



Agenda
City of Charlevoix City Council Regular Meeting
Thursday, November 30, 2023 - 4:00 PM
Council Chambers, 210 State Street, Charlevoix, MI

- 1. Pledge of Allegiance**
- 2. Roll Call**
- 3. Presentations**
 - A. Welcome New Staff
 - B. Short Term Rental Program Report
Jonathan Scheel, Zoning Administrator
- 4. Reports and Communications**
 - A. Public Comment
- 5. Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Clerk's Office at 231-547-3250 or by email clerk@charlevoixmi.gov. A 24-hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodations requests.

Charlevoix City Council

Presentations

Title: Welcome New Staff

Date: November 30, 2023

Presented By:

Background:

City Treasurer Kelly McGinn will introduce Jessica Davidson who is our new, full-time Receipts Clerk. Electric Department Director John Griffith will introduce Phillip Sterrett who is our new apprentice lineman.

Recommendation:

Attachments:

None

Charlevoix City Council

Presentations

Title: Short Term Rental Program Report

Date: November 30, 2023

Presented By: Jonathan Scheel, Zoning Administrator

Background:

In October, we brought you the annual Short Term Rental Report. Council requested a work session to discuss it in greater depth. Included is the report we provided then.

Recommendation:

Attachments:

1. October 23 STR Update Memo



MEMO

To: The Honorable Mayor and City Council

From: Jonathan Scheel, Zoning Administrator

RE: 2023 Short Term Rental Report

DATE: October 16, 2023

On Monday February 17, 2020, the Charlevoix City Council adopted Chapter 114 Short-Term Rentals. The STR program has now been in effect for three years and eight months. The ordinance stated the purpose at the time;

“The City Council has enacted this regulatory ordinance to strike a regulatory balance between the interests of community residents, business owners, visitors, and property owners. The community has different expectations for noise, occupant loads, and transient activity in its residential neighborhoods than it does in commercial, and even mixed-used zones where hotels are currently permitted. The renting of a home on a short-term basis is substantially more like a business than traditional residential use.”

Now that we have four seasons under our belt it may be time to review what’s working, what’s not working, any unintended consequences and the degree to which the program is meeting the purpose as enacted. Would we call the program a success? Below is both an administrative review of the STR program and ideas for potential policy changes to help meet all city goals in the future.

In 2019, after eight meetings with a large amount of public input, the City Council enacted a STR program to ensure that the historical need for summer rentals was balanced with protection of our neighborhoods and full-time residents. Overall, I believe it was a good ordinance with the information then available. The Council reviewed STR ordinances of other similar sized cities, similar economic conditions and specific data from Charlevoix attempting to balance the needs of everyone when drafting the current ordinance.

Data through September 2023

Total Licenses: 83 (80 regular, 3 personal)

License Wait List: 18 (6 city residents and 12 non-city residents)

Ownership: 22 City of Charlevoix; 32 Charlevoix County; 21 other parts of Michigan; 23 Out of state; 15 trusts or LLCs

Number of total units renting in peak summer: 254 (including condominiums, apartments, other zoning districts and boats in a marina; only units advertised on main STR sites are counted; most condominium hotel units are not part of this number)

This is a synopsis of the enforcement and administration of the STR Program since it began. Below each bullet point are potential changes to discuss; these changes are not necessarily recommended or advised but options to consider.

Time

- Inspections

The inspection process was difficult at best. Because of covid the original inspections were delayed at the direction of City Council. When implemented, over 90% passed easily with only minor issues (mainly smoke detectors) with the remaining units. The main issue was getting owners to commit to appointments and honoring those appointments. With over 80 STR units, having the manpower to complete all the inspections in a timely manner was another issue to resolve. The current ordinance requires an inspection every two years at an additional cost of \$150. The following is a recommended change to make the administration easier, fairer to the owners, while still producing the outcome of safe secure housing for our visitors.

- ✓ Change the scheduled number of inspections to the first year only. Staff feel that after the first inspection, the value of biennial inspections diminish greatly. Secondly, if staff feels the need for future inspections because of issues on the first inspection, the ordinance should give that authority. Lastly, if the city receives a complaint, staff should also have authority to reinspect.

- Enforcement actions

- Police

After reviewing four years of enforcement records, a pattern emerges. Most police responses have been to condominium units. That is not to say that single family homes in the R-1 and R-2 zoning districts are exempt from problems.

- ✓ Requiring an application from all STR units in the city would generate a comprehensive list to be used by the police who would know and document future problem owners.

- Zoning Administrator

Many of the problems that the zoning department faces are with parking. Occasionally we have noise complaints but those are usually police responses. Many of the complaints are “parking in front of my house” but there are a fair number of complaints of blocking driveways. We do have a few instances of existing homes that do not have off-street parking. These are turn of the century homes that are legal nonconforming and are not required to have off-street parking. When STR visitors park in front of these homes, the owner is justifiably put out.

- ✓ The City could require more off-street parking for visitors, balancing neighbors’ rights but not having STR homes with paved parking lots covering their parcels.

- Monitoring illegal units

One of the most difficult issues with the STR program is monitoring illegal units. The STR Ordinance has a cap of 80 licenses in the R-1 and R-2 districts. The city hired Host Compliance to monitor over 50 websites that serve STR rentals. Host Compliance is able to gather rental reviews and rental advertisements to report legal and illegal rentals. Many owners do not use traditional rental platforms like Facebook Marketplace or Craigslist to advertise their units, many rent year to year to the same renters and do not have to advertise. The only way to catch these is by neighbor’s complaints. With the 14-day allowed without a permit, it makes it almost

impossible to monitor. While Host Compliance picks up their rentals, I must check anyone who is renting every week to see if they have reached the 14-day max.

- ✓ Disallow 14-day rentals for any nonresident. The last four years show that out of area owners are using the 14 days as a way to rent more than allowed.
- ✓ Require any owner that wants to use the “free” 14 day rental to register and report dates of rentals.

Fairness to current and future STR licensees

- I have had numerous complaints from STR owners asking why we are inspecting their STR units for health and safety reasons and not unregulated STR units or year-round rental units. They imply that the city cares more about the visitor’s safety than the local residents.
 - ✓ Regulate all STR units outside of condominium hotels
 - ✓ Regulate all year-round rental units throughout the city (not recommended)

Year-round housing

- Current STR regulations incentivize second home ownership for non-residents. I believe one of the city’s main goals is year-round housing. Allowing unlimited rentals of up to 14 days allows second homeowners to subsidize purchasing a second home in our city. I receive calls weekly from prospective second homeowners wanting to short term rental so they can afford to purchase a home here.
- Current regulations incentivize new and old multifamily single ownership into short term rentals.
 - ✓ Regulate the R-4 Zoning District. With the recent Planning Commission recommendations to the City Council on zoning ordinance changes incentivizing multi-family housing, we do not want to see new units being turned into short term rentals instead of much needed year-round housing.
 - ✓ Add short term rental use for ADUs. Should encourage smaller STR units to help build more ADUs which add housing units to the city long term. Also, an ADU is less likely to have noise and parking issues when the owner or long-term renter is present on the property. History shows that with the turnover of STR units, it is very probable the ADUs would eventually be year-round rentals.