City Council Agenda Item Report

FROM: Ryan Cummins, City Manager

MEETING DATE: July 8, 2026

SUBJECT: Short Term Rental Licensing Ordinance Amendment and Resolution Updating Penalty Fee for Late Renewal Applications

DESCRIPTION:

At the July 8 workshop, City Council heard a request from the property owner of 534 St. Joseph and his rental agent to consider amending the Short-Term Rental (STR) Ordinance to allow for late renewal applications past the expiration date of a STR license.

Previous Amendments

City Council has made previous amendments to the STR ordinance to allow for late applications, including an amendment in 2025 to allow for late applications up to 5 calendar days past the renewal deadline, and an amendment earlier this year to provide "amnesty" to properties that missed this deadline but applied prior to their license expiring. Recent amendments also included a provision that allowed the Zoning Administrator to process late applications if there are extraordinary circumstances, but extraordinary circumstances exclude situations where there is inaction or negligence on the part of the owner or STR agent. During the last set of STR Ordinance amendments, the Council was advised that the changes did not apply to those who submitted their STR renewal applications after the expiration of their license.

Workshop Discussion

During the Council's workshop, the Council heard and discussed various ways to address late renewal applications. While the specific policy intent wasn't as clear, the consensus of Council was for staff and legal Council to draft an ordinance amendment that would allow for late renewal applications up to 30 days past expiration of a license. In discussing the proposed amendment at this workshop, the Council is encouraged to consider and clarify the policy intent for this change (such as its broader objective in extending the renewal deadline grace

period, or a shortcoming of the existing ordinance language that this amendment is intended to resolve).

Draft Amendment
The City Attorney has drafted the attached amendment to the City's Short-Term Rental Ordinance. The amendment:

- Changes the existing 5-day grace period (which runs from the date the renewal application is due) to a 60-day grace period. As renewals are due 30 days before expiration, a 60-day grace period gets us to a deadline of 30 days after expiration, which is noted in the amendment for clarity.
- Adds language clarifying that this amendment will apply retroactively and enable the City to process and approve late renewal applications that were submitted within the grace period, and removes the language we added the last time to subsection 99.58(B)(a) as it is now meaningless.

Penalty Fee for Late Applications
The current penalty fee for a late renewal application submitted during the existing five-day grace period is $525. Some Council Members have expressed an interest in imposing more substantial penalties for missed renewal deadlines, particularly given the ordinance's requirement that STR properties be inspected annually to help protect the health, safety, and welfare of occupants and the public.

Because the current penalty is equivalent to approximately $100 per day the application is late, staff recommends replacing the flat $525 penalty with a fee of $100 for each calendar day the application is late. This approach aligns with the proposed ordinance amendment by scaling the penalty based on the length of the delay while maintaining a comparable daily penalty rate. In addition, establishing the penalty on a per-day basis helps ensure that it remains a meaningful deterrent to noncompliance and encourages timely renewal applications in accordance with the ordinance.

Caution Against Continuous Amendments
As Council considers this amendment, staff recommends also considering the broader policy implications of making repeated amendments to the late renewal provisions of the STR Ordinance.

The STR Ordinance was developed following a task force process, public input, studies, and public hearings, and includes detailed legislative findings supporting the regulation of short-term rentals. Among other things, the ordinance recognizes that short-term rentals are commercial in nature, that the proliferation of short-term rentals can adversely affect residential neighborhoods, and that the R-1 districts are particularly susceptible to those impacts. To address these concerns, the ordinance establishes a maximum number of STR

licenses within the R-1 districts and states that these limits are intended to be achieved prospectively through attrition as licenses expire, are terminated, or become void.

The City has previously amended the ordinance to provide additional opportunities for late renewal applications, including extending filing deadlines and authorizing administrative approval of delayed filings in limited extraordinary circumstances. While Council may determine that additional flexibility is appropriate, repeated amendments that create new exceptions to renewal requirements may lessen the effectiveness of the licensing framework and the ordinance's long-term policy objectives.

Additionally, frequent amendments to the ordinance can create confusion for property owners, rental agents, and the public regarding the applicable requirements and deadlines. A regulatory framework that is amended repeatedly can make compliance more difficult, reduce the predictability of enforcement, and create expectations that future deadlines or requirements may likewise be modified. Stable and consistently applied regulations promote fairness, transparency, and public confidence in the City's administration of the ordinance.

More broadly, ordinance amendments are generally most effective when they are adopted to advance policy objectives that apply consistently across similarly situated properties, rather than to address the circumstances of a particular property or applicant. As Council evaluates this proposed amendment, it may wish to consider whether the change represents a long-term policy direction for the City or a response to an individual circumstance, and whether this change will fully resolve the underlying issues that have prompted the recent string of amendments to the ordinance’s renewal requirements.

LEGAL REVIEW:
Legal prepared the ordinance amendment and will be at your meeting for any questions.

SAMPLE MOTION:
Workshop item at this time.

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 _____, 2026 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 update provisions regarding the renewal of STR licenses to provide a grace period in which the renewal applications may be submitted after expiration, to provide some flexibility to license holders in the event that pertinent deadlines are missed while ensuring that STRs are still regularly inspected and approved, in order 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 sooner than sixty (60) days prior and 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 sixty (60) calendar days after this deadline (meaning up to thirty (30) calendar days after the day the license expires), subject to a late fee established by resolution of the City Council. This grace period shall apply retroactively to late renewal applications that have been submitted to the City within the allotted grace period and shall allow the processing and approval of the same. Renewal applications submitted after this sixty (60) 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.

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(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. Once issued, a renewed license for a short-term rental shall take effect on the same day as the expiration of the prior license, such that a short-term rental license will retain the same expiration date from year-to-year.

(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. 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 3. REPEAL: All Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

SECTION 4. 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.

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_____

Holly Anderson
City of Saugatuck, Mayor

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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 _____, _____ 2026, 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 _____, 2026.

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 _____, 2026.

ATTESTED:

_____

Jamie Wolters
City of Saugatuck, Clerk

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CITY OF SAUGATUCK
ALLEGAN COUNTY, MICHIGAN

NOTICE OF ADOPTION

SHORT-TERM RENTAL LICENSING ORDINANCE AMENDMENT

ORDINANCE NO. ___

Please take notice that on _____, 2026, 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 update provisions regarding the renewal of STR licenses to provide a grace period in which the renewal applications may be submitted after expiration. 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: Severability; Section 3: Repeal; and Section 4: Effective Date.

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

Publication Date: _____, 2026

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CITY OF SAUGATUCK
COUNTY OF ALLEGAN
STATE OF MICHIGAN

RESOLUTION NO. _____

A RESOLUTION APPROVING A CHANGE IN THE CITY'S SCHEDULE OF FEES

Council Member _____, offered the following resolution and moved for its adoption, seconded by Council Member _____:

WHEREAS, the City of Saugatuck, acting through the City Council, is authorized by various ordinances and state law to set fees for the provision of permits, licenses, etc.; and

WHEREAS, the City Council adopts and establishes such fees from time to time by resolution; and

WHEREAS, based on matters of record presented to it, the City Council is of the opinion that certain City-imposed fees and charges need to be approved and incorporated into the City's Schedule of Fees.

NOW, THEREFORE, IT IS RESOLVED THAT:

1. The City Council hereby approves a change in the City's adopted Schedule of Fees as follows:

Business Licenses	Current Fee	New Fee
Short-Term Rental – Late Application Penalty Fee	$525	$100 for each calendar day the application is late.

2. The City Manager and City Clerk are authorized to take all actions necessary to effectuate the terms of the Resolution including, without limitation, modifying the City's adopted Schedule of Fees maintained at City Hall.

3. All resolutions and parts of resolutions that conflict with the provisions of this Resolution are rescinded.

YEAS: Council Members: _____

NAYS: Council Members: _____

ABSTAIN: Council Members: _____

ABSENT: Council Members: _____

ADOPTED this _____ day of _____, 2026

CITY OF SAUGATUCK

BY: _____
Holly Anderson, Mayor

BY:_____
Jamie Wolters, City Clerk

CERTIFICATION

I, Jamie Wolters, the duly appointed clerk of the City of Saugatuck do hereby certify the foregoing is a true and complete copy of a resolution adopted by the City Council at a regular meeting held _____, 2026.

Signed: _____
Jamie Wolters, City Clerk