



City Council Agenda Item Report

FROM: Ryan Cummins, City Manager
Luke Thompson, Director of Planning and Zoning

MEETING DATE: April 14, 2025

SUBJECT: Short-Term Rental Licensing Ordinance Amendment

DESCRIPTION:

At the March 5 workshop, staff presented on the status of implementing the Short-Term Rental (STR) Task Force recommendations and STR Enforcement Plan. Legal also presented a full report on transfers, late applications, and appeals.

Based on the consensus feedback from recent Council meetings, legal has prepared draft changes to the STR licensing ordinance. The draft changes would:

- Provide a mechanism to process late applications. Late applications would be subject to a late fee.
- “Grandfather” in certificates or licenses that would otherwise be void due to any transfer of interest, even if that transfer added a new owner.
 - Only transfers that occurred between August 26, 2021 (3 years before the cap amendment took effect) and March 5, 2025 (the date of the workshop Council directed us to start on these transfer exceptions) will be eligible.
 - Eligible applicants will have 5 days from the effective date of the ordinance amendment to submit an application.
- Require submittal of proof of corporate entity or trust ownership each year.
- Allow transfers of ownership in limited circumstances, which include transfers that change the form of ownership but not the identity of the persons having an ownership in a STR.
- Allow for removal or reallocation of ownership interests, but prohibit transfers that add individuals or entities.

Legal has also updated the suspension and revocation of licenses process to be consistent with the changes above and provide greater clarity.

Full details of the draft amendment are redlined on the attached.

LEGAL REVIEW:

The City Attorney prepared the draft amendments and will be at your meeting for any questions.

SAMPLE MOTION:

Motion to approve Ordinance No. _____ to amend the City of Saugatuck's Short-Term Rental Licensing Ordinance, Ordinance No. 240229-B, as amended, to provide for the imposition of late fees for late applications for short-term rental licenses, to update penalties for violations, and to authorize certain types of transfers relating to short-term rentals, to protect the public health, safety, and welfare.

CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN

SHORT-TERM RENTAL LICENSING ORDINANCE AMENDMENT

ORDINANCE NO. _____

At a meeting of the City Council of the City of Saugatuck, Allegan County, Michigan, held at the City of Saugatuck Hall on _____, 2025 at _____ p.m., City Council Member _____ moved to adopt the following ordinance, which motion was seconded by City Council Member _____.

An ordinance to amend the City of Saugatuck's Short-Term Rental Licensing Ordinance, Ordinance No. 240229-B, as amended, to provide for the imposition of late fees for late applications for short-term rental licenses, to update penalties for violations, and to authorize certain types of transfers relating to short-term rentals, to protect the public health, safety, and welfare.

CITY OF SAUGATUCK, ALLEGAN COUNTY, ORDAINS:

SECTION 1. AMENDMENT TO ORDINANCE NO. 240299-B, SECTION 99.58: City of Saugatuck Ordinance No. 240229-B, Section 99.58, shall be amended to read as follows:

§99.58 DURATION OF LICENSE; RENEWAL.

- (A) Except as otherwise provided herein, a license issued under this chapter shall remain in effect for a period of one (1) year from the date it was issued unless it is suspended or revoked by the City.
- (B) The license holder or local agent may apply for a renewed license by submitting a renewal application to the enforcing officer no later than thirty (30) days prior to the date that the license is set to expire, along with the license renewal fee established by the City's fee schedule. Renewal applications may be submitted no later than five (5) calendar days after this deadline, subject to a late fee established by resolution of the City Council. Renewal applications submitted after this five (5) calendar day grace period by any amount of time shall be deemed untimely and shall not be processed by the City, and the short-term rental license shall be deemed expired.
- (C) All information submitted with the prior application(s) shall be deemed submitted with the application for renewal, except that each year a new completed and signed fire safety checklist must be submitted, a new fire inspection must be conducted, and an approved fire inspection certification must be issued before a license can be renewed In addition, short-term rentals owned by corporate entities or trusts must submit updated documentation each year showing that the interest, composition,

membership, or ownership in said corporation or trust has not changed so as to constitute a transfer as defined in this chapter. Aside from the renewed fire safety checklist, ~~and~~ fire inspection, and updated ownership documentation, the license holder or local agent shall only be required to submit new information with the application for renewal when that application information has changed since the last application was filed with the City.

- (D) A renewed license for a short-term rental shall be issued when all of the standards and regulations of this chapter are met.
- (E) If the short-term rental premises does not meet all the requirements of this chapter at the time of renewal, the City shall promptly notify the license holder. The license holder shall have thirty (30) calendar days from the date the notice of a deficiency was sent to cure any deficiencies. If the license holder cannot demonstrate full compliance with this chapter at the end of the cure period, the short-term rental license will not be renewed and will be deemed expired.

SECTION 2. AMENDMENT TO ORDINANCE NO. 240299-B, Section 99.59: City of Saugatuck Ordinance No. 240229-B, Section 99.59, shall be amended to read as follows:

§99.59 EFFECT ON PREVIOUSLY ISSUED SHORT-TERM RENTAL CERTIFICATES.

(A) It is the express intent of this chapter to “grandfather” short-term rental certificates that were issued under the City’s previous regulatory scheme until those certificates expire. Therefore, short-term rentals with certificates issued pursuant to the Saugatuck City Zoning Ordinance prior to the effective date of this chapter may continue to operate until the certificate expires, subject to the requirements in effect at the time the short-term rental certificate was issued.

(B) Once a previously issued short-term rental certificate expires, the certificate holder must receive a short-term rental license under this chapter to continue operating a short-term rental at the premises. Applications for a short-term rental license may be submitted no later than five (5) calendar days after the previously issued short-term rental certificate expires, subject to a late fee established by resolution of the City Council. Applications submitted after this five (5) day grace period by any amount of time shall be deemed untimely and shall not be processed by the City, and the short-term rental certificate shall be deemed expired.

- a. Notwithstanding anything in this chapter to the contrary, an application for a short-term rental license may be submitted by an owner who previously held a short-term rental certificate if the following apply: 1) the short-term rental certificate expired between August 26, 2024 and the effective date of this Ordinance; and 2) the certificate holder did not timely apply for a short-term rental license but otherwise satisfied all applicable requirements of the City Code. In such circumstances, the

certificate holder may apply for a short-term license no later than five (5) calendar days after the effective date of this Ordinance. Such applications may be processed and a short-term rental license issued, subject to the payment of the late fee set forth herein and satisfaction of all other requirements of the City Code.

~~(B)(C)~~ No short-term rental certificates issued pursuant to the Saugatuck City Zoning Ordinance may be renewed after the effective date of this chapter.

SECTION 3. AMENDMENT TO ORDINANCE NO. 240299-B, Section 99.63: City of Saugatuck Ordinance No. 240229-B, Section 99.61, shall be amended to read as follows:

§99.61 SUSPENSION AND REVOCATION OF LICENSE.

- (A) *Suspension or revocation of license.* The following shall constitute grounds for suspending or revoking a short-term rental license:
- (1) A license holder, owner, and/or authorized agent's inclusion of false, incorrect, or misleading information and/or statements on an application for a short-term rental license.
 - (2) A license holder, owner and/or local agent's failure to comply with the standards and regulations set forth in Section 99.57.
 - (3) A license holder, owner, and/or local agent's failure to timely remedy a violation of this chapter or the City's Noise Ordinance, as set forth in Section 99.60.
 - (4) A license holder and/or owner's ~~attempted~~ transfer of any interest in a short-term rental license or premises to a person or entity that does not have an existing interest in said license or premises, as defined in Section 99.63.
- (B) *Violation notice.* If the enforcing officer has reason to believe that there are grounds to suspend or revoke a short-term rental license, the enforcing officer may, but is not required to, prepare a written notice specifying the alleged grounds for suspension or revocation and the factual basis for this belief. The written notice shall inform the alleged violator of the time, date, and place of the hearing before the City Council, shall be served on the license holder either personally or by certified mail no less than twenty-one (21) days before the hearing.
- (C) *Violation hearing.* If such a violation notice is prepared and served, the City Council shall hold a hearing at which time the license holder shall be given an opportunity to show cause why the short-term rental license issued under this chapter should not be suspended or revoked. The City Council's decision shall be in writing and shall specify the factual evidence upon which it is based and shall be final and binding upon the

license holder. A copy of the City Council's written decision shall then be provided to the license holder. The City Council's determination that an unauthorized transfer of interest in a short-term rental license or premises took place or that an applicant included false, incorrect, or misleading information and/or statements on an application for a short-term rental license and that the inclusion of the correct information would have rendered the applicant ineligible for a short-term rental license, shall result in the immediate revocation of the short-term rental license. For all other types of violations found by the City Council, a short-term rental license shall first be suspended before being revoked, as set forth below.

- (D) *Subsequent violations.* After a short-term rental license has been suspended, any additional violation(s) committed by the license holder and/or local agent within one (1) year of the expiration of the last suspension shall be grounds for a second suspension. If it has been more than two (2) years since the expiration of an initial suspension of a short-term rental license, a subsequent violation shall be deemed to be a first suspension. Upon the City Council's ~~sa~~ determination that a short-term rental license holder has ~~been suspended two (2) or more times and is facing a third suspension~~ committed an additional violation within two (2) years of the expiration of a second suspension, the City Council may permanently revoke the short-term rental license, at which point that license holder will be permanently ineligible to apply for a short-term rental license for the premises in question.
- (E) *Length and timing of suspensions and/or revocations.* Subject to subsection (F) below, suspensions and revocations shall generally be effective immediately. Provided, however, if any portion of the suspension time falls outside the primary tourist season of May through September, then the balance of the suspension time shall carry over to the next primary tourist season, with rental activity outside of the primary tourist season remaining prohibited until the suspension expires. Suspensions/revocations shall be for the following periods:
- (1) First suspension - three (3) months.
 - (2) Second suspension - six (6) months.
 - (3) Revocation - permanent.
- (F) *Existing contracts.* Existing short-term rental contracts up to sixty (60) nights beyond the beginning date of any suspension/revocation may be honored by the license holder with approval by the City Council. Those existing contracts beyond sixty (60) nights shall be canceled. The time period approved to honor existing contracts shall be added to the end of any suspension period.
- (G) *Fraudulent complaints.* Any person who knowingly files a fraudulent, false, or fictitious complaint about a short-term rental shall be deemed to be in violation of this chapter and may be subject to court enforcement proceedings and the penalties under Section 99.62 of this chapter.

SECTION 4. AMENDMENT TO ORDINANCE NO. 240299-B, Section 99.63: City of Saugatuck Ordinance No. 240229-B, Section 99.63 shall be amended to read as follows:

§99.63 TRANSFER OF OWNERSHIP.

(A) *Transfers prohibited.* ~~Except as expressly provided herein, short-term rental licenses are non-transferable, and a short-term rental license issued under this chapter shall become void upon the attempted transfer of a license to a new owner or owners or the transfer of ownership of the dwelling unit for which the license is issued short-term rental premises to a new owner or owners. Any attempt by an existing owner of a short-term rental to convey partial interest in a short-term rental license or premises to a third party while retaining some interest in the short-term rental license or premises shall render the license revocable. In the event of an unauthorized transfer, a new short-term rental license must be obtained by the new owner of the dwelling unit short-term rental premises from the City before short-term rentals may be resumed in the dwelling unit.~~

(B) *Transfer defined.* As used in this chapter, a “transfer” of a short-term rental license shall include the following:

- (1) Any transfer, sale, change in ownership, or other conveyance of a short-term rental license to a person or entity other than the owner or license holder;
- (2) Any transfer, sale, change in ownership, or other conveyance of the premises;
- (3) Any transfer, sale, change in ownership, or other conveyance of an interest or membership in the corporate entity which is the owner of the premises or the short-term rental license; or
- (4) Any change in the trustee(s), beneficiary, or beneficiaries of the trust which is the owner of the premises or the short-term rental license.

(C) *Permitted transfers.* ~~Notwithstanding the above, the City recognizes that as a matter of public policy it is equitable and consistent with the intent of this ordinance to enable transfers of short-term rental licenses in certain limited circumstances, which include transfers that change the form of ownership but not the identity of the persons having an ownership in a short-term rental, and transfers that reallocate or remove current ownership interests but do not add any new ownership interests. Consistent with these policy goals, short-term rental licenses may be transferred under the following circumstances, provided that a transfer application conforming to the requirements and regulations set forth in this ordinance and indicating the relationship of the transferor to the transferee is first submitted to and approved by the enforcing officer:~~

- (1) ~~Change to the form of ownership. The following transfers that change the form of ownership, but not the identity of the owners, shall be permitted:~~

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i. Short-term rental licenses or premises may be transferred to a corporate entity from individuals, trusts, or other corporate entities, provided that the transferee corporate entity is solely owned and controlled by all of the current owners of the short-term rental license or premises, and that no third parties (meaning individuals or entities who do not currently have an interest in the short-term rental licenses or premises) will hold any interest or membership in said corporate entity.

ii. Short-term rental licenses or premises may be transferred to a trust from individuals, corporate entities, or other trusts, provided that the transferee trust is solely owned, controlled by, and benefits all of the current owners of the short-term rental license or premises, and that no third parties will be designated as settlors, trustees, or beneficiaries of said trust.

iii. Short-term rental licenses or premises may be transferred to an individual or individuals from a corporate entity or trust, provided that the individual or individuals are the current owners, members, settlors, trustees, or beneficiaries of the corporate entity or trust that currently owns the short-term rental license or premises.

(2) Removal or reallocation of ownership interests. Where more than one individual or entity has an interest in a short-term rental license or premises, the composition of ownership may be altered so as to remove an existing ownership interest or to reallocate ownership interests among existing owners. By way of example but not limitation, this could include the following scenarios:

i. A short-term rental premises owned by a married couple can be transferred to the surviving spouse upon the death of a spouse.

ii. A trust owning a short-term rental license can be revised to remove a beneficiary.

iii. A corporation owning a short-term rental premises can reallocate ownership interests among its members or remove members.

(3) General prohibition. Notwithstanding anything in this chapter to the contrary, no transfer will be permitted that has the effect of conveying any sort of interest in a short-term rental license or premises to an individual or entity who does not have an existing interest in said license or premises, including any transfer that attempts to add individuals or entities owning, controlling, or having any interest in a short-term rental license or premises.

(D) Waiver. For transfers not expressly authorized herein, a license holder may make a written application to the enforcing officer for a waiver from this ordinance's

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prohibition on transfers. Such application must demonstrate that the proposed transfer only changes the form of ownership or removes or reallocates existing ownership interests without adding any new ownership interests and is otherwise consistent with the purpose and objectives of this ordinance on good cause shown to the enforcing officer. The enforcing officer shall approve or deny such applications, and his or her decision shall be final.

(E) Prior Transfers. The City Council recognizes that the imposition of maximum limits on short-term rental licenses in certain districts has markedly increased the consequences of unauthorized transfers within those districts. The City Council further recognizes that some short-term rental owners may have transferred interest in a short-term rental without understanding that this would render the premises ineligible for a short-term rental license so long as maximum limits are in effect. Therefore, notwithstanding any maximum license limits in effect, an owner may apply for a short-term rental license if, at the time of application, all of the following apply:

(1) The short-term rental premises is located within a zoning district subject to maximum limits on the total number of short-term rental licenses and the number of active licenses within that district exceeds the maximum limit;

(2) A short-term rental license or certificate was previously issued for the premises;

(3) The short-term rental license, certificate, or premises was subject to an unauthorized transfer that occurred between August 26, 2021, and March 5, 2025;

(4) The short-term rental license or certificate had not expired or lapsed by reason of nonrenewal and had not been revoked or voided for reasons other than the unauthorized transfer identified above; and

(5) An application describing the nature and date of the unauthorized transfer and containing all other information required by the City Code, along with the accompanying application fee, are submitted to the City no later than five (5) days of the effective date of this ordinance.

(C) The City may process applications for short-term rental licenses from applicants who satisfy the above criteria and may approve short-term rental licenses for the same if all other applicable requirements of the City Code are satisfied.

SECTION 5. SEVERABILITY: Should a court of competent jurisdiction find any provision, clause, or portion of this ordinance amendment to be invalid or unconstitutional, the balance or remainder of this ordinance amendment shall remain valid and in full force and effect and shall be deemed “severable” from the portion, clause, or provision deemed to be invalid or unconstitutional by the court.

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SECTION 6. REPEAL: All Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

SECTION 7. EFFECTIVE DATE: This Ordinance shall become effective immediately upon the date of this Ordinance's publication as required by law.

YEAS: _____

NAYS: _____

ABSENT/ABSTAIN: _____

ORDINANCE DECLARED ADOPTED.

Holly Anderson
City of Saugatuck, Mayor

CERTIFICATION

I hereby certify that:

1. The above is a true copy of an ordinance adopted by the City of Saugatuck at a duly scheduled and noticed meeting of the City Council held on _____, ____ 2025, pursuant to the required statutory procedures.
2. A summary of the above ordinance was duly published in the _____ newspaper, a newspaper that circulates within the City of Saugatuck, on _____, 2025.
3. Within 1 week after such publication, I recorded the above ordinance in a book of ordinances kept by me for that purpose, including the date of passage of the ordinance, the names of the members of the City Council voting, and how each member voted.
4. I filed an attested copy of the above ordinance with the Allegan County Clerk on _____, 2025.

ATTESTED:

Jamie Wolters
City of Saugatuck, Clerk

**CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN**

NOTICE OF ADOPTION

SHORT-TERM RENTAL LICENSING ORDINANCE AMENDMENT

ORDINANCE NO. ____

Please take notice that on _____, 2025, the City Council of City of Saugatuck adopted Ordinance No. ____, which, among other things, amends the City of Saugatuck's Short-Term Rental Licensing Ordinance, Ordinance No. 240229-B, to provide for the imposition of late fees for late applications for short-term rental licenses, to update penalties for violations, and to authorize certain types of transfers relating to short-term rentals. Copies of the ordinance may be obtained from Jamie Wolters, City of Saugatuck Clerk, at 102 Butler Street, P.O. Box 86, Saugatuck, Michigan 49453, during regular business hours.

The Amendment to Ordinance No. 240299-B has the following sections, which are summarized below: Section 1: Amendment Section 99.58; Section 2: Amendment to Section 99.59; Section 3: Amendment to Section 99.61; Section 4: Amendment to Section 99.63; Section 5: Severability; Section 6: Repeal; and Section 7: Effective Date.

Jamie Wolters
City of Saugatuck, Clerk
(269) 857-2603
JWolters@saugatuckcity.com

Publication Date: _____, 2025

CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN

SHORT-TERM RENTAL LICENSING ORDINANCE AMENDMENT

ORDINANCE NO. _____

At a meeting of the City Council of the City of Saugatuck, Allegan County, Michigan, held at the City of Saugatuck Hall on _____, 2025 at _____ p.m., City Council Member _____ moved to adopt the following ordinance, which motion was seconded by City Council Member _____.

An ordinance to amend the City of Saugatuck's Short-Term Rental Licensing Ordinance, Ordinance No. 240229-B, as amended, to provide for the imposition of late fees for late applications for short-term rental licenses, to update penalties for violations, and to authorize certain types of transfers relating to short-term rentals, to protect the public health, safety, and welfare.

CITY OF SAUGATUCK, ALLEGAN COUNTY, ORDAINS:

SECTION 1. AMENDMENT TO ORDINANCE NO. 240299-B, SECTION 99.58: City of Saugatuck Ordinance No. 240229-B, Section 99.58, shall be amended to read as follows:

§99.58 DURATION OF LICENSE; RENEWAL.

- (A) Except as otherwise provided herein, a license issued under this chapter shall remain in effect for a period of one (1) year from the date it was issued unless it is suspended or revoked by the City.
- (B) The license holder or local agent may apply for a renewed license by submitting a renewal application to the enforcing officer no later than thirty (30) days prior to the date that the license is set to expire, along with the license renewal fee established by the City's fee schedule. Renewal applications may be submitted no later than five (5) calendar days after this deadline, subject to a late fee established by resolution of the City Council. Renewal applications submitted after this five (5) calendar day grace period by any amount of time shall be deemed untimely and shall not be processed by the City, and the short-term rental license shall be deemed expired.
- (C) All information submitted with the prior application(s) shall be deemed submitted with the application for renewal, except that each year a new completed and signed fire safety checklist must be submitted, a new fire inspection must be conducted, and an approved fire inspection certification must be issued before a license can be renewed. In addition, short-term rentals owned by corporate entities or trusts must submit updated documentation each year showing that the interest, composition,

membership, or ownership in said corporation or trust has not changed so as to constitute a transfer as defined in this chapter. Aside from the renewed fire safety checklist, fire inspection, and updated ownership documentation, the license holder or local agent shall only be required to submit new information with the application for renewal when that application information has changed since the last application was filed with the City.

- (D) A renewed license for a short-term rental shall be issued when all of the standards and regulations of this chapter are met.
- (E) If the short-term rental premises does not meet all the requirements of this chapter at the time of renewal, the City shall promptly notify the license holder. The license holder shall have thirty (30) calendar days from the date the notice of a deficiency was sent to cure any deficiencies. If the license holder cannot demonstrate full compliance with this chapter at the end of the cure period, the short-term rental license will not be renewed and will be deemed expired.

SECTION 2. AMENDMENT TO ORDINANCE NO. 240299-B, Section 99.59: City of Saugatuck Ordinance No. 240229-B, Section 99.59, shall be amended to read as follows:

§99.59 EFFECT ON PREVIOUSLY ISSUED SHORT-TERM RENTAL CERTIFICATES.

- (A) It is the express intent of this chapter to “grandfather” short-term rental certificates that were issued under the City’s previous regulatory scheme until those certificates expire. Therefore, short-term rentals with certificates issued pursuant to the Saugatuck City Zoning Ordinance prior to the effective date of this chapter may continue to operate until the certificate expires, subject to the requirements in effect at the time the short-term rental certificate was issued.
- (B) Once a previously issued short-term rental certificate expires, the certificate-holder must receive a short-term rental license under this chapter to continue operating a short-term rental at the premises. Applications for a short-term rental license may be submitted no later than five (5) calendar days after the previously issued short-term rental certificate expires, subject to a late fee established by resolution of the City Council. Applications submitted after this five (5) day grace period by any amount of time shall be deemed untimely and shall not be processed by the City, and the short-term rental certificate shall be deemed expired.
 - a. Notwithstanding anything in this chapter to the contrary, an application for a short-term rental license may be submitted by an owner who previously held a short-term rental certificate if the following applies: 1) the short-term rental certificate expired between August 26, 2024 and the effective date of this Ordinance; and 2) the certificate holder did not timely apply for a short-term rental license but otherwise satisfied all applicable requirements of the City

Code. In such circumstances, the certificate holder may apply for a short-term license no later than five (5) calendar days after the effective date of this Ordinance. Such applications may be processed and a short-term rental license issued, subject to the payment of the late fee set forth herein and satisfaction of all other requirements of the City Code.

- (C) No short-term rental certificates issued pursuant to the Saugatuck City Zoning Ordinance may be renewed after the effective date of this chapter.

SECTION 3. AMENDMENT TO ORDINANCE NO. 240299-B, Section 99.63: City of Saugatuck Ordinance No. 240229-B, Section 99.61, shall be amended to read as follows:

§99.61 SUSPENSION AND REVOCATION OF LICENSE.

- (A) *Suspension or revocation of license.* The following shall constitute grounds for suspending or revoking a short-term rental license:
- (1) A license holder, owner, and/or authorized agent's inclusion of false, incorrect, or misleading information and/or statements on an application for a short-term rental license.
 - (2) A license holder, owner and/or local agent's failure to comply with the standards and regulations set forth in Section 99.57.
 - (3) A license holder, owner, and/or local agent's failure to timely remedy a violation of this chapter or the City's Noise Ordinance, as set forth in Section 99.60.
 - (4) A license holder and/or owner's transfer of any interest in a short-term rental license or premises to a person or entity that does not have an existing interest in said license or premises.
- (B) *Violation notice.* If the enforcing officer has reason to believe that there are grounds to suspend or revoke a short-term rental license, the enforcing officer may, but is not required to, prepare a written notice specifying the alleged grounds for suspension or revocation and the factual basis for this belief. The written notice shall inform the alleged violator of the time, date, and place of the hearing before the City Council, shall be served on the license holder either personally or by certified mail no less than twenty-one (21) days before the hearing.
- (C) *Violation hearing.* If such a violation notice is prepared and served, the City Council shall hold a hearing at which time the license holder shall be given an opportunity to show cause why the short-term rental license issued under this chapter should not be suspended or revoked. The City Council's decision shall be in writing and shall specify the factual evidence upon which it is based and shall be final and binding upon the

license holder. A copy of the City Council's written decision shall then be provided to the license holder. The City Council's determination that an unauthorized transfer of interest in a short-term rental license or premises took place or that an applicant included false, incorrect, or misleading information and/or statements on an application for a short-term rental license and that the inclusion of the correct information would have rendered the applicant ineligible for a short-term rental license, shall result in the immediate revocation of the short-term rental license. For all other types of violations found by the City Council, a short-term rental license shall first be suspended before being revoked, as set forth below.

- (D) *Subsequent violations.* After a short-term rental license has been suspended, any additional violation(s) committed by the license holder and/or local agent within one (1) year of the expiration of the last suspension shall be grounds for a second suspension. If it has been more than two (2) years since the expiration of an initial suspension of a short-term rental license, a subsequent violation shall be deemed to be a first suspension. Upon the City Council's determination that a short-term rental license holder has committed an additional violation within two (2) years of the expiration of a second suspension, the City Council may permanently revoke the short-term rental license, at which point that license holder will be permanently ineligible to apply for a short-term rental license for the premises in question.
- (E) *Length and timing of suspensions and/or revocations.* Subject to subsection (F) below, suspensions and revocations shall generally be effective immediately. Provided, however, if any portion of the suspension time falls outside the primary tourist season of May through September, then the balance of the suspension time shall carry over to the next primary tourist season, with rental activity outside of the primary tourist season remaining prohibited until the suspension expires. Suspensions/revocations shall be for the following periods:
 - (1) First suspension - three (3) months.
 - (2) Second suspension - six (6) months.
 - (3) Revocation - permanent.
- (F) *Existing contracts.* Existing short-term rental contracts up to sixty (60) nights beyond the beginning date of any suspension/revocation may be honored by the license holder with approval by the City Council. Those existing contracts beyond sixty (60) nights shall be canceled. The time period approved to honor existing contracts shall be added to the end of any suspension period.
- (G) *Fraudulent complaints.* Any person who knowingly files a fraudulent, false, or fictitious complaint about a short-term rental shall be deemed to be in violation of this chapter and may be subject to court enforcement proceedings and the penalties under Section 99.62 of this chapter.

SECTION 4. AMENDMENT TO ORDINANCE NO. 240299-B, Section 99.63: City of Saugatuck Ordinance No. 240229-B, Section 99.63 shall be amended to read as follows:

§99.63 TRANSFER OF OWNERSHIP.

- (A) *Transfers prohibited.* Except as expressly provided herein, short-term rental licenses are non-transferable, and a short-term rental license issued under this chapter shall become void upon the attempted transfer of a license to a new owner or owners or the transfer of the short-term rental premises to a new owner or owners. Any attempt by an existing owner of a short-term rental to convey partial interest in a short-term rental licenses or premises to a third party while retaining some interest in the short-term rental licenses or premises shall render the license revocable. In the event of an unauthorized transfer, a new short-term rental license must be obtained by the new owner of the short-term rental premises from the City before short-term rentals may be resumed.
- (B) *Transfer defined.* As used in this chapter, a “transfer” of a short-term rental license shall include the following:
- (1) Any transfer, sale, change in ownership, or other conveyance of a short-term rental license to a person or entity other than the owner or license holder;
 - (2) Any transfer, sale, change in ownership, or other conveyance of the premises;
 - (3) Any transfer, sale, change in ownership, or other conveyance of an interest or membership in the corporate entity which is the owner of the premises or the short-term rental license; or
 - (4) Any change in the trustee(s), beneficiary, or beneficiaries of the trust which is the owner of the premises or the short-term rental license.
- (C) *Permitted transfers.* Notwithstanding the above, the City recognizes that as a matter of public policy it is equitable and consistent with the intent of this ordinance to enable transfers of short-term rental licenses in certain limited circumstances, which include transfers that change the form of ownership but not the identity of the persons having an ownership in a short-term rental, and transfers that reallocate or remove current ownership interests but do not add any new ownership interests. Consistent with these policy goals, short-term rental licenses may be transferred under the following circumstances, provided that a transfer application conforming to the requirements and regulations set forth in this ordinance and indicating the relationship of the transferor to the transferee is first submitted to and approved by the enforcing officer:
- (1) *Change to the form of ownership.* The following transfers that change the form of ownership, but not the identity of the owners, shall be permitted:
 - i. Short-term rental licenses or premises may be transferred to a corporate

entity from individuals, trusts, or other corporate entities, provided that the transferee corporate entity is solely owned and controlled by all of the current owners of the short-term rental license or premises, and that no third parties (meaning individuals or entities who do not currently have an interest in the short-term rental licenses or premises) will hold any interest or membership in said corporate entity.

- ii. Short-term rental licenses or premises may be transferred to a trust from individuals, corporate entities, or other trusts, provided that the transferee trust is solely owned, controlled by, and benefits all of the current owners of the short-term rental license or premises, and that no third parties will be designated as settlors, trustees, or beneficiaries of said trust.
- iii. Short-term rental licenses or premises may be transferred to an individual or individuals from a corporate entity or trust, provided that the individual or individuals are the current owners, members, settlors, trustees, or beneficiaries of the corporate entity or trust that currently owns the short-term rental license or premises.

(2) *Removal or reallocation of ownership interests.* Where more than one individual or entity has an interest in a short-term rental license or premises, the composition of ownership may be altered so as to remove an existing ownership interest or to reallocate ownership interests among existing owners. By way of example but not limitation, this could include the following scenarios:

- i. A short-term rental premises owned by a married couple can be transferred to the surviving spouse upon the death of a spouse.
- ii. A trust owning a short-term rental license can be revised to remove a beneficiary.
- iii. A corporation owning a short-term rental premises can reallocate ownership interests among its members or remove members.

(3) *General prohibition.* Notwithstanding anything in this chapter to the contrary, no transfer will be permitted that has the effect of conveying any sort of interest in a short-term rental license or premises to a third party who does not have an existing interest in said license or premises, including any transfer that attempts to add new individuals or entities owning, controlling, or having any interest in a short-term rental license or premises.

(D) *Waiver.* For transfers not expressly authorized herein, a license holder may make a written application to the enforcing officer for a waiver from this ordinance's prohibition on transfers. Such application must demonstrate that the proposed transfer

only changes the form of ownership or removes or reallocates existing ownership interests without adding any new ownership interests and is otherwise consistent with the purpose and objectives of this ordinance on good cause shown to the enforcing officer. The enforcing officer shall approve or deny such applications, and his or her decision shall be final.

(E) *Prior Transfers*. The City Council recognizes that the imposition of maximum limits on short-term rental licenses in certain districts has markedly increased the consequences of unauthorized transfers within those districts. The City Council further recognizes that some short-term rental owners may have transferred interest in a short-term rental without understanding that this would render the premises ineligible for a short-term rental license so long as maximum limits are in effect. Therefore, notwithstanding any maximum license limits in effect, an owner may apply for a short-term rental license if, at the time of application, all of the following apply:

- (1) The short-term rental premises is located within a zoning district subject to maximum limits on the total number of short-term rental licenses and the number of active licenses within that district exceeds the maximum limit;
- (2) A short-term rental license or certificate was previously issued for the premises;
- (3) The short-term rental license, certificate, or premises was subject to an unauthorized transfer that occurred between August 26, 2021, and March 5, 2025;
- (4) The short-term rental license or certificate had not expired or lapsed by reason of nonrenewal and had not been revoked or voided for reasons other than the unauthorized transfer identified above; and
- (5) An application describing the nature and date of the unauthorized transfer and containing all other information required by the City Code, along with the accompanying application fee, are submitted to the City no later than five (5) days of the effective date of this ordinance.

The City may process applications for short-term rental licenses from applicants who satisfy the above criteria and may approve short-term rental licenses for the same if all other applicable requirements of the City Code are satisfied.

SECTION 5. SEVERABILITY: Should a court of competent jurisdiction find any provision, clause, or portion of this ordinance amendment to be invalid or unconstitutional, the balance or remainder of this ordinance amendment shall remain valid and in full force and effect and shall be deemed “severable” from the portion, clause, or provision deemed to be invalid or unconstitutional by the court.

SECTION 6. REPEAL: All Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

SECTION 7. EFFECTIVE DATE: This Ordinance shall become effective immediately upon the date of this Ordinance's publication as required by law.

YEAS: _____

NAYS: _____

ABSENT/ABSTAIN: _____

ORDINANCE DECLARED ADOPTED.

Holly Anderson
City of Saugatuck, Mayor

CERTIFICATION

I hereby certify that:

1. The above is a true copy of an ordinance adopted by the City of Saugatuck at a duly scheduled and noticed meeting of the City Council held on _____, _____ 2025, pursuant to the required statutory procedures.
2. A summary of the above ordinance was duly published in the _____ newspaper, a newspaper that circulates within the City of Saugatuck, on _____, 2025.
3. Within 1 week after such publication, I recorded the above ordinance in a book of ordinances kept by me for that purpose, including the date of passage of the ordinance, the names of the members of the City Council voting, and how each member voted.
4. I filed an attested copy of the above ordinance with the Allegan County Clerk on _____, 2025.

ATTESTED:

Jamie Wolters
City of Saugatuck, Clerk

**CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN**

NOTICE OF ADOPTION

SHORT-TERM RENTAL LICENSING ORDINANCE AMENDMENT

ORDINANCE NO. ____

Please take notice that on _____, 2025, the City Council of City of Saugatuck adopted Ordinance No. ____, which, among other things, amends the City of Saugatuck's Short-Term Rental Licensing Ordinance, Ordinance No. 240229-B, to provide for the imposition of late fees for late applications for short-term rental licenses, to update penalties for violations, and to authorize certain types of transfers relating to short-term rentals. Copies of the ordinance may be obtained from Jamie Wolters, City of Saugatuck Clerk, at 102 Butler Street, P.O. Box 86, Saugatuck, Michigan 49453, during regular business hours.

The Amendment to Ordinance No. 240299-B has the following sections, which are summarized below: Section 1: Amendment Section 99.58; Section 2: Amendment to Section 99.59; Section 3: Amendment to Section 99.61; Section 4: Amendment to Section 99.63; Section 5: Severability; Section 6: Repeal; and Section 7: Effective Date.

Jamie Wolters
City of Saugatuck, Clerk
(269) 857-2603
JWolters@saugatuckcity.com

Publication Date: _____, 2025