

Hearing, Case 2024-27: Staff-initiated request to amend Section 2314 of the zoning ordinance to create a short-term rental ordinance.

SUMMARY

1. The City Commission has directed staff to create an ordinance that would limit the number of short-term rentals in the City. Several versions of the ordinance have been presented to the Commission, with small amendments requested along the way. Please see the proposed ordinance below.
2. The ordinance uses an overlay district approach, splitting the city up into 11 different zones. These zones match the City of Muskegon census tracts. Census tract information was used to determine the number of housing units in each zone. Each zone would be allowed up to 4% of the housing units as short-term rentals.
3. Please see the enclosed Short-Term Rental Chart that depicts the number of units and short-term rentals in each zone. At 4% of the units, Zone 1 would be over by 39 short-term rentals. No new short-term rentals would be allowed in Zone 1 until the number of short-term rentals dropped below 34.

Proposed ordinance:

Section 2314: Short-Term Rental Overlay District

A Short-Term Rental Overlay District is hereby created as outlined in Figure 23-3. Within said overlay district, a certain number of short-term rentals are licensed in each zone pursuant to City Code Sections 10-353 through 10-379. The zones were created using census tract information and will be periodically reviewed to ensure that this ordinance reflects the appropriate balance of short-term rentals among other use types.

1. Overlay District:
 - a. Location: See Figure 23-3 for the location of the overlay district, which is separated into 11 different zones, each allowing their own maximum number of short-term rentals.
 - b. Number of short-term rentals allowed per zone. A short-term rental must be located in a unit designated for residential use. The number of short-term rentals allowed in each zone is as follows:

Zone 1 – 34

Zone 2 – 68

Zone 3 – 60

Zone 4 – 70

Zone 5 – 79

Zone 6 – 25

Zone 7 – 80

Zone 8 – 50

Zone 9 – 95

Zone 10 – 77

Zone 11 – 13

- c. Exemptions: Properties located within the Downtown Development Authority and Lakeside Business Improvement District boundaries are exempt from this ordinance. There are no maximum number of short-term rentals allowed within these areas.
2. Restrictions:
 - a. Neighboring properties: No parcel within the City shall have more than two short-term rentals abut its property lines.
3. Issuance of licenses:
 - a. All short-term rentals must be issued a short-term rental license to operate within the city.
 - b. Upon adoption of this ordinance, all active short-term rental license holders in good standing with the city will be allowed to continue to operate their short-term rental as long as they continue to renew their short-term rental license.
 - c. Remining licenses. If any licenses are remaining in a zone, applications for short-term rental licenses will be taken on a first come, first serve basis.
4. Transferring of licenses:
 - a. Any person purchasing a property that has an active short-term rental license will have the opportunity to apply for that particular license. The new applicant will have up to 30 days to apply with the Inspections Department for the short-term rental license at that particular address.

DELIBERATION

The following proposed motion is offered for consideration:

I move that the request to amend Section 2314 of the zoning ordinance to create a short-term rental ordinance be recommended for approval as presented to the City Commission.