.	Permit Year lasts from June 1st—May 31st. Property must be listed and available for rent at least 4 months of the year and within 30 days of permit issuance.	Renewal applications open Oct. 1 through Feb 28th. All applications after March 1st, applications processed as they come (no more preference for renewals).

<sup>3</sup> Exception for rentals registered before adoption of ordinance, maximum 16 if compliant with the 2xbedroom + 2xfloor rule.

City of Charlevoix	City of Grand Haven	City of St. Ignace	Suttons Bay Township
<b>Registration Fees</b>			
License: \$300 Registration w/ inspection: \$300 Registration w/o inspection: \$150 Waiting List Deposit: \$50	\$140 per unit. \$50 late fee per unit per month.	Owner-Occupied: \$250 Not Owner-Occupied: \$350	\$200 per permit
<b>Penalties</b>			
1st or 2nd violation in 1 year period: \$100 fine 3rd violation: registration revoked, no re-application for 1 year. 4th violation in 2 years: registration revoked, no re-application for that owner ever. Appeal hearing held by STR Appeals Board	1 violation within 36 mo. Period: \$250 2nd violation: \$500 3rd violation: \$1,000, suspension of certificate. Revoked for repeated violations, cannot reapply for 1 year.	Violations are municipal civil infractions. Each day of violation is a separate infraction. 3 separate violations, City can revoke permit. Appeal to ZBA. Cannot reapply for 1 year. 3 citations against the same tenant counts as 1 civil infraction against the owner.	1st violation in 1 year: verbal/written warning 2nd violation: \$250-\$500 3rd: 2x the initial fine or \$500, whichever is less. Permit revoked, cannot reapply for 1 year. 1 or more violations each year in a 3 year period, permit can be revoked. Can appeal revocation to Township Board.

## KEY TAKEAWAYS

In review of the communities presented in the above table, the following common elements were observed:

**Residency Requirements:** Each community that was reviewed required the property owner or a designated agent to live within a geographical region of the municipality. A residency map has been generated to showcase a radius around the City of Saugatuck for 25, 35 and 45 miles.

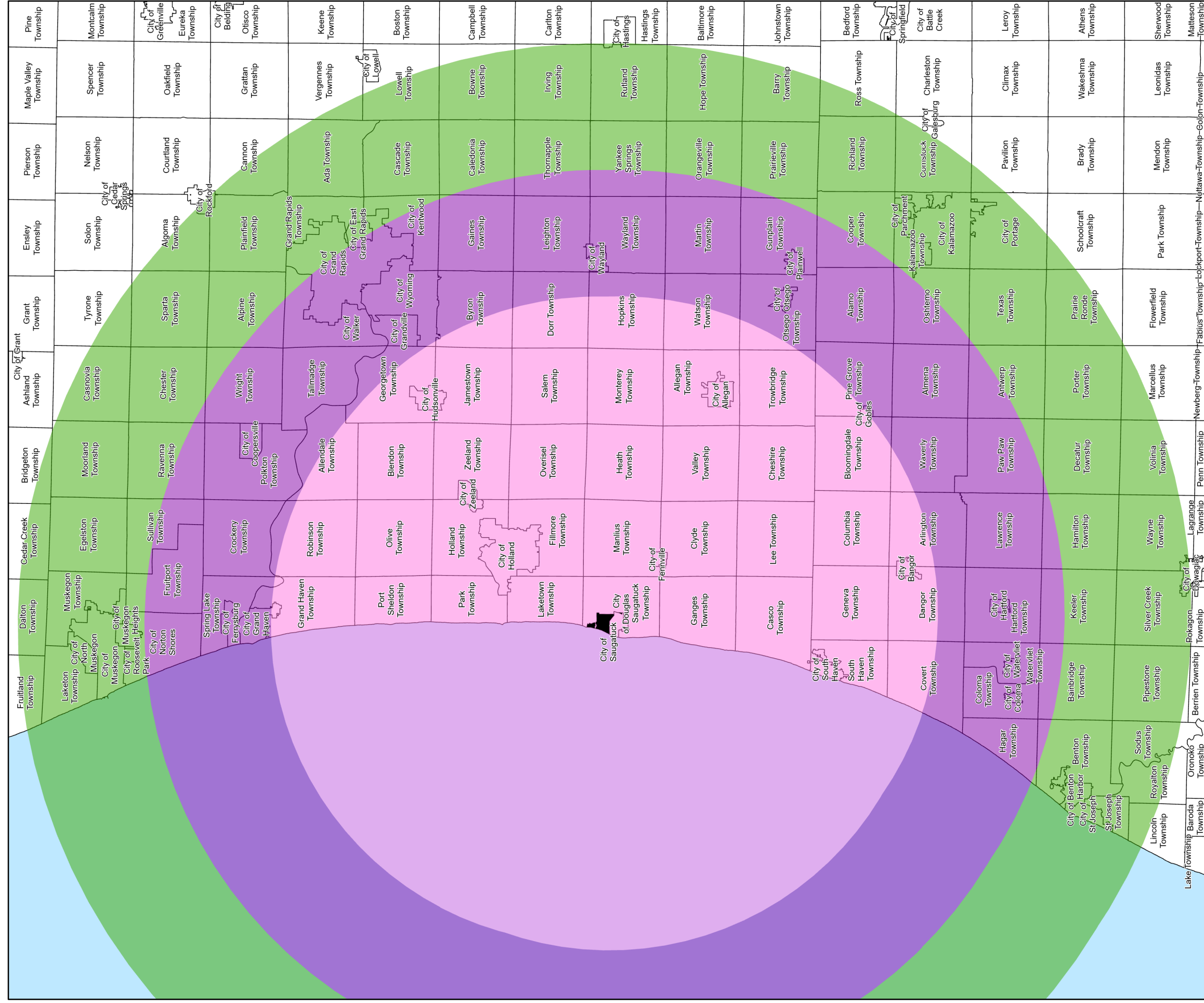
**Occupancy:** Of those communities that were sampled, occupancy limits were set by the State of Michigan Building Code. One community, City of Charlevoix, capped the number of occupants at ten. Charlevoix permitted two people per bedroom plus two per finished floor.

**Registration Schedule:** The communities presented in the earlier table require short-term rental renewal yearly. This differs from the City of Saugatuck, in which certificates are valid for a three-year period.

**Tenant Code of Conduct:** Sampled communities require short-term rental operators to post a tenant code of conduct. Typical conducts include provisions for noise restrictions, trash disposal and other courtesy items to ensure cohesion with adjacent property owners.

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# 25, 35, and 45 Mile Radius from Saugatuck

City of Saugatuck, Michigan

August 9, 2023

### LEGEND

-  Saugatuck Boundary
-  25 Miles
-  35 Miles
-  45 Miles



Basemap Source: Michigan Center for Geographic Information, v. 17a, Data Source: Allegan County 2023, McKenna 2023.



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# Regional Comparison Analysis

Further examination of regional communities that draw tourists and visitors from a wider geographical area was also compared with the same standards as provided previously. The regional destinations included the City of South Haven, Michigan, Traverse City, Michigan and Chicago, Illinois.

City of South Haven	City of Chicago	City of Traverse City
<b>Total Housing Units</b>		
3,360	1,272,191	7,851
<b>STR cap</b>		
1 STR certification available for every 4 residential units.	No maximum number, only permitted in certain districts.	No maximum number, only permitted in certain zoning districts
<b>Zoning vs. General Ordinance</b>		
General Ordinance & Zoning Ordinance	General Ordinance & Zoning Ordinance	General Ordinance & Zoning Ordinance
<b>Owner Residency Requirement</b>		
Must have a designated local agent.	<p>If building is less than 4 units, the building must be the owner's primary residence.</p> <p>If STR is in a dwelling with 5 or more units, owner does not need to be a resident of the building. Must have a listed local contact person.</p> <p>If renting out more than one unit as an STR, owner must obtain a Shared Housing Unit Operator License (SHUOL).</p>	No owner residency requirement for vacation rentals. Tourist rentals must be owner-occupied.
<b>Tenant Code of Conduct?</b>		
Yes -- City of South Haven has a "Good Neighbor Guide" that owners are required to provide to all tenants.	N/A	Owner must post noise ordinance enforcement hours and consumer fireworks ordinance in a visible location.
<b>Unit Type Requirements?</b>		
<p>2 types of STRs--Personal units: limited to 6 rental terms of 28 days or fewer</p> <p>Business units: unlimited yearly rentals of 28 days or fewer</p>	<p>One type of STR available. If a multifamily building, no more than 6 units or</p> <p>25% of all units in the building can be used as STRs, whichever is less.</p>	<p>2 types --</p> <p>"Vacation Rental": unhosted rental for under 30 days; and "Tourist Rental": single family unit owned and occupied by the host that is not renting out more than 3 rooms to guests staying no more than 7 days</p>
<b>Special Parking Requirements?</b>		
<p>Single Family: 2 spaces per dwelling unit of 3 bedrooms or less; 1 additional space required for each bedroom over 4 or more bedrooms</p> <p>Multiple Family: 2 spaces for each dwelling unit</p>	<p>No specific parking requirements for STR.</p> <p>Single Family: 2 spaces per unit.</p> <p>Two-Flat/Townhomes: 1.5 spaces per unit.</p> <p>All other residential uses: 1 space per unit.</p>	<p>No specific parking requirements for vacation or tourist rentals.</p> <p>No minimum parking requirement for residential uses.</p>

City of South Haven	City of Chicago	City of Traverse City
<b>Occupants</b>		
<p>For existing STRs, maximum occupancy of 16 total occupants or 2 occupants per bedroom plus 2 additional occupants per story.</p> <p>For newly constructed STRs, maximum occupancy of 12 total occupants, or 2 occupants per bedroom plus 2 additional occupants per story.</p>	<p>No more than 2 persons, not including guests' children, per bedroom, or 1 person per 125 square feet, or the allowed capacity based on the applicable building code, whichever is less.</p>	<p>Comply with building code capacity—no max. # of occupants.</p>
<b>STR Definition</b>		
<p>Rented for 2 to 29 nights.</p>	<p>Unit containing 6 or less bedrooms that is rented for "transient occupancy". Transient occupancy is defined as occupancy for 31 consecutive days or less. A unit cannot be rented for less than 2 consecutive nights.</p>	<p>Dwelling unit is rented for less than 30 consecutive days.</p>
<b>Registration Preference</b>		
<p>N/A</p>	<p>N/A</p>	<p>N/A</p>
<b>Registration Schedule</b>		
<p>Personal STRs: Annual registration required. Bi-annual inspections required. Schedule not specified in ordinance.</p> <p>Business STRs: Annual registration and inspections required. Schedule not specified in ordinance.</p>	<p>Rental properties registered annually.</p>	<p>Licenses expire on December 31st. Must submit renewal application between 30 and 90 days before license expires. Fire Department inspection is required every 3 years.</p>
<b>Registration Fees</b>		
<p>Personal STRs: Bi-annual fee \$125 to be paid to schedule inspection.</p> <p>Business STRs: Annual \$600 fee to be paid to schedule inspection.</p>	<p>Annual fee of \$125.</p> <p>SHOUL fee: \$250 annually.</p>	<p>New License: \$220</p> <p>Renewal License: \$150, \$220 when an inspection is required</p>
<b>Penalties</b>		
<p>Violations are a municipal code infraction.</p> <p>Unregistered STR: 1st violation—\$750; Additional violations—\$1,000</p> <p>Maximum occupancy: 1st violation—\$500; Additional violations—\$1,500</p> <p>Other provision violations: 1st violation—\$100; 2nd violation—\$500; Additional violations—\$1,500</p> <p>License may be revoked after 3 separate violations within 1 calendar year and cannot reapply for 1 year.</p>	<p>Violations are a municipal code infraction.</p> <p>Unregistered STR: No less than \$1,500 and no greater than \$5,000 per violation.</p> <p>Maximum occupancy: No less than \$5,000 and no greater than \$10,000 per violation.</p> <p>Nuisance violations: No less than \$2,500 and no greater than \$5,000 per violation.</p> <p>Operating without a license: No less than \$1,500 and no greater than \$3,000 per violation.</p> <p>Each day that the violation continues represents a separate violation.</p>	<p>Violation of the ordinance is a municipal infraction with a \$500 fine. City Clerk can immediately revoke license if the owner is found to have violated ordinance requirements or has made a false statement on their application.</p>



## Master Plan Analysis

### GOALS & POLICIES

In this section, we examine goals and policies related to residential and commercial uses in the City and determine if the current regulations regarding short-term rentals meet the stated goals and policies. This memo explores goals and policies that can reasonably be connected to short-term rentals, however, it does not include all goals and policies from the Tri-Community Master Plan.

**Overarching Goal:** Improve the quality of life for all citizens in the Tri-Communities through implementation of policies and best practices that preserve the existing small town/rural character of the area and that achieve sustainable development—that is, which meet the needs of the present generation without compromising the ability of future generations to meet their needs.

#### Community Character

- **Goal:** Retain and enhance the quiet, scenic, and small town/rural character of the Tri-Communities.
  - » **Policy:** Preserve the character of the Tri-Communities area by encouraging land uses and densities of development that are consistent with maintaining its small town/rural nature.

**Do Short-Term Rentals support this policy?** Yes—A single-family short-term rental may be more appropriate to maintain the small town character than a motel or hotel. Further, the use of existing residential properties for short-term rentals does not require the construction of large motel/hotel sites. Applicants seeking short-term rental approval more commonly have residential dwellings already established.

- **Goal:** Preserve the established character of neighborhoods and rural areas within the Tri-Communities.
  - » **Policy:** Preserve the character of the area by encouraging land uses and densities/intensities of development which are consistent with and complement the character, economic base, and image of the area.
 

**Do Short-Term Rentals support this policy?** Maybe—Short-term rentals may support the character, economic base, and image of the area as a tourism-driven City but may also be too dense/intense of a land use in low-density residential areas.
  - » **Policy:** Increase enforcement of existing ordinances and regulations to better preserve the established character of the Tri-Communities and promote the goals and policies of this Plan.

### Land Use and Community Facilities

- **Goal:** Promote the balanced, efficient, and economical use of land in a manner which minimizes land use conflicts within and across municipal borders, and provides for a wide range of land uses in appropriate locations to meet the diverse needs of area residents.
 

**Do Short-Term Rentals support this policy?** Maybe—short-term rentals promote an economical use of land by permitting property owners to gather supplemental income from the rental rate. However, short-term rentals can be more of an intensive land use than a single-family residential use due to the commercial nature that short-term rentals are. Further analysis should be conducted to determine if short-term rentals are classified as an intensive commercial land use, within a residential district, or if they are more in line with single-family dwellings.

### Economic Development

- **Goal:** Strengthen and expand upon the area’s economic bases through strategies, which attract new businesses, strengthen existing businesses, and enhance the tourism potential of the area.
  - » **Policy:** Support efforts to foster tourism by preserving the scenic beauty of the environment, expanding recreation opportunities, improving tourist attractions, preserving the historic character of the communities through the preservation of historic structures, expanding cultural and arts opportunities and encouraging development of promotional materials which highlight the attractions of the Tri-Communities.
 

**Do Short-Term Rentals support this policy?** Yes—short-term rentals support tourism by providing a wider variety of lodging accommodations. Short-term rentals also permit tourists and other visitors to vacation near the shops, entertainment and the beach. Further, short-term rentals are being established within existing residential structures which encourage continued upkeep and maintenance of residential properties.

## Commercial

- **Goal:** Encourage the development of commercial land uses in appropriate locations which serve the current and future needs of residents and tourists, are of a character consistent with community design guidelines, and which promote public safety through prevention of traffic hazards and other threats to public health, safety, and general welfare.
- » **Policy:** Encourage continued concentration of tourist-oriented businesses in Saugatuck and the City of the Village of Douglas, general commercial businesses in the City of the Village of Douglas and Saugatuck Township, and highway service activities that serve regional markets and passenger vehicles at the highway interchanges.

**Do Short-Term Rentals support this policy?** Yes—Short-term rentals offer an additional lodging option close to downtown Saugatuck, where vacant land is sparse and would not support a larger hotel or motel.

- » **Policy:** Encourage retention of existing downtown businesses in order to preserve those functions within Saugatuck and the City of the Village of Douglas because they are so central to the character and function of those downtowns.

**Do Short-Term Rentals support this policy?** Yes—Short-term rentals increase the variety of lodging accommodations available to tourists, which supports downtown businesses. Further, short-term rentals are promoted as a means to vacation near the businesses and other public assets of the community.



## Housing/Residential

- **Goal:** Encourage a variety of residential dwelling types in a wide range of prices which are consistent with the needs of a changing population and compatible with the character of existing residences in the vicinity.
- » **Policy:** Explore alternative measures to reduce housing costs and make home ownership more affordable, such as zoning regulations and other programs which are designed to reduce the cost of constructing new housing, provided the exercise of these measures still preserves the character of the area in which the housing is to be built.

**Do Short-Term Rentals support this policy?** Maybe—Allowing short-term rentals can help homeowners, especially part-time residents, pay for homeownership costs such as property taxes, but may increase housing prices as investors purchase housing for short-term rentals. Data analysis indicates a correlation between short-term rentals and housing prices.

- » **Policy:** Allow only quiet, low traffic, low intensity home occupations in residential areas to preserve the stability of existing neighborhoods.

**Do Short-Term Rentals support this policy?** No—Increased traffic, noise, and refuse/debris may make short-term rentals too high of an intensity for most residential neighborhoods.

- » **Policy:** Require absentee homeowners to maintain their properties in a manner that is consistent with the character of the surrounding neighborhood.

**Do Short-Term Rentals support this policy?** Maybe—Short-term rentals may help part-time owners maintain their properties by increasing the amount of time it's occupied and encouraging the property's upkeep for renters but can lead to increased maintenance on the property which is inconsistent with the character of the neighborhood.

- » **Policy:** Encourage the preservation and retention of older homes to maintain community character and history and utilize zoning regulations to prevent homeowners from splitting older homes into multiple family apartment or condominium units.

**Do Short-Term Rentals support this policy?** Maybe—Current zoning regulations prohibit short-term rental owners from renting out individual rooms, preventing a historic home from being split into multiple short-term rentals. However, consistent transient occupancy may harm the upkeep and preservation of a historic building.

- » **Policy:** Discourage the development of high intensity residential uses along the waterfront.

**Do Short-Term Rentals support this policy?** No—Short-term rentals are permitted uses in both single-family and multi-family residential districts, so the encouragement or discouragement of short-term rentals would not directly impact whether high intensity residential uses are developed along the waterfront.



## EXISTING LAND COVER AND USE

### Residential

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- “Single family structures are the predominant residential type. The “hill” in Saugatuck and the neighborhood surrounding the Village Center in the City of the Village of Douglas are other distinct residential areas. Most multiple family structures are concentrated in Saugatuck and the City of the Village of Douglas, with only one such development in the Township (Section 3). There are four mobile home parks in the Tri-Community area: two in the City of the Village of Douglas and two in the southern half of the Township.”
- “Saugatuck Condominiums line the shore of Kalamazoo Lake along Lake St. and block a scenic view of the lake. Most of the City’s year-round residents live above the steep ridge (“the hill”) which separates the waterfront area from the rest of the City. Small cottages on very small lots line the west shore of Kalamazoo Lake along Park St. Tearing down smaller, older homes to be replaced by larger, newer homes will become a larger challenge in the next few years to retaining a “quaint small town” atmosphere.”

### Commercial

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- “Commercial uses in downtown Saugatuck are primarily oriented to tourists and seasonal residents. Many of the businesses occupy large, older residential structures. Others occupy the old and historic buildings lining Butler Street. This business district has few parking spaces due to the compact arrangement of the area’s original design and heavy pedestrian traffic. Parking is a seasonal problem and a permanent solution has not yet been formulated. There is a shuttle service between the downtown and the High School parking lot during peak use periods to help alleviate the situation. Businesses include bed and breakfasts, small and large restaurants, clothing stores, art galleries and numerous specialty shops, with boat service and marina facilities located along the waterfront. This commercial district has a unique historic character worth preserving and further enhancing and represents a great asset to the Tri-Community area as well as to the region and the state.”



## FUTURE LAND USE

### Residential

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In discussing the future residential land use in the City of Saugatuck, the Tri-Communities Master Plan identified one potential challenge:

- “The challenge in the next twenty years will be maintaining the older housing stock and ensuring that the growing ranks of part-time residents and absentee owners does not result in housing deterioration. The preservation of neighborhood character should be done by maintaining scale, context and materials of the community.” (Tri-Communities Master Plan 2016, 10-5).

**Do Short-Term Rentals address this challenge?** Maybe—Short-term rentals may encourage full-time residents to become part-time residents to gain economic benefits from short-term rentals. However, it may provide an opportunity for part-time residents to better upkeep their home by increasing the number of days a year it’s occupied and provide an incentive to upkeep the property for short-term renters. Additionally, some part-time residents may become full-time residents within the City.

The future land use map categorizes the entirety of residential areas in the City as Medium to High Density Single and Multi-Family Residential. This classification supports 2-4 dwelling units per acre.

### Commercial

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The future land use map outlines Downtown Saugatuck as continuing to be the commercial area of the City. Additional future land uses in Downtown Saugatuck include Mixed Use Residential Commercial and Waterfront Mixed Use. “Downtown Saugatuck will continue to serve as the major center for commercial tourist activities. This should be encouraged. However, the downtown area should not be permitted to expand outside the area presently zoned for downtown commercial use. Appropriate measures should be instituted as necessary to mitigate impacts of the city center on adjoining residential areas.”

### Waterfront Mixed Use

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“The waterfront should continue to be maintained and where necessary, redeveloped with a mix of single and multiple-family residential uses along with waterfront-related commercial developments such as marinas and other ship/shore activities. Condominiums line the shore of Kalamazoo Lake along Lake St. and block a scenic view of the lake. New development along the shore should preserve a view of the lake from the public right-of-way and consist of single-family residences.”

## ZONING PLAN

### Commercial Districts

- LI-1 Blue Star District
  - » **Purpose:** Serves as a transitional zone between residential and commercial districts.  
**Do Short-Term Rentals meet this purpose?** Yes—Short-term rentals are higher-intensity residential uses, but lower-intensity than most commercial uses, so they may be appropriate in a transitional zone between residential and commercial districts.
- C-1 City Center Commercial District
  - » **Purpose:** Promote and preserve the Central Business District character of the city and permits intense retail and commercial uses.
- C-4 Resort District
  - » **Purpose:** Provides compatible zoning for existing and future hotels, motels, and bed and breakfasts.  
**Do Short-Term Rentals meet this purpose?** Yes—As a type of temporary lodging, short-term rentals are similar in use to hotels, motels, and bed and breakfasts.
- C-2 Water Street Commercial Districts
  - » **Purpose:** Provide an area for waterfront retail and commercial land use, provide for a less intense commercial use than the City Center District and promote visual access to the Kalamazoo River.  
**Do Short-Term Rentals meet this purpose?** Maybe—Short-term rentals may be less intensive commercial use, but lack of public access may reduce access to the Kalamazoo River.

### Residential Districts

- C-4 City Center Residential District
  - » **Purpose:** Serve as a transitional zone between the high intensity City Center Commercial District and the low intensity Community Residential zone  
**Do Short-Term Rentals meet this purpose?** Yes—Short-term rentals are higher-intensity residential uses, but lower-intensity than most commercial uses, so they may be appropriate in this district.
- R-1 Community Residential District
  - » **Purpose:** Protect and promote low density single-family residential uses and development in the city.  
**Do Short-Term Rentals meet this purpose?** Not applicable—short-term rentals are operating via established residential dwellings. Further, short-term rentals are a secondary use to that of the residential dwelling and not the principal function throughout the entire year.

- R-2 Lake Street District
  - » **Purpose:** Enhance low density single-family land use and promote visual access to the Kalamazoo River.
 

**Do Short-Term Rentals meet this purpose?** Not applicable—short-term rentals as a land use occupy existing residential structures. It is our understanding that most of the residential lots within the City are built out and have been prior to a short-term rental use being established.
  
- R-1 Maple Street District
  - » **Purpose:** Promote single-family residential land use in a low density setting and preserves the rural character of the district and its natural resources.
 

**Do Short-Term Rentals meet this purpose?** No—short-term rentals do not preserve rural character due to the amount of “foot traffic” that can be generated. Further, short-term rentals are more likely to be viewed as a commercial endeavor and not that of a rural residential setting.
  
- R-1 Park Street West District
  - » **Purpose:** Protects the natural environmental features of the area such as dunes and open spaces through the encouragement of larger lots.
 

**Do Short-Term Rentals meet this purpose?** Not applicable—short-term rentals are typically associated with existing residential dwellings.

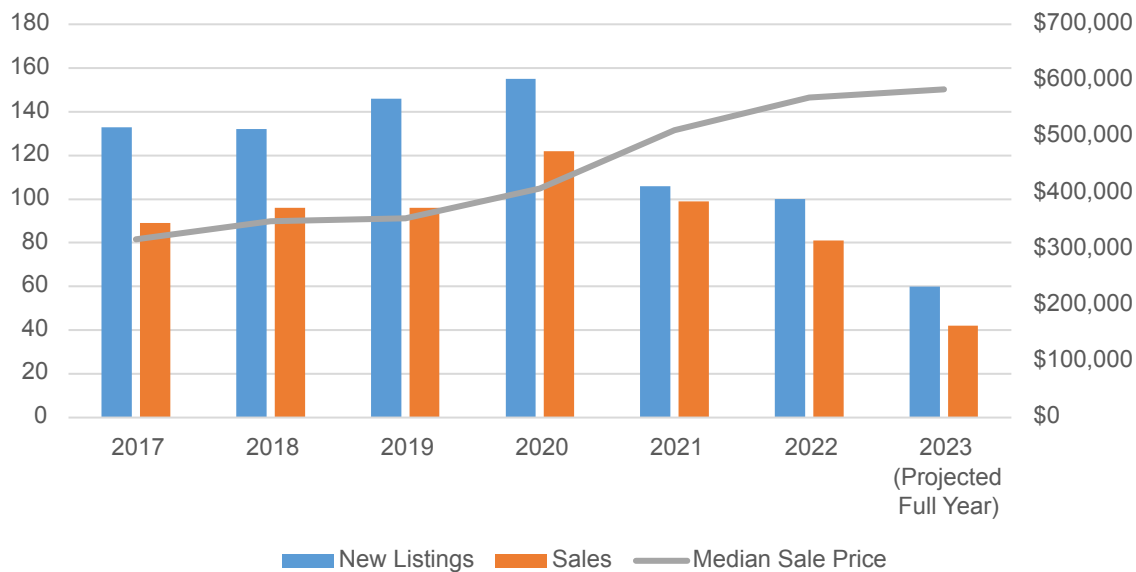
# Market Analysis

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The following charts and analysis pertain to several topics within the Saugatuck Housing Market, including the short-term rental sector. Where applicable, potential causes of the market trends have been discussed. A more in-depth market analysis may be of benefit in future years to determine the full economic impact short-term rentals have on the tourism industry within Saugatuck.

## Overall Homeownership Market Trend

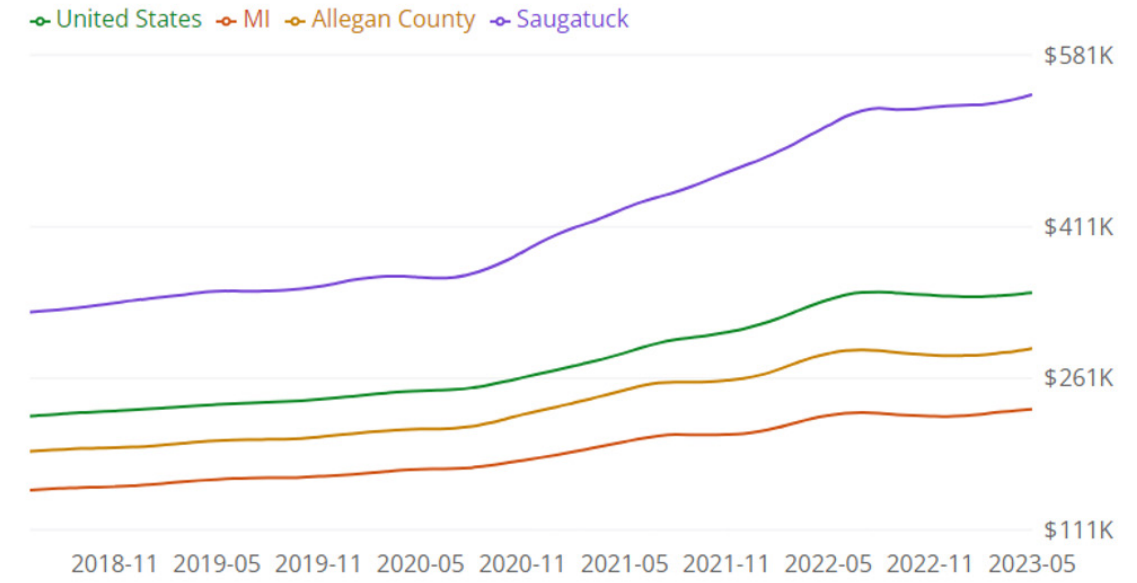
**Saugatuck Homeownership Housing Market, 2017-2023**



Source: MLS, provided to the City by Dick Waskin

The market for for-sale homes in Saugatuck saw an inflection point in 2020. Since that year, the number of homes for sale in the City has declined and the median sale price, which was already rising, increasing to almost \$600,000. While there is some evidence the price increases are returning to a level similar to 2017-2019, inventory continues to be low, with 2023 on pace to offer fewer homes for sale in the City than 2022.

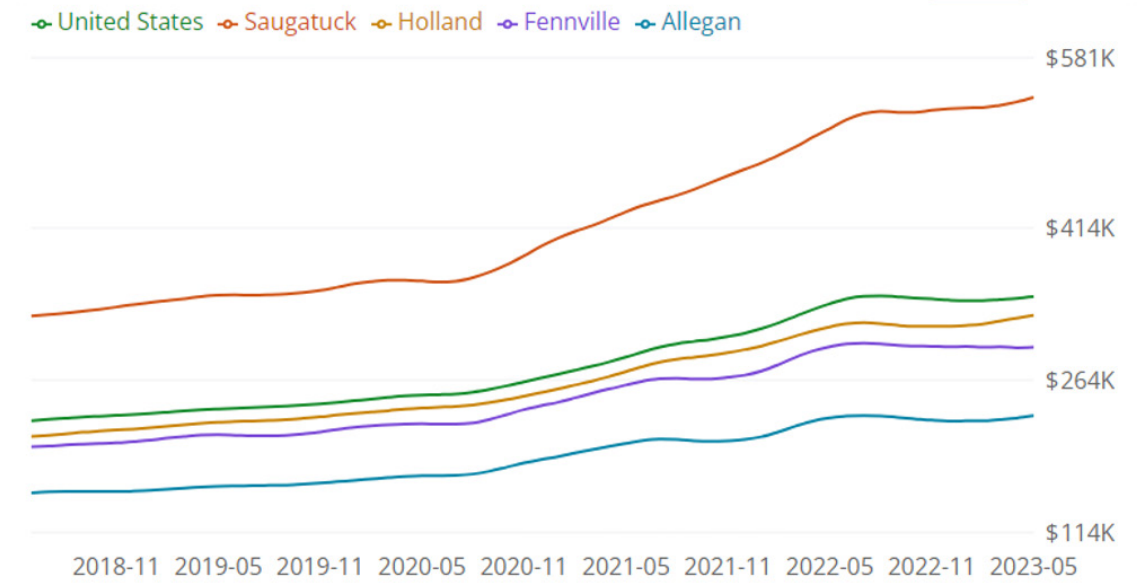
### Median Sale Price: Saugatuck vs Allegan County, Michigan, and United States



Source: Zillow Home Value Index

While Saugatuck’s trend of rising home prices follows a similar trajectory to national, statewide, and County-wide trends, it has been more dramatic. Saugatuck was already a high value, expensive housing market, but its spike in 2020 and subsequent years was larger than other places, increasing the gap between the City and County-wide, State-wide, and National averages.

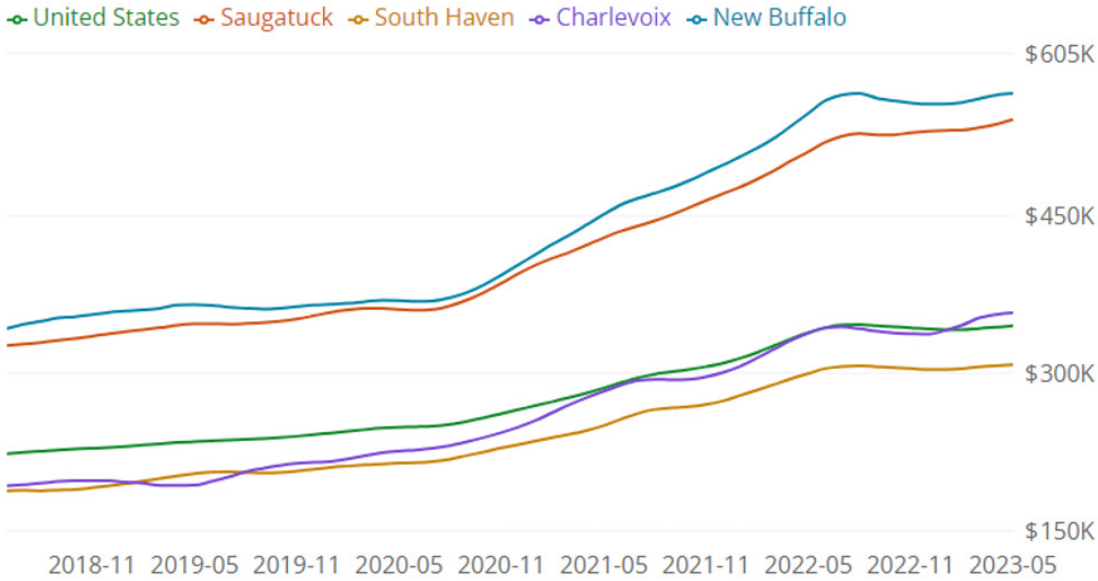
### Median Sale Price: Saugatuck vs Nearby Communities



Source: Zillow Home Value Index

Saugatuck’s home values have also risen faster than its neighbors, with a larger 2020 spike than Holland, Fennville, or Allegan.

### Median Sale Price: Saugatuck vs Lakefront Communities

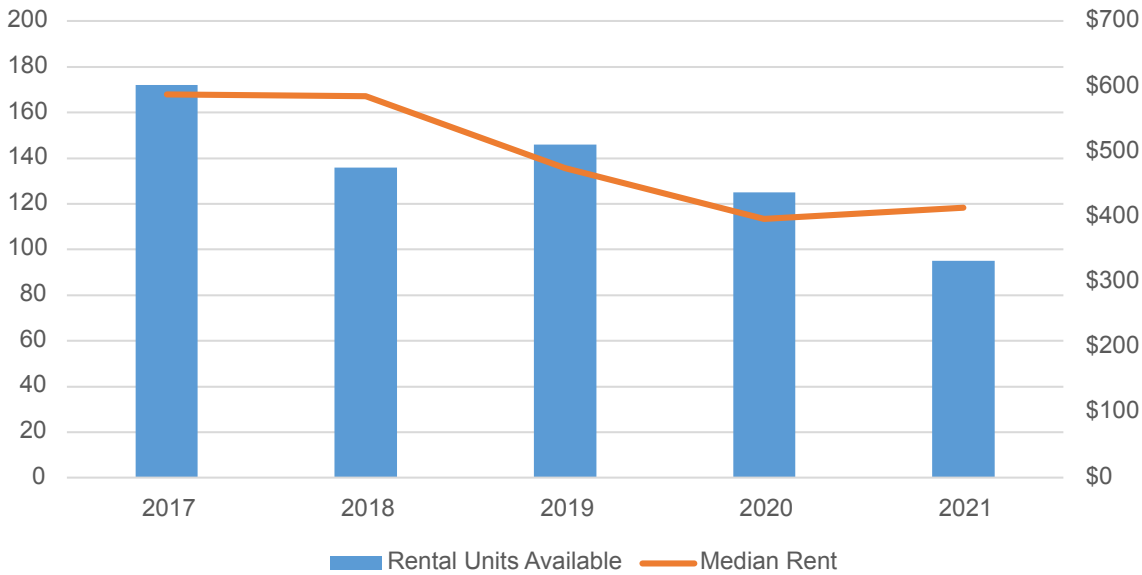


Source: Zillow Home Value Index

Saugatuck’s housing trend is similar to other lakefront resort communities. New Buffalo had an even bigger 2020 spike in prices. Charlevoix went from below the national average for median sale price to above it.

South Haven saw a smaller increase in prices, though still more growth than inland communities.

### Saugatuck Rental Housing Market, 2017–2023



Source: US Census Bureau (no data available for 2022 and 2023)

The data suggests that the increase in short-term rentals has caused a decline in the number of units available for conventional rental in the City. Since 2017, the number of units available for rent in Saugatuck has dropped from 172 to 95. Some of this drop may be due to rental homes being converted to owner-occupancy, but with 57% of parcels in the Multi-Family zoning district and 27% of parcels in the City Center



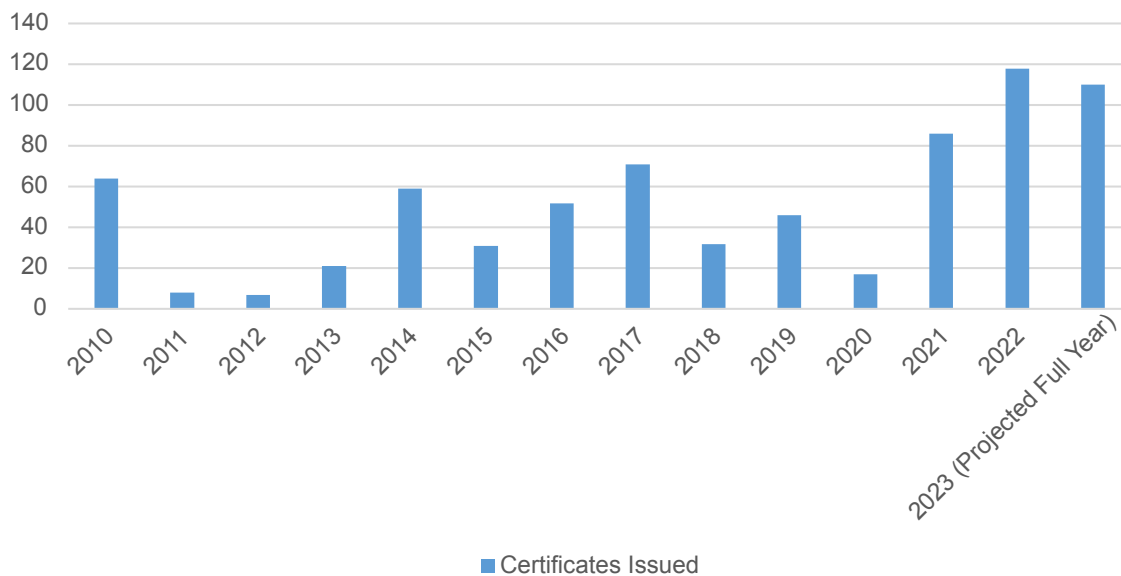
zoning district containing short-term rentals, evidence suggests that conventional rentals have been converted to short-term rentals.

The decline in the number of rental units has been accompanied by a decline in the median rent. This may be caused because luxury and highly desirable rentals are being converted from long-term to short-term, leaving only the less expensive and less desirable units as conventional rentals.

## Short Term Rental Market Trend

Short-term rentals have been popular in Saugatuck since vacation rental websites first arrived on the scene in the late 2000's. The City began its short-term rental certification program in 2010, though there have been several changes to the program since then.

### Short Term Rental Certificates Issued by Year



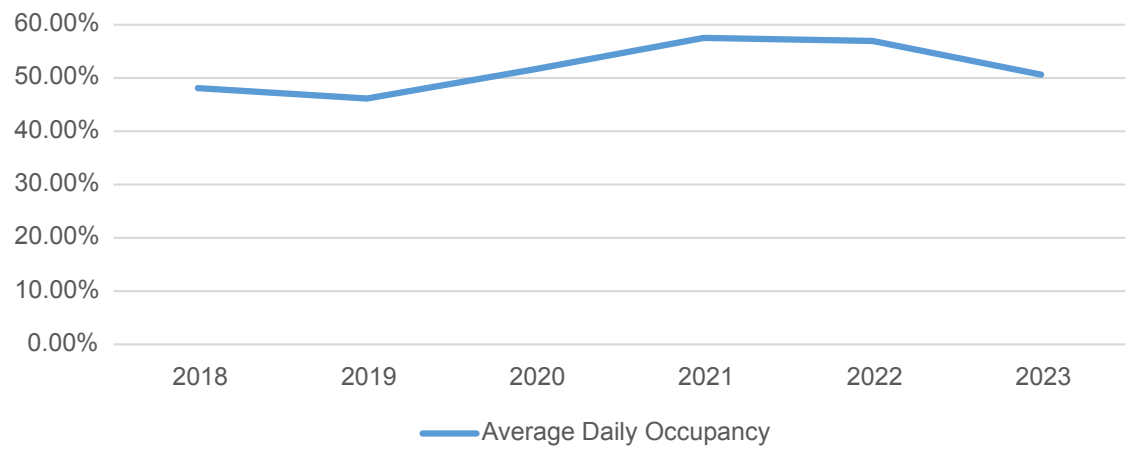
Source: City of Saugatuck

From 2010 to 2019, the number of short-term rental certificates issued by the City followed a regular pattern. A group of 64 short-term rentals was certified in 2010, at the beginning of the program. Many of those rentals were re-certified in the coming years, after the multi-year terms of the certificates expired. This caused spikes in 2014 and 2017. In other years, a smaller cohort of rentals were certified and renewed on a regular cycle.

Taking this cycle into account, there was an inconsistent but clear trend of increasing short-term rentals in the City from 2010 to 2019. In 2020, the number of new certificates dropped substantially, likely due to the Covid-19 pandemic. In 2021, the number of new certificates shot up—but that would fit the pattern of renewals of the original cohort.

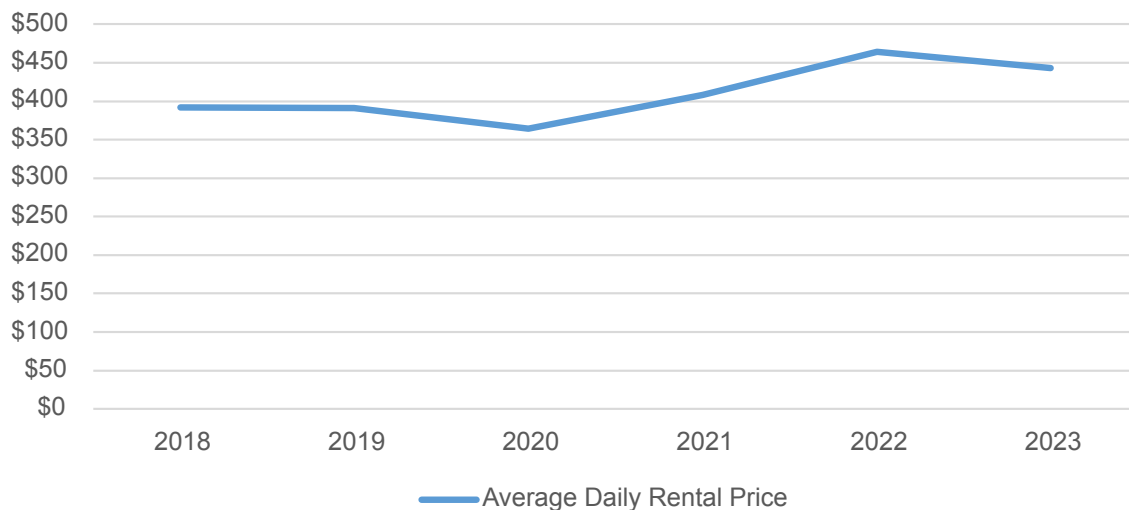
In 2022, the cycle broke. Despite only 42 certificates coming up for renewal, 118 certificates were issued. That pattern has continued this year. To date in 2023, 11 certificates have come up for renewal. But 55 certificates have been issued.

### Average Daily Occupancy of Short Term Rentals



Source: AirDNA

### Average Daily Short Term Rental Price



Source: AirDNA

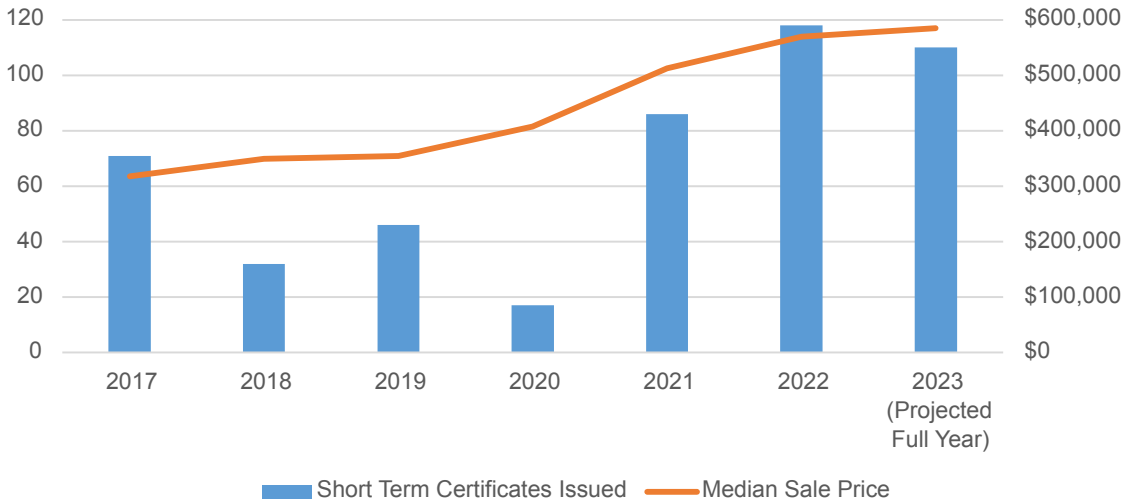
Some national analysts (including Newsweek and Market Watch) have noted a decline in occupancy and prices in short-term rentals, with large Sun Belt metropolitan areas like Austin and Phoenix hit hardest. It is not clear yet if this decline is actually occurring, nor is it clear if Saugatuck has experienced any significant decline. Occupancy peaked in 2021, amid a spike in people traveling to small towns or rural areas, and staying in vacation rentals. But 2022 was only slightly lower in terms of daily average occupancy (57.0% in 2022 vs 57.5% in 2021). 2023 has seen lower occupancy so far (50.7%), but the data does not include the entire summer season, nor does it include the holidays, and the average will likely increase before the end of the year.

Prices peaked in 2022, likely because hosts responded to the very high demand in 2021. Prices are down slightly in 2023 (\$443 per night, compared to 2022's \$464 per night), but again most of the summer season and the holidays are not yet included in the 2023 data.

# Short Term Rental Market Vs Overall Housing Market

The following charts compare trends in the overall housing market to trends in the short-term rental market, to determine if there are any correlations.

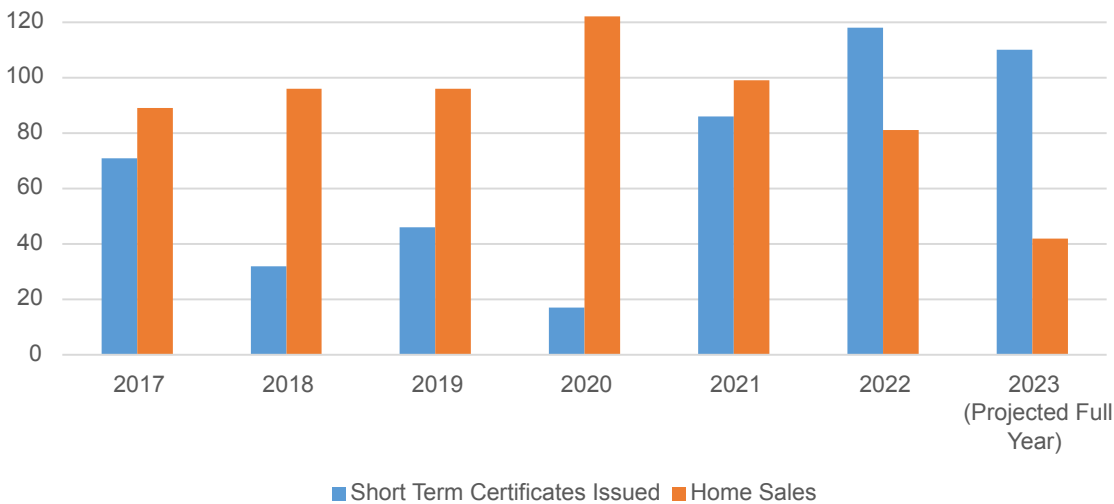
## Short Term Rental Certificates vs Home Sale Prices



Source: MLS, City of Saugatuck

Home prices have risen along with the spike in the number of short-term rentals. It is likely that there is a correlation since short-term rentals remove units from the supply of homes that might otherwise be available.

## Short Term Rental Certificates vs Home Sales

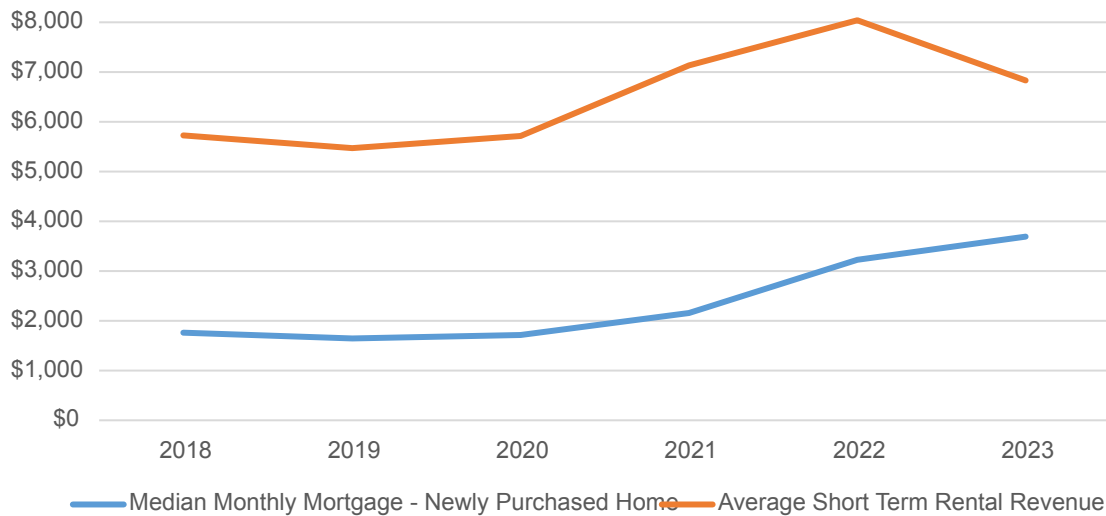


Source: MLS, City of Saugatuck

The trend in homes for sale, compared to the trend in short-term rental certificates, supports the hypothesis that short-term rentals are constraining the housing supply in the City. As the number of certificates has increased, the number of homes listed for sale has dropped. It is possible that this trend

has been accelerated by increasing interest rates, which may be incentivizing homeowners to keep their lower-interest mortgages and offer their homes as short-term rentals, rather than selling them.

### Monthly STR Income vs Monthly Mortgage

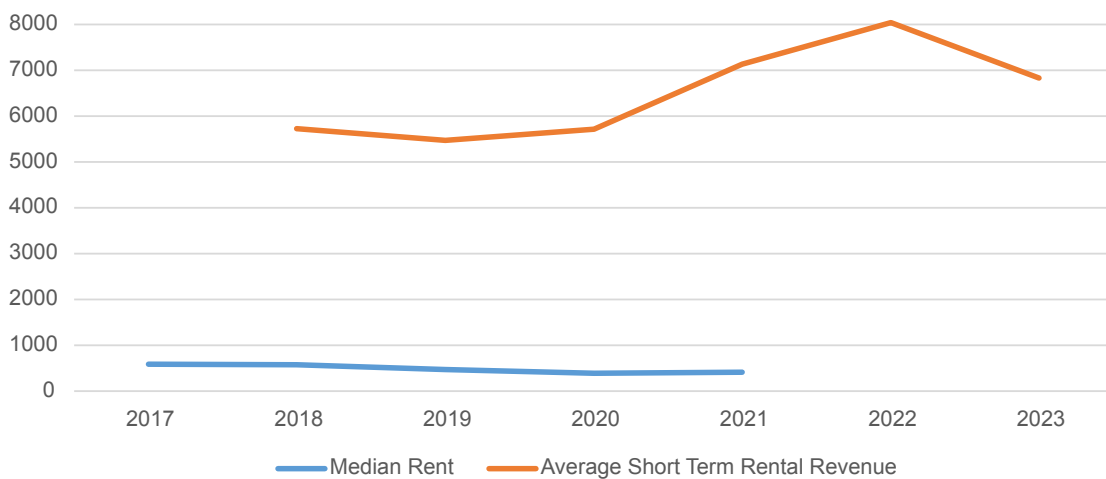


Source: MLS, AirDNA, Federal Reserve

If homeowners have decided to hold onto homes and rent them as short-term rentals, rather than selling, the data suggests that is a profitable choice—though profit margins are likely shrinking. While there are many more costs to running a short-term rental than mortgage payments, monthly revenue from a short-term rental outpaces mortgage costs, even for a newly purchased home in the current market. However, with both home prices and interest rates rising, mortgage costs are increasing as short-term rental revenues are falling.

It is not clear whether the lines on this graph will continue to converge, but if they do, short-term rental hosting may become less financially attractive in the coming years.

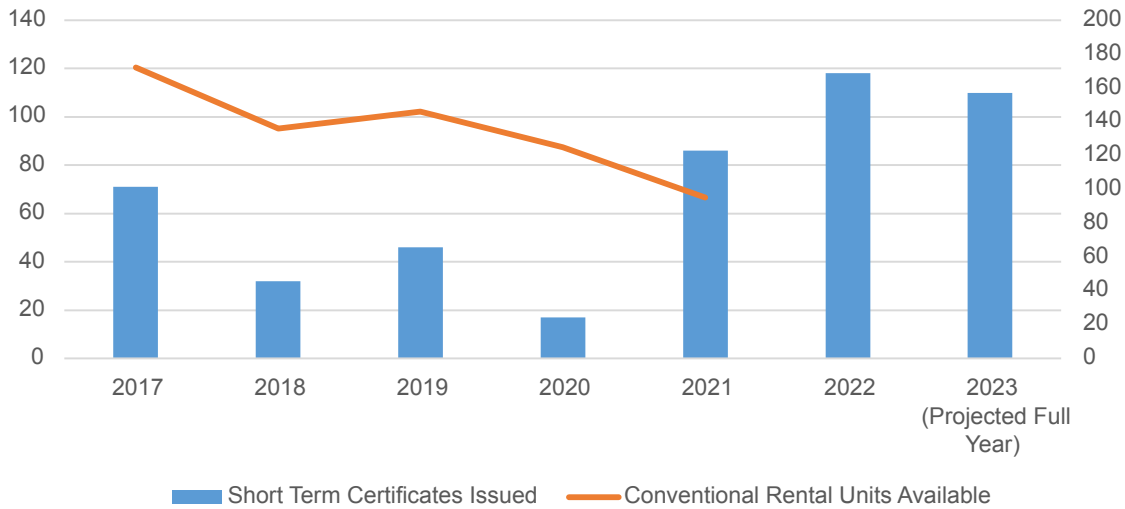
### Monthly STR Income vs Monthly Conventional Rental Income



Source: MLS, AirDNA, US Census

It is also clear that hosting a short-term rental is more lucrative than owning a conventional rental property in Saugatuck. Notably, this graph shows average versus median (because that is the data available), but the difference in revenue is clear and substantial.

### Short Term Rental Certificates vs Number of Rental Properties



Source: US Census Bureau, City of Saugatuck

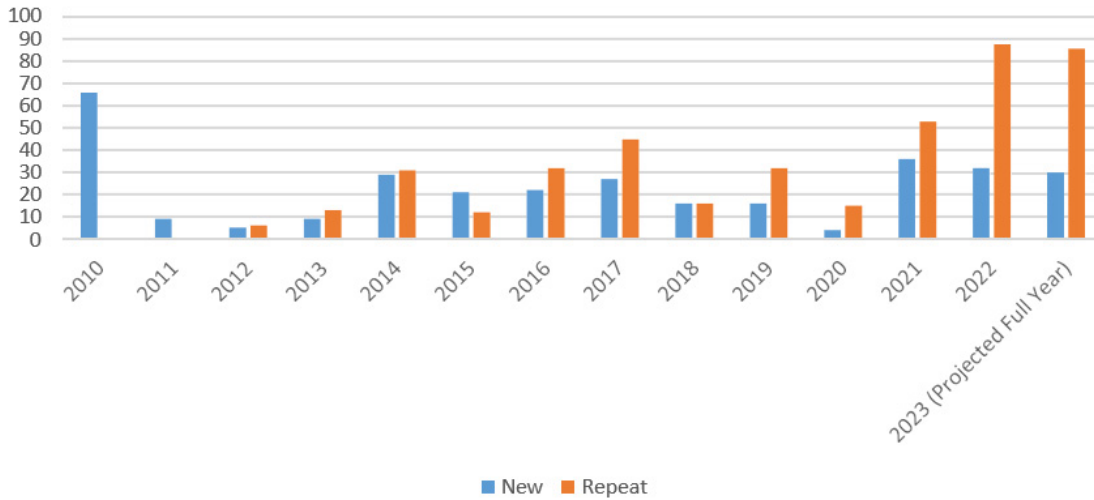
Because of the revenue disparity, the data suggests that property owners are converting conventional rentals to short-term rentals. While the data is incomplete, the drop in conventional rentals appears to have begun before the spike in short-term rentals, possibly because of a time lag in preparing the property for listing to vacationers.

Another factor in this trend is likely that increasing home values in Saugatuck have resulted in former rental properties now being owner-occupied.

## New vs Repeat Short Term Rentals

The graph below shows the Short-Term Rental Certificates by year that were issued to first-time short-term rental properties compared to properties that had previously been short-term rentals. The term “repeat” is used instead of renewal because some properties had their certification lapse before being certified again later.

**Short Term Rental Certificates vs Number of Rental Properties**



Source: City of Saugatuck

The data suggest that some of the increase in Short Term Rental Certificates since 2020 has been caused by a higher rate of renewal among existing short-term rentals, as well as homes that were previously short term rentals being certified again after a hiatus (perhaps during the pandemic lock downs). There has also been an increase in the number of first-time short-term rental certificates.

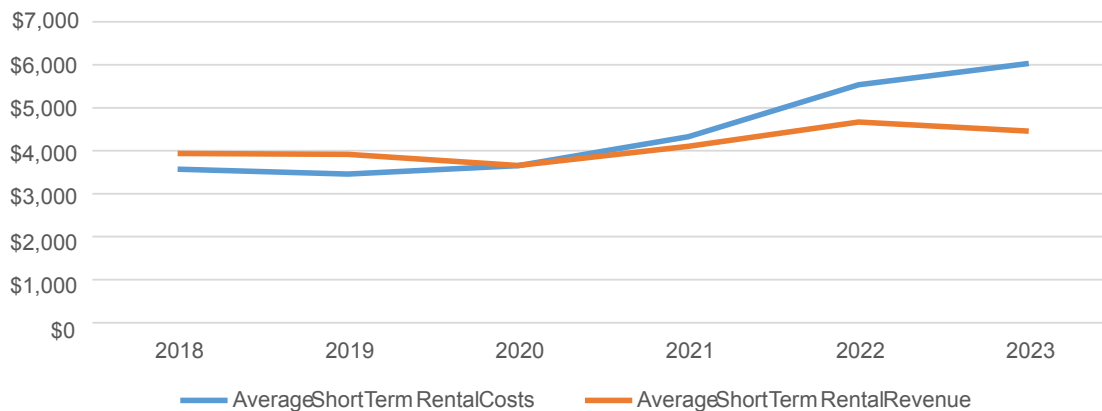
2023 also shows a small downward trend from 2022. It is not clear if this trend will continue.

## Short Term Rental Profitability

The chart below shows the average monthly income for a short-term rental in Saugatuck compared to the estimated costs of owning a short-term rental in the City. The inputs for this chart are as follows. Notably, this analysis shows the profitability of buying a house in Saugatuck for the purposes of operating it as short-term rental. Mortgages and tax costs may be lower for properties that have been owned for a longer period.

- The average daily rental rate in the Saugatuck market for each year, as reported by AirDNA.
- An average daily occupancy of 33%, as estimated by members of the Task Force.
- The average monthly mortgage payment (principal and interest) for the median home sold in Saugatuck in a given year, broken down into monthly payments. City of Saugatuck non-PRE property owners pay 54.3048 mills, including County, School, and other taxes, in addition to the City.
- The taxes owed on a non-PRE property in the City of Saugatuck valued at the median sale price in each year.
- \$1,000 per month in insurance, maintenance, utilities, and other expenses, based on data from BuildYourBNB. This number could be altered based on the experiences of Task Force and community members.

### Monthly STR Income vs Estimated Costs (Newly Purchased Homes)



Source: McKenna Calculation as Described Above

The data suggest that buying a home in Saugatuck for the purposes of creating a short-term rental was likely to be a profitable endeavor up until 2020. However, in the years since, home prices have increased to the point where buying the median home for sale to offer as a short-term rental would not be profitable, due to increased mortgage and tax costs. This trend is likely the cause of the dip in new short-term rental certifications, and, if it continues, could cause that trend to accelerate.

However, homes with capped property taxes and low-interest mortgages continue to be financially attractive as short-term rental opportunities.

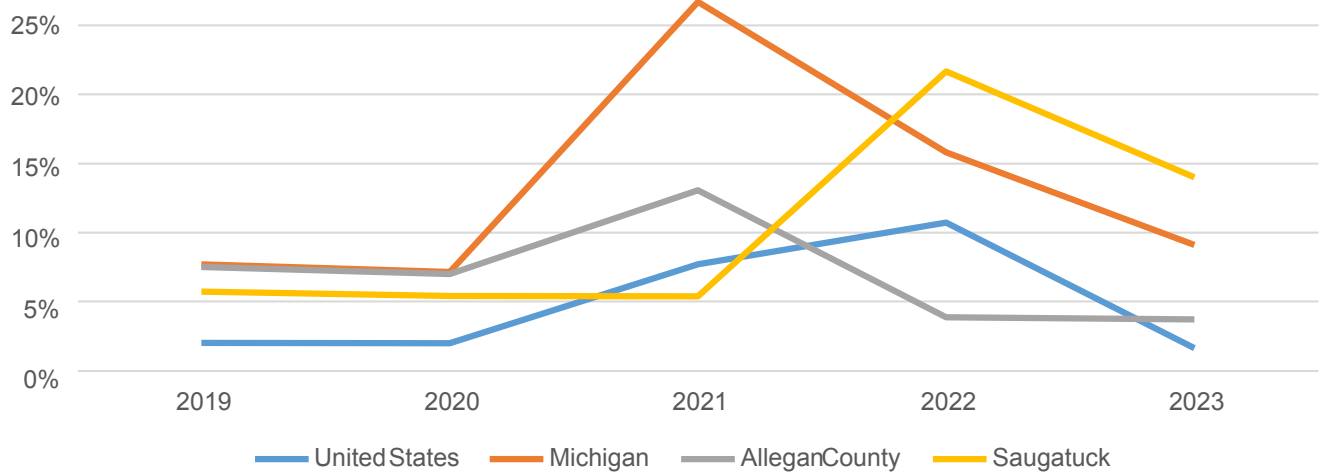
## Home Value Increase By Percentage

The three charts below show the percentage change in median sale price for Saugatuck and several comparison geographies—the United States, State of Michigan, Allegan County, three nearby cities (Holland, Fennville, and Allegan) and three lakefront resort communities (New Buffalo, South Haven, and Charlevoix).

The trend lines all follow a similar pattern, though with different degrees of intensity. All experienced a sharp increase in values between 2019 and 2021, with geographies with lower starting points (Michigan, Allegan, South Haven, etc) experiencing earlier and more substantial increases, on a percentage basis. The lakefront communities experienced longer and more intense growth periods, especially New Buffalo and Saugatuck.

All geographies have seen housing value growth slow in 2023, though none has seen its median home value decline.

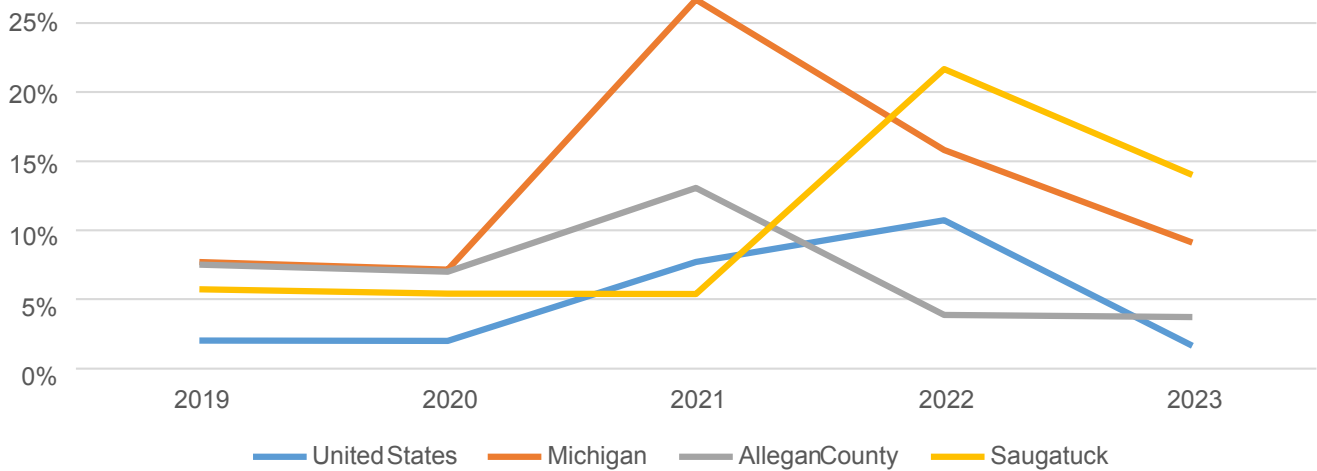
### Percentage Change in Median Sale Price: Saugatuck vs Allegan County, Michigan, and United States



Source: Zillow Home Value Index

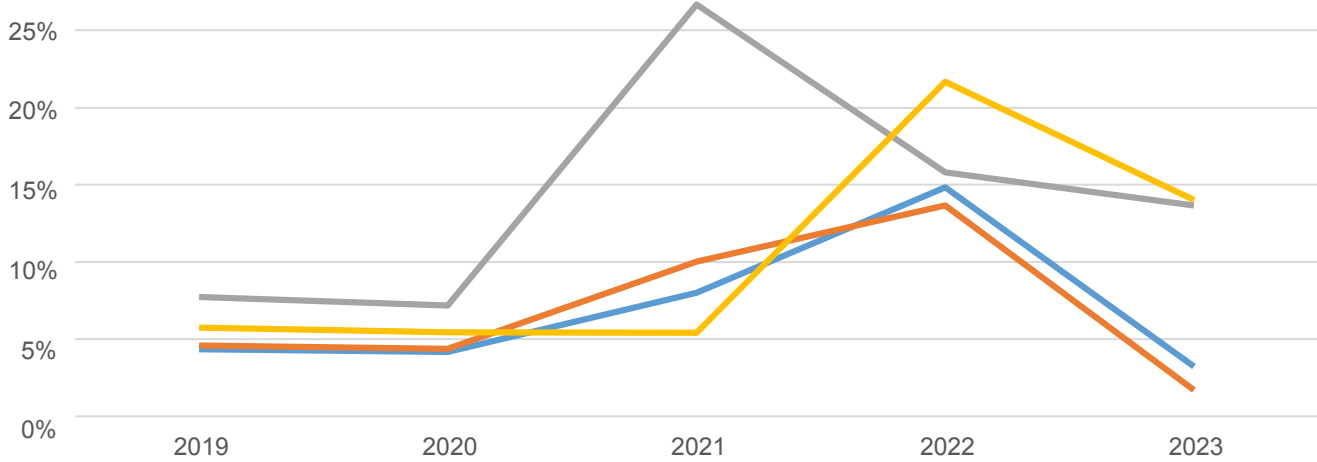


**Percentage Change in Median Sale Price: Saugatuck vs Nearby Communities**



Source: Zillow Home Value Index

**Percentage Change in Median Sale Price: Saugatuck vs Lakefront Communities**



Source: Zillow Home Value Index



## Key Findings

Reasons for data trends are not always clear, and correlation does not always equal causation, the following observations about the data presented:

- The City of Saugatuck currently processes over 100 requests for short-term rental certificates each year. Before 2020, the number of requests was generally under 50.
- The increase in interest in short-term rentals has been concurrent with the median sale price for homes in the City nearly doubling.
- The increase in short-term rentals has been accompanied by a decrease in conventional rentals available in the City, though this has not resulted in a price increase for conventional renters. In fact, median rent has decreased.
- Some evidence suggests that property owners are listing their homes as short-term rentals instead of selling them when they leave Saugatuck.
- Revenues from short-term rentals in Saugatuck easily cover mortgage payments, despite increasing home values and interest rates. However, the gap is decreasing, making short-term rentals less profitable.
- Owning a short-term rental in Saugatuck is far more lucrative than owning a conventional rental.

# Public Engagement

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*The City of Saugatuck’s Short-Term Rental Task Force has engaged extensively in seeking public input from residents and community stakeholders regarding short-term rentals. Residents and stakeholders were encouraged to either attend the task force meetings or submit written communication to city staff. The following further details the public engagement that was undertaken to solicit as much feedback as possible from residents and stakeholders.*

## **Town Hall**

In addition to attending task force meetings, residents and stakeholders had the option to attend a Town Hall-style engagement session in July 2023. Planning professionals, city staff, task force members, and the general public gathered at Saugatuck High School to discuss short-term rentals. The Town Hall provided two engagement styles; an open house relaxed dialogue and a full recorded public comment session.

The open house style engagement presented those in attendance a means to leave their thoughts and ideas on visual preference and discussion boards. Participants were asked to place sticky notes with their comments onto the boards. The following board topics were utilized to facilitate discussion with those in attendance.

### **Opportunities in Short-Term Rentals**

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This engagement display asked “What opportunities do you think short-term rentals bring to the City?” Attendees could write any benefits or opportunities they believed short-term rentals brought to the City, or if they did not think short-term rentals brought any benefits or opportunities to the City.

- Allows property owners to create generational wealth.
- STRs support the City’s tourist-based economy and bring more tourists to Saugatuck.
- People who stay in an STR may decide to move to Saugatuck full-time.
- Full-time new residents are not attracted to Saugatuck because of the number of STRs.
- Helps people afford taxes/expenses on generational family cottages.
- STRs bring money and employment opportunities.
- STRs support restaurants, bars, and entertainment in the downtown area.
- People buy a property and rent it as an STR to be able to retire in Saugatuck in the future.
- There are no opportunities.
- [STRs] Hinders affordable housing by inflating property values.
- Increases tax income for the City, which supports the schools.
- Leads to more part-time residents that do not support businesses year-round.
- Helps 2nd homeowners afford non-homestead taxes.
- Keeps chain businesses out of Saugatuck.
- None—STRs ruin the charm that attracts tourists to Saugatuck.

## “Good Neighbor” Policy

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Should the City consider creating a “Good Neighbor” policy for short-term rentals?

- Yes, but needs to be enforced.
- Unsure what a “Good Neighbor” policy means.
- Yes, reduces the need for police response.
- Police do not respond to STR issues when called.
- The City does not enforce existing rules.
- No, a “Good Neighbor” policy may be dangerous to enforce.
- There needs to be communication between the City and the owner any time there is a problem.
- A “Good Neighbor” policy appears great on paper. How would it be enforced?

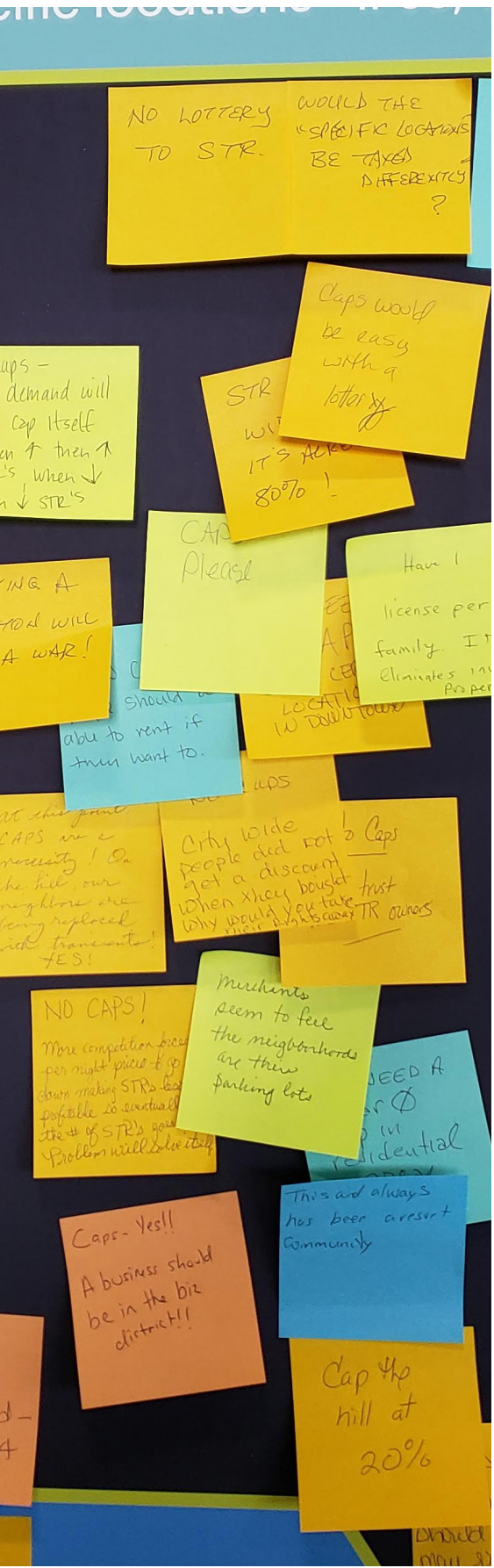
## Caps

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Should the City place caps on short-term rentals? Should short-term rentals be permitted citywide, or in specific locations—if so, where?

- Not enough data to support caps.
- More background knowledge is needed to support caps, but supports policies that encourage residency.
- Caps hurt property values, the tax base, and create winners and losers.
- No caps. Current noise and parking ordinances need to be enforced first.
- Need a cap at some percentage, maybe 20% or 25%.
- No caps and no restrictions on location for STRs.
- The city’s infrastructure, like cell service, cannot handle volume of people.
- The market will regulate itself—eventually we will have saturation, if we don’t already.





### General Comments

Place any additional comments you may have on short-term rentals.

- STRs should be managed by a local on-call company.
- Consider hiring an enforcement officer that could be paid using STR fees.
- Limiting STRs will decrease property values.
- Increase the number of trash cans available.
- Without STRs, tourists will take their business elsewhere.
- Increase hotels by highway exits in commercial zones.
- STRs are not essential for tourism as people came to Saugatuck before STRs.
- Need caps on STRs in residential areas.
- Offer incentives to people who offer long-term rentals.
- Create an ascending fee structure for owners whose renters violate policies.
- Implement an occupancy capacity of 3 persons per full bath and 1-2 persons per half bath.
- Limit owners to one rental per address and limit parcel splitting.
- Recommend limits on large property acquisition to discourage large chain businesses.
- Consolidate/coordinate STR policy with Douglas.
- Create more jobs outside of tourism.
- Concerned that STR owners in Saugatuck Township will eventually need to abide by the City's rules when the Township adopts them.
- Zoning matters and businesses need to be kept in business districts.
- Guests should pay "rental tax" to the CVB like other businesses.
- Do not support the CVB.
- STR owners already pay higher taxes and don't receive a PRE exemption.
- Per the police, 2/3 noise complaints are against homeowners/residents.
- Please don't make changes that will affect current STR owners, as they have already made business decisions under current regulations.

## PUBLIC COMMENT

24 people spoke during the public comment period. These points represent themes brought up by attendees during the public comment period and are not verbatim. Themes that multiple attendees brought up may be consolidated and only appear once. The City Clerk, present during the public comment period, may have additional verbatim wording on the public comments received during the engagement event. Those interested in more detailed notes taken during the public comment period are recommended to reach out to the City Clerk.

- Partial vacancies have increased due to STRs.
- STRs do not support the City's schools or community organizations.
- High concentrations of STRs degrade the neighborhood.
- Limits or caps should be considered in residential districts.
- STRs help Saugatuck's tourism industry, and if the city loses STRs it will lose business.
- Fees do not cover current administration costs and should be raised to cover the enforcement costs of STR regulations.
- STR operators should lose their license after 3 violations.
- Better communication between the City and the Sheriff's Department to improve enforcement.
- Engagement Survey should have only been made available to voting residents.
- Caps are a bad thing because it creates winners and losers and will decrease property values.
- Concerned about raising taxes and fees on STRs because STR owners already pay more in taxes to the City and pay additional sales tax to the State.
- Appreciation is provided regarding non-resident's having the ability to address the Task Force.
- More long-term rentals are needed in the City and some STRs should be converted into long-term rentals to support low-income people in Saugatuck.
- Require inspections and license renewals annually rather than every 3 years to improve safety in STRs.
- Fees should be increased for repeat violations.
- Add an enforcement officer or a summer intern that can patrol STRs.
- Disregarding occupancy limits and overuse are a big issue.
- The market may be changing and will reduce the number of STRs.
- Put the compliance burden on STR tenants and increase fees for tenants.
- Support a "Good Neighbor" policy and improve enforcement.
- Task Force membership should have been voted on by residents.
- Without a limit on STRs, there won't be enough residents to serve on Boards and Commissions.
- Limit the number of STRs a person can own.
- Look at different types of licensing structures, like what South Haven does.
- Housing costs are prohibiting families from moving to Saugatuck, and renting their home as an STR is necessary in order to live there.



## TOWN HALL SUMMARY

The public engagement Town Hall/Open House event had an estimated total of 103 persons in attendance. As described in previous sections, comments ranged from taking a soft-hand approach (letting the market on short-term rentals regulate itself) to a firmer approach (limiting the numbers, increased enforcement, annual inspections, increased application fees). McKenna planning staff, Planning Director Cummins and members of the Task Force were present to engage with participants.

While no official count was taken in regard to a specific comment received, McKenna staff noted the following:

1. Short-term rentals provide tourism opportunities and housing, which increases spending at local businesses.
2. Further education on a "Good Neighbor" policy is encouraged.
3. Participants are seeking increased enforcement of the current regulations pertaining to short-term rentals: noise disturbances; refuse/debris scattered across a property; occupancy limits.
4. Participants support reviewing the current fee schedule for short-term rentals. An optimistic consensus of the participants indicated positive feedback on increasing short-term rental application fees to cover staffing costs.
5. The concentration of STRs is perceived to reduce the "neighborhood feel" of the residential areas.
6. STRs should be classified as a business and not a residential use.
7. Further regulations should be reviewed for residential properties but open up commercial areas for STRs.



# Community Engagement Survey

The following report outlines results from the Saugatuck Short-Term Rental Task Force Community Engagement Survey. The survey was open from July 18, 2023, until August 7, 2023. In total, 626 responses were received. 5 responses were determined to be duplicates and were subtracted from the data for this analysis, leaving a total of 621 responses. The process for eliminating duplicate responses is explained later in this report. Respondents had the option to skip questions, and as a result, percentages are based on the number of responses to that question. Below, takeaways on respondent demographics, benefits and concerns of short-term rentals, and policies about short-term rentals are discussed.

## DEMOGRAPHICS

### Residency

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- 39% of respondents were Full-time/primary home residents (242responses)
- 39% of respondents were Part-time/second-home residents (240responses)
- 21% of respondents were Not a resident (132 responses)

#### Residents lived:

- 27% lived on the "Hill" (168responses)
- 20% lived Downtown (122responses)
- 16% lived on the North/east side of the river (100 responses)
- 12% lived on the Peninsula/west of the river (76 responses)
- 22% were not residents (138 responses)

#### Short-term rentals within a few houses of their home:

- 68% of residents have a short-term rental within a few houses of their home (77 responses)
- 31% of residents do not have a short-term rental within a few houses of their home (36 responses)

#### Those who were not residents were:

- 35% were a resident of Saugatuck Township (41 responses)
- 30% were a resident outside of Allegan County (36 responses)
- 17% were a resident of Douglas (21 responses)
- 16% were a resident outside of Saugatuck, Douglas, and Saugatuck Township, but within Allegan County (19 responses)

### **Business or STR ownership:**

- 10% of respondents own a business in Saugatuck (13 responses)
- 90% of respondents do not own a business in Saugatuck (107 responses)
- 77% of respondents do not own any short-term rentals in Saugatuck (92 responses)
- 21% own 1 to 2 short-term rentals in the city (25 responses)
- 1% own 3 or more short-term rentals in the city (2 responses)
- 0.84% have rented their home as a short-term rental in the past, but don't currently (1 response)

### **Respondents' views on the number of short-term rentals in their neighborhood:**

- 34% of respondents feel There are too many (184 responses)
- 31% feel It's about right (171 responses)
- 27% would be okay if there were more (149 responses)
- 7% were not residents (38 responses)

## **BENEFITS OF SHORT-TERM RENTALS**

### **All Respondents**

- 89% of respondents believe short-term rentals support the City's tourism industry (473 responses)
- 78% of respondents believe short-term rentals support businesses in Saugatuck (416 responses)
- 61% of respondents believe short-term rentals increase the City's tax base (326 responses)

### **Full-Time/Primary Home Residents**

- 71% of full-time residents believe short-term rentals support the City's tourism industry (173 responses)
- 60% of full-time residents believe short-term rentals support businesses in Saugatuck (144 responses)
- 46% of full-time residents believe short-term rentals increase the City's tax base (111 responses)

### **Part-Time/Second Home Residents**

- 87% of part-time residents believe short-term rentals support the City's tourism industry (208 responses)
- 83% of part-time residents believe short-term rentals support businesses in Saugatuck (198 responses)
- 67% of full-time residents believe short-term rentals increase the City's tax base (160 responses)

### **Non-Residents**

- 67% of non-residents believe short-term rentals support the City's tourism industry (88 responses)
- 53% of non-residents believe short-term rentals support businesses in Saugatuck (70 responses)
- 42% of non-residents believe short-term rentals allow homeowners to increase their income (56 responses)

## CONCERNS AROUND SHORT-TERM RENTALS

### All Respondents

- 63% of respondents are concerned with noise from renters (280 responses)
- 58% of respondents are concerned with parking (e.g. blocking driveways or streets) (257 responses)
- 55% of respondents are concerned with a lack of enforcement of municipal ordinances about short-term rentals (244 responses)

### Full-Time/Primary Home Residents

- 72% of full-time residents are concerned with noise from renters (144 responses)
- 70% of full-time residents are concerned with parking (e.g. blocking driveways or streets) (140 responses)
- 68% of respondents are concerned with a lack of enforcement of municipal ordinances about short-term rentals (136 responses)

### Part-Time/Second Home Residents

- 53% of part-time residents are concerned with noise from renters (82 responses)
- 48% of part-time residents are concerned with parking (e.g. blocking driveways or streets) (74 responses)
- 45% of part-time residents are concerned with a lack of enforcement of municipal ordinances about short-term rentals (69 responses)

### Non-Residents

- 52% of non-residents are concerned with noise from renters (51 responses)
- 51% of non-residents are concerned with parking (e.g. blocking driveways or streets) (50 responses)
- 47% of non-residents are concerned with short-term rentals increasing home prices, making it difficult to purchase a home in the City (47 responses)

## POLICIES

The following section outlines public support of different policies surrounding regulating and enforcing regulations on short-term rentals. Respondents were given multiple policies and asked to select how much they agreed with each policy. For each resident group (full-time, part-time, or non-resident), the three most and least supported policies are given, unless there was a tie between multiple policies. In these cases, more than three policies may be highlighted. The policies given were:

- Implement a City-wide “Good Neighbor” policy or tenant and owner code of conduct for short-term rentals.
- Implement a cap on short-term rentals city-wide.
- Implement a cap on short-term rentals in residential zoning districts.
- Implement a cap on short-term rentals in commercial zoning districts.
- Implement a short-term rental cap of 20% of Saugatuck residences.
- Implement a short-term rental cap of 30% of Saugatuck residences.
- Implement a short-term rental cap of greater than 30% of Saugatuck residences.
- Revise fee schedule from every 3 years to annually to cover City costs.
- Enforce a minimum rental period for short-term rentals.
- Implement occupancy limits stricter than the current Fire Department limits.
- Increase the fee/fine for confirmed violations of City ordinances and regulations.
- Suspend or revoke short-term rental certificates for properties with multiple violations.
- If permitted by State law, should the City collect a tax on short-term rentals, similar to a hotel tax?
- Work with neighboring communities to preserve and expand affordable housing.

## All Respondents

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### Most supported policies:

- 46% of respondents Strongly Agree and 29% of respondents agree with suspending or revoking short-term rental certificates for properties with multiple violations.
- 38% of respondents Strongly Agree and 31% of respondents agree with implementing a City-wide “Good Neighbor” policy or tenant and owner code of conduct for short-term rentals.
- 37% of respondents Strongly Agree and 29% of respondents agree with increasing the fee/fine for confirmed violations of City ordinances and regulations.

### Least supported policies:

- 53% of respondents Strongly Disagree and 16% of respondents Disagree with implementing a short-term rental cap of greater than 30% of Saugatuck residences.
- 48% of respondents Strongly Disagree and 19% of respondents Disagree with implementing a short-term rental cap of 30% of Saugatuck residences.
- 44% of respondents Strongly Disagree and 16% of respondents Disagree with implementing a short-term rental cap of 20% of Saugatuck residences.

## Full-time/Primary Home Residents

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### Most supported policies:

- 58% of full-time residents Strongly Agree and 27% of full-time residents Agree with suspending or revoking short-term rental certificates for properties with multiple violations.
- 54% of full-time residents Strongly Agree and 26% of full-time residents Agree with increasing the fee/fine for confirmed violations of City ordinances and regulations.
- 49% of full-time residents Strongly Agree and 28% of full-time residents Agree with implementing a City-wide “Good Neighbor” policy or tenant and owner code of conduct for short-term rentals.

### Least supported policies:

- 51% of full-time residents Strongly Disagree and 16% of full-time residents Disagree with implementing a short-term rental cap of greater than 30% of Saugatuck residences.
- 45% of full-time residents Strongly Disagree and 16% of full-time residents Disagree with implementing a short-term rental cap of 30% of Saugatuck residences.
- 35% of full-time residents Strongly Disagree and 15% of full-time residents Disagree with implementing a short-term rental cap of 20% of Saugatuck residences.

## Part-time/Second Home Residents

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### Most supported policies:

- 36% of part-time residents Strongly Agree and 31% of part-time residents Agree with suspending or revoking short-term rental certificates for properties with multiple violations.
- 25% of part-time residents Strongly Agree and 29% of part-time residents Agree with increasing the fee/fine for confirmed violations of City ordinances and regulations.
- 24% of part-time residents Strongly Agree and 33% of part-time residents Agree with working with neighboring communities to preserve and expand affordable housing.

### Least supported policies:

- 58% of part-time residents Strongly Disagree and 20% of part-time residents Disagree with implementing a short-term rental cap of 30% of Saugatuck residences.
- 58% of part-time residents Strongly Disagree and 17% of part-time residents Disagree with implementing a short-term rental cap of greater than 30% of Saugatuck residences.
- 57% of part-time residents Strongly Disagree and 18% of part-time residents Disagree with implementing a short-term rental cap of 20% of Saugatuck residences.

## Non-Residents

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### Most supported policies:

- 40% of non-residents Strongly Agree and 32% of non-residents Agree with suspending or revoking short-term rental certificates for properties with multiple violations.
- 41% of non-residents Strongly Agree and 17% of non-residents Agree with working with neighboring communities to preserve and expand affordable housing.
- 35% of non-residents Strongly Agree and 33% of non-residents Agree with working with implementing a City-wide “Good Neighbor” policy or tenant and owner code of conduct for short-term rentals.

### Least supported policies:

- 43% of non-residents Strongly Disagree and 16% of non-residents Disagree with implementing a short-term rental cap of greater than 30% of Saugatuck residents.
- 32% of non-residents Strongly Disagree and 21% of non-residents Disagree with implementing a short-term rental cap of 30% of Saugatuck residences.
- 32% of non-residents Strongly Disagree and 17% of non-residents Disagree with implementing a short-term rental cap in commercial districts.

## DUPLICATE RESPONSES

There were a total of 77 IP addresses that submitted multiple responses. IP addresses that submitted three or fewer responses were presumed legitimate, as each response was likely from a different member of the same household. IP addresses that submitted more than three responses were evaluated to determine response similarities. If all the responses were the same or very similar, only one of the responses was considered in the survey analysis. Of the 77 duplicate IP addresses, 71 addresses submitted three or fewer responses. 6 IP addresses submitted at least four responses to the survey, for a total of 28 responses. After evaluating the answers to the individual responses, 5 of these responses were considered duplicates and eliminated from the dataset. Below outlines the process for finding and evaluating duplicate responses:

1. Staff highlighted all duplicate IP addresses using Excel.
2. Duplicates of three or fewer were assumed to be legitimate responses and filtered out.
3. For IP addresses that submitted more than 3 responses, the responses were analyzed to determine if the answers were the same for each submission. If the responses were the same or very similar, only one of the responses was considered for analysis. If the responses to the questions were different for each submission, they were all included in the analysis.



## CONCLUSION

The following key takeaways were gathered from the results of the survey:

1. Full- and part-time residents both agree that short-term rentals have the benefits of supporting tourism and businesses in the city and increase the city's tax base, but part-time residents agree with this at higher rates than full-time residents. Unlike full-time and part-time residents, non-residents selected that short-term rentals allow homeowners to increase their incomes as a top benefit.
2. Full- and part-time residents both had the greatest concerns with noise, parking, and a lack of enforcement of short-term rental regulations, while non-residents were also concerned that short-term rentals are increasing home prices, making it difficult to buy a home in the City.
3. Full-time, part-time, and non-residents support strengthening enforcement measures behind short-term rental regulations, including suspending or revoking short-term rental licenses after multiple violations and increasing fees and fines for confirmed violations.
4. The least popular amongst all resident groups were those surrounding caps on short-term rentals, with the strongest disagreement towards caps of greater than 30% of Saugatuck residents.





John Thomas  
141 West Street  
Saugatuck, MI 49453

September 12, 2023

Holly Anderson, Chair  
Short Term Rental Task Force  
City of Saugatuck Planning Commission  
PO Box 86  
Saugatuck, MI 49453

Re: written comments on Short Term Rental deliberations

Short Term Rental Task Force:

By way of introduction; I am writing this as a thirty-year, full time resident of the hill and a thirty-year member of the Saugatuck and Douglas retail community, who fully understands the importance of tourism and all of the complexities of living and working in a town that benefits from the people who come here. I would also like to say that I am in complete agreement with all of the points that Brian Schipper made in his August 20, 2023 letter to the Task Force, so I won't bother covering those same points. Instead, I will focus my input on two things; a moratorium and a cap on STRs.

By the end of the Task Force's September 7th meeting, several items under consideration seemed to be close to consensus. But I sensed that there was not yet consensus on whether or not to recommend a moratorium or a cap on STR permits. Since I believe these are the two most critical issues on the table, I would like to contribute my thoughts for your consideration.

First, I believe the rapid expansion of STRs - especially in certain districts - has created a runaway train that must be slowed down before this problem gets any worse than it already is.

Although there have always been STRS in my neighborhood, I have chosen to speak out now because, almost overnight, I am now completely surrounded by STRs and I believe my quality of life, and that of many of the other people who live in my part of Saugatuck, has been seriously diminished by the unbridled expansion of STRs.

Because of that perspective, I am a strong advocate for an immediate moratorium on new STR permits, until the Council's deliberations of this topic have been completed.

Since it will likely take the Council quite some time to formulate any new STR regulations or ordinances (especially given the need for legal review, etc.), it doesn't

make sense to me to continue to grant even more permits that may later have to be grandfathered in, if new regulations or caps are adopted in the future.

Second, I think a cap, at whatever level is eventually chosen, has to be set by the community's elected and appointed officials, who are entrusted with protecting everyone's interests and the quality of life of our community as a whole.

Therefore, I hope when you send your final report to the Council, it will include a recommendation that they eventually implement some form of a cap.

I freely acknowledge that the Task Force and the community at large, are divided on the issue of a cap. But often, opinions about STRS depend a lot on whether or not you are being personally affected by STRs. For example, on my street, I am totally surrounded by STRs. By comparison, if you look at the zoning map, currently there are 0 STR permits in the Peninsula North (Riverside) district. In fact, the statistics by district, show that STRs vary from a low of 0% in one district to a high of over 70% in the Center Residential district. And surely that will color ones personal opinion on the subject, especially when some residents fear the complete takeover of STRs in their neighborhood if caps aren't put in place.

Many argue that letting market forces work all of this out, is a better approach. I totally disagree. Things like this, that can have a profound impact on a community, should be decided by the community and not the market. That is why many of us are appealing to our elected officials to look out for all of us - including STRs - but not "especially" STRs.

Let's be perfectly clear, STRs are, first and foremost, "businesses," and as such, should be subject to regulation as needed, based on their nature and their impact. I put STRs in the same category as things like bars, restaurants, marijuana businesses, etc. that can have unusually high impact on the identity and nature of adjoining properties and even the whole town by their presence and placement. It is not the presence of a single STR that causes a problem, the problem arises when there are too many. That is why I am lobbying for a moratorium and some sort of cap on STRs until we decide the right balance for our community. I believe that without a cap, we will end up with too many and especially too many concentrated in certain areas.

During the thirty years I have lived in Saugatuck I have seen this community take a stand on other issues to preserve the community's identity and character, so there is ample precedent for appropriate regulation of STRs too.

First, like all communities in Michigan, we limit the number of bars by controlling the number of licenses available, because if left to market forces, there could be far too many bars (because of their profit potential) than we would want. Second, I remember when Saugatuck fought to keep chain stores and chain restaurants out of our downtown because they didn't fit with what we wanted this town to be. Third, so far, Saugatuck has chosen not to permit any marijuana businesses for many reasons, but

primarily because of concerns that they weren't what Council members felt was best for us. Fourth, we created a historic district to preserve the look and feel of the town, despite the many restrictions it places on property owners within that district.

We have all kinds of other ordinances that apply to businesses and residences to avoid potential harm or to avoid negative impact on the look and feel for our hometown. They include anything from height restrictions for building, to the size and placement of signs on businesses. So we won't be singling out STRs or applying different standards if we choose to put reasonable limits on them too.

It is clear, by the creation of this Task Force, that the STR situation is problematic enough to many residents, to warrant special study and some degree of additional regulation. It is also clear that leaving things up to market forces has not worked. So, people like me are counting on you to advise the Council to consider what is best for the common good and not just for those who have invested in STRs.

You have heard from many about how their lives, and the nature of whole neighborhoods, have been impacted by the explosion of STRs. This has resulted in "residential neighborhoods" becoming de facto "business districts," without the normal checks and balances that govern other kinds of businesses in town. Now it has gotten so bad that we are even contemplating hiring an additional police officer to control them. What more has to be said about how negatively impactful these STRs have become? Personally, I find it hard to believe that we are willing to consider resorting to police enforcement, while some people are still hesitant to consider a moratorium or caps.

All of this leaves me with several questions. 1. How much worse does this have to get for some of us, before we set a limit on their impact (not just noise, occupancy and parking) but also a cap? 2. Why are people arguing that STRs should be left to the market place to manage, when we don't use that same logic for things like bars and marijuana shops? 3. When is enough, enough? 4. If not now, when?

I am not in a position to suggest what method of capping should be chosen (since there are many to choose from). In fact, I think we need more data about the percent of properties that are now STRs and the rate of conversion of residential properties to STRs, etc. before a cap could be set. But I do hope the Task Force will recognize that we can't let this go on unabated forever. If we don't set limits now, I fear that the topic will not be revisited again for a very long time and the damage to some areas of the community will be irreversible.

Unless you believe that there should be absolutely no limit on the number of STRs, then I hope you will encourage the Council to propose a cap of some sort based on analytics and data. In addition, we need to have a method in place to monitor the effectiveness of the cap to determine if they work. That's all I am asking the Task Force and the Council to do. For me, not setting a cap is not the right solution.

In closing, I want to make sure that it is clear; I am not opposed to STRs. I am opposed to letting them decide what life will be like for many of us going forward. I think that imposing a moratorium, and eventually a cap, are important steps that we need to take in order to ensure that the qualities we have all valued most about Saugatuck over the years are not lost.

I also want to end by expressing my sincere thanks and appreciation to this Task Force. I believe this is the most important issue that any Saugatuck committee has been asked to wrestle with during my years in town.

You deserve our gratitude for doing the work and especially for conducting your business in the exemplary way you have.

John Thomas

A handwritten signature in black ink that reads "John Thomas". The signature is written in a cursive style with a long, sweeping underline.

Saugatuck full time resident