

CITY OF LUDINGTON

MASON COUNTY

ORDINANCE NO. 556-25

**AN ORDINANCE TO AMEND CHAPTER 6, ARTICLE VIII OF THE CODE OF
ORDINANCES OF THE CITY OF LUDINGTON TO REVISE CERTAIN PORTIONS OF
THE SHORT-TERM RENTAL LICENSING PROGRAM**

THE CITY OF LUDINGTON ORDAINS:

Section 1. Findings & Purpose.

The City Council of the City of Ludington hereby finds and determines that it is appropriate and necessary to make certain adjustments to the Short-Term Rental licensing program as originally adopted in 2020. The purpose of these amendments is to clarify the operation of the program and the terms of the ordinance in order to improve the program, and the Council deems these amendments to be necessary in order to serve the interests of the city and to protect the health, safety, and general welfare of the city's residents, business owners, property owners, and the community as a whole.

Section 2. Amendment of Section 6-250. Article VIII of Chapter 6 ("Buildings and Building Regulations") of the Code of Ordinances of the City of Ludington is hereby amended by the revising certain terms and provisions throughout Section 6-250, such that said Section 6-250 shall now read in its entirety as follows:

Sec. 6-250. - Purpose and legislative findings.

The purpose of this article is to secure the public health, safety and general welfare of city residents and property owners, as well as visitors to the city, by regulating short-term rental properties to prevent nuisances and safety hazards that interfere with city residents' or property owners' rights to conduct normal, daily activities without unreasonable interference and to provide safe and healthy living arrangements for visitors who rent property on a short-term basis.

The city council hereby finds and determines the following:

- (1) Short-term rentals, that is, those generally lasting less than 28 days, of single- and multi-family structures in the city are becoming increasingly popular and widespread following the rise of online short-term rental marketplaces.
- (2) Residential structures in the city may be increasingly purchased solely for short-term rental purposes, and not for occupancy by the owner; this may reduce the availability

of housing for the local workforce and families by removing housing units from the supply of long-term rental units.

- (3) Commercial and recreational activities associated with short-term rentals are frequently incompatible with residential uses, may have a detrimental impact on the character of some neighborhoods and the community due to the transient nature of their occupancy and the fact that transient occupants do not participate in the community in the same way as long term residents; short-term rentals are often associated with violations of city ordinance provisions and other regulations, including those relating to solid waste, parking, noise, and traffic, due to the unfamiliarity of transient occupants with city regulations, and the fact that short-term rentals are often a holiday or vacation environment for some or all of the occupants; for these and other reasons, short-term rentals often constitute a public nuisance.
- (4) The city suffers from a shortage of affordable housing for permanent residents of the city, as documented in the city's master plan and the residential target market analysis, dated July 1, 2015, prepared for Mason County and the Michigan State Housing Development Authority by LandUse USA.
- (5) The shortage of affordable housing directly affects the economic well-being of the city and its residents because major employers in the city and surrounding areas are unable to attract workers to the city.
- (6) The purchase of available housing units by investors to operate short-term rentals may further diminish the availability of affordable housing for the residents of the city.
- (7) High investor demand for residential structures for use as short-term rentals may have the effect of artificially inflating the value of those properties, further reducing the availability of affordable housing units for the permanent residents of the city.
- (8) Short-term rentals occur primarily in the summer months (June through August), due to the summer resort nature of the community. Short-term rentals in the off-season (September through May) are markedly diminished, which may leave many neighborhoods with numerous vacant houses for large parts of the year and create so-called "dark neighborhoods."
- (9) Vacant housing units, especially when concentrated as they are in dark neighborhoods close to recreational amenities, may attract vandals and other criminal activity to the neighborhood, may become rundown during the winter, and provide shelter for wild animals and other vermin, all to the detriment of the public health, safety and welfare of the residents in close proximity.
- (10) Short-term rentals can also fulfill an essential role as a component of the city's visitor economy and lodging infrastructure, may be a substantial contributor to the city's sales tax and property tax base, and can operate in many neighborhoods with minimal impact to surrounding neighborhoods and property owners.

- (11) Many owners of short-term rental property, having purchased, owned, and used their property for many years, have developed strong ties to the community and expect that they will be able to continue to be part-time members of the community and/or transition to full time residence in the community and that in order to protect the expectations of such property owners this ordinance provides for the issuance of licenses to appropriately registered and licensed property owners notwithstanding licensing caps or prohibitions created by this ordinance.
- (12) It is necessary to the public health, safety, and welfare to adopt a comprehensive regulatory plan to reduce the impacts of short-term rental uses, including tax policy, land use policy, and enhanced licensing and enforcement measures.
- (13) The renting of residential dwelling units on a short-term basis is an activity that has been recognized by Michigan courts as constituting a commercial enterprise, is widely regulated by business and occupational licensing requirements by municipal governments throughout the State of Michigan, creates substantial impacts to local communities in general and in the City of Ludington in particular, and is properly the subject of City of Ludington licensing and fee requirements for the purpose of managing community impacts and offsetting the city's costs of enforcement.
- (14) Accordingly, and based on the foregoing findings, the Ludington City Council determines that it is reasonable to adopt a short-term rental licensing program designed to eliminate or reduce the impacts short-term rentals may have on the supply of affordable housing, the peace and security of residential neighborhoods, and the nuisance activities frequently associated with short-term rentals. Specifically, city council believes that these goals can be reasonably attained by adopting the regulations set forth in this article; by limiting the total number of short-term rental units operating in the city, including a cap on the number of licenses that can be issued in various geographical areas of the city for the purpose of minimizing the impact of short-term rentals in those areas; by limiting the concentration of short-term rentals; and by limiting the duration of a short-term rental license, thereby periodically allowing all who may seek to operate a short-term rentals in the city an equal opportunity to obtain a short-term rental license from the city.

Section 3. Amendment of Section 6-254. Article VIII of Chapter 6 (“Buildings and Building Regulations”) of the Code of Ordinances of the City of Ludington is hereby amended by the amendment of subparagraph (a)(4) of Section 6-254 by adding language to clarify certain terms and by the addition of new subparagraphs (8) and (9), such that Section 6-254(a)(4), Section 6-254(8), and Section 6-254(9) shall now read in their respective entirety as follows:

Sec. 6-254. – Licensing Procedure and Criteria.

(a) Application. Applicants for a short-term rental license shall file an application to conduct a short-term rental operation with the city on a form provided by the city for that purpose. The application shall include:

...

(4) Written confirmation that the premises owner does not have an ownership interest in more than one premises for which a short-term rental license has been issued or is being sought in the City of Ludington. For purposes of this Chapter 6, “ownership interest” shall be interpreted to include (but is not limited to) any equitable interest one may have in property owned by one’s spouse.

...

(d) Limits on Issuance of Licenses. The city may issue up to fifty (50) short term rental licenses, under the following conditions:

...

(8) Condominium owners that were granted short-term rental allowances in their respective condominium Master Deed(s) or Park View Cottages and Lakeview Cottages granted short-term rentals prior to the adoption of Ordinance 429-20 may continue to operate as previously approved and are not subject to the numerical limitation on or the separation distance requirements of short-term rental licenses set forth above. All owners engaging in short-term rentals remain subject to and responsible for all fees, licensure, and inspection requirements set forth in this ordinance.

(9) In accordance with the Unified Development Ordinance (UDO), short-term rentals within the Downtown Core, Downtown Edge, and Waterfront Districts are subject to the following regulations:

a. Buildings may contain up to three (3) short-term rental units. If a building exceeds this limit, all additional units must be designated as long-term rentals or the property must comply with the requirements for a small hotel. Condominiums are exempt from this provision, as their rights are governed by their respective condominium master deed(s).

b. Within these designated districts, the minimum distance requirements between short-term rental properties do not apply, and these units are not subject to numerical limitations on ownership interest in a single short-term rental.

c. Any building that does not comply with the long-term rental requirement beyond the three-unit limit will be classified as a small hotel

and must adhere to all applicable zoning and licensing regulations. All short-term rentals within these districts remain subject to the City’s registration process, associated fees, safety standards, and operational requirements as outlined in this Ordinance.

Section 4. Amendment of Section 6-255. Article VIII of Chapter 6 (“Buildings and Building Regulations”) of the Code of Ordinances of the City of Ludington is hereby amended by the amendment of subparagraph (5) of Section 6-255 to correct the reference to the relevant ordinance, so that Section 6-255(5) shall now read in its entirety as follows:

Sec. 6-255. – Licensing Procedure and Criteria.

...
(5) All exterior signage must have a valid zoning permit issued by the Zoning Administrator pursuant to the City’s Unified Development Ordinance.

Section 5. Amendment of Section 6-257. Article VIII of Chapter 6 (“Buildings and Building Regulations”) of the Code of Ordinances of the City of Ludington is hereby amended by the amendment of Section 6-257 through the removal and addition of certain terms, such that Section 6-257 shall now read in its entirety as follows:

Sec. 6-257. – Violations and penalties.

(a) Prohibited acts. It shall be unlawful for any person to:

- (1) Violate any provision of this Article or any condition of any license granted pursuant to this Article;
- (2) Make any changes or allow any changes to be made in the operation of the short-term rental unit as represented in the license application, without first notifying the city by amending the application;
- (3) Fail to obtain or maintain a license or other approval pursuant to this Article;
- (4) Commit fraud, materially misrepresent, or make a false statement while engaging in any activity for which this Article requires a permit or license or other approval.
- (5) Publish an advertisement or promote the availability of a short-term rental in violation of any city code or state law requirement.
- (6) Knowingly file a fraudulent, false, or fictitious complaint about a short-term rental.

(b) Penalties.

- (1) Any violation of this Article is a municipal civil infraction punishable by a civil fine, plus costs, and all other remedies available by statute. The civil fine for a first offense of a violation of this Article shall be \$250, and the civil fine for a second or any subsequent offense of a violation of this Article shall be \$500. The city shall give written notice of charged violation(s) of this Article to the licensee and local agent identified on a license.
 - (2) In addition to the penalties provided under state law or elsewhere in this Article, any violation of this Article may result in the denial of an application or the suspension, revocation, or non-renewal of a license issued under the provisions of this Article as set forth below.
 - (3) Each day a violation persists shall be considered as a separate violation and shall be subject to penalties or sanctions as a separate offense.
 - (4) Nothing in this Article shall be deemed to prohibit the City Code Enforcement Officer or their designee from imposing any other penalties authorized by the Code of Ordinances of the City of Ludington or to file a public nuisance lawsuit or to take any other legal action authorized by law.
- (c) Repeat Offenses. If a property is the subject of repeated substantiated violations of City Code or state law during a 24-month period prior to applying for a license or renewing a license to operate a short-term rental, the city may deny the short-term rental license based on:
- (1) The frequency of any repeated violations;
 - (2) Whether a violation was committed intentionally or knowingly; and
 - (3) Any other information that demonstrates the degree to which the owner or occupant has endangered public health, safety, or welfare.
- (d) Grounds for Suspension & Revocation. The city finds that the suspension, revocation, or non-renewal of a license may be necessary when the city finds by competent, material, and substantial evidence that the owner, licensee, or their agents or employees have failed to operate the short-term rental unit in accordance with the provisions of this Article. A license under this Article may be suspended, revoked, or not renewed for any of the following reasons:
- (1) A licensee is convicted of or found responsible for violating any provision of this Article;
 - (2) A license application contains any misrepresentation or omission of any material fact, or false or misleading information, or the license applicant has provided the city with any other false or misleading information related to the short-term rental unit;

- (3) The short-term rental unit is operated or is operating in violation of the specifications of the application, license, any conditions of approval by the city or any other applicable state or local law, rule, or regulation;
 - (4) The short-term rental unit is determined by the city to have become a public nuisance.
- (e) Suspension. Before suspension of a license, the City Code Enforcement Officer shall serve written notice informing the licensee and local agent of the charged violations and the city's determination that it will suspend the license. Said notice shall inform the licensee and local agent of their right to appeal the city's determination and to appear at a hearing conducted pursuant to subparagraph (g) below. After such a hearing or in the event the licensee and local agent fail to appeal the city's determination or request a hearing on the suspension of said license, and upon a finding of the appeals panel concerning the number and nature of the violation(s) at issue within the calendar year, the license may be suspended for up to ninety (90) days, during which time the premises shall not be utilized for a short-term rental.
- (f) Revocation. In addition to any other penalty authorized by law and by this Article, and upon a determination of the City Code Enforcement Officer or his or her Designee that a licensee has been adjudicated to have violated this Article three (3) times, or upon a determination by the City Code Enforcement Officer that a violation of such severity has occurred as to warrant revocation, the City Code Enforcement Officer or his or her Designee shall issue a written notice describing the charged violation(s) and notifying the licensee that the city intends to revoke the license. Said notice shall inform the licensee and local agent of their right to appeal the city's determination and to appear at a hearing conducted pursuant to subparagraph (g) below. Upon a finding and recommendation of the appeals panel in its final decision to revoke the short-term rental license, the city clerk may revoke said license. A property owner with a revoked short-term rental license shall not be eligible to apply for a short-term rental license for twelve (12) months from the date of revocation.
- (g) Notice & Hearing Procedures. In the event the city determines that a suspension, revocation, or non-renewal of a license is warranted, the following procedures shall be followed:
- (1) Notice of the violation(s) and the determination by the city that it will suspend, revoke, or not renew a license shall be provided in writing to the licensee and local agent by personal service or by certified U.S. mail.
 - (2) The licensee or local agent may appeal the city's determination by submitting a request for an appeal hearing within fourteen (14) days of receipt of the city's notice and determination.

- (3) Upon receipt of a request for an appeal hearing, the city shall issue written notice to the licensee and local agent of the date, time, and location at which such a hearing shall be held, which notice shall issue not less than fourteen (14) days in advance of said hearing.
- (4) An appeals panel consisting of the city Manager or their designee, Chief of Police or their designee, and the Chair of the Building and Licenses Committee or their designee shall be convened to hear all appeals of the city's determination(s) regarding a license.
- (5) At the hearing, all parties may be represented by an attorney. The licensee and local agent shall have a right to be heard and to present evidence that the requirements for suspension, revocation, or non-renewal are not satisfied, or that the licensee or local agent should not be held responsible for one or more of the violations due to extenuating circumstances. Extenuating circumstances may include circumstances that the licensee or local agent could not reasonably anticipate and prevent and could not reasonably control. The licensee or local agent may, at their own expense, employ a reporter to transcribe the testimony given at said hearing and make a transcript of said hearing.
- (6) Relevant evidence shall be admissible. The appeals panel shall independently determine whether there is competent, material, and substantial evidence establishing a violation(s) of this Article, and/or whether there is competent, material, and substantial evidence that extenuating circumstances exist.
- (7) After the hearing, the appeals panel shall issue a written decision which specifies the factual evidence upon which it is based (including but not limited to the number and nature of the violation(s) at issue within the calendar year) and makes a finding(s) based on the preponderance of the evidence before said panel. Such a decision shall be a final decision and a copy of the written decision shall be provided to the licensee and local agent.

Section 6. Severability.

If any section, clause, or provision of this Ordinance is declared unconstitutional or otherwise invalid by a court of competent jurisdiction, such declaration shall not affect the remainder of the Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each part, section, subsection, phrase, sentence, and clause irrespective of the fact that any one or more parts, sections, subsections, phrases, sentences, or clauses is declared invalid.

Section 7. Repealer.

All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict.

Section 8. Effective Date.

This Ordinance shall become effective twenty (20) days following its introduction, adoption, and publication as required by law.

At a regular meeting of the City Council of the City of Ludington, Mason County, Michigan, held on the ___ th day of _____, 2025, at 6:00 p.m., the votes on this proposed Ordinance were:

AYES:

NAYES:

ABSTAINED:

THE ORDINANCE IS DECLARED ADOPTED / REJECTED.

STATE OF MICHIGAN)
COUNTY OF MASON) ss.

I, Deborah L. Luskin, the duly qualified and acting Clerk of the City of Ludington, County of Mason, State of Michigan, do hereby certify that the foregoing is a true and complete copy of the ordinance adopted by the Ludington City Council at a regular meeting held on the ___th day of _____, 2025, the original of which ordinance is on file in my office.

IN WITNESS WHEREOF, I have hereunto set my official signature, this _____ day of _____, 2025.

Deborah L. Luskin, City Clerk
City of Ludington