

# Memorandum



Date: July 3, 2025  
To: City of Buchanan Planning Commission  
From: Tony McGhee, City Manager  
Subject: Short Term Rental Policy Recommendation

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While the final recommendation to the City Commission on the regulation of short-term-rentals (STR) in the community is the decision of the Planning Commission, City staff have developed the attached draft ordinance for your consideration as a starting place to regulate this land use in the community. The policy was developed on the premise that you can always expand where they are allowed, but restricting that right once it has been granted is difficult to impossible.

The following memo provides a rationale for the City of Buchanan to limit STRs to zoning districts outside of R-1 (Single Family Residential). This approach is supported by relevant legal rulings in the State of Michigan, prevailing land use interpretations of STRs, and observed impacts STRs can have on traditional neighborhoods and school districts. Our goal is to balance property rights with the long-term health, safety, and cohesion of Buchanan's residential neighborhoods.

## **Legal Context in Michigan**

Several Michigan court decisions and legislative discussions have helped clarify the treatment of STRs under zoning regulations. While the State has not passed broad legislation preempting local STR regulations, local governments retain significant zoning authority under the Michigan Zoning Enabling Act (MZEA), MCL 125.3101 et seq.

### **1. Legal Authority to Regulate STRs Through Zoning:**

- The Michigan Court of Appeals has consistently ruled that municipalities may regulate STRs under zoning ordinances. In *Reimink v. Township of Laketown* (2020), the court upheld a township's zoning ordinance that prohibited STRs in residential zones, affirming that the local government had the right to interpret and enforce the ordinance based on land use rather than ownership intent.
- Similarly, in *Cherry Home Ass'n v. Baker* (2021), the Court of Appeals upheld the decision that transient lodging was inconsistent with the intent of low-density residential zoning and therefore could be regulated.

## 2. Interpretation of STRs as Commercial Use:

- Although operated out of residential structures, STRs often exhibit commercial characteristics due to their transient occupancy, profit motive, and operational management. Many Michigan municipalities have adopted the view that STRs functionally resemble commercial lodging, more similar to hotels or inns, especially when run at scale or for profit.

## 3. Legislative Background:

- In 2021 and 2022, legislative attempts to preempt local regulation of STRs were introduced (e.g., HB 4722), but as of now, these bills have not become law. This indicates continuing recognition of the importance of local control over land use and zoning.

### **STRs as a Land Use: Residential vs Commercial**

While STRs may appear residential in structure and layout, their operational use is more transient in nature and often commercial in effect:

- **Transient Occupancy:** The defining feature of STRs is short-term, non-permanent lodging, typically less than 30 days. This disrupts the residential character of neighborhoods traditionally occupied by long-term residents.
- **Commercial Incentives:** Many STRs are operated for profit, with investors purchasing homes specifically for use as income-generating properties. This shifts the property function from personal residence to commercial enterprise.
- **Code Enforcement and Management Issues:** High turnover often increases demands on city services (trash, noise complaints, parking enforcement) and creates challenges in accountability and neighborhood compatibility.

For these reasons, limiting STRs to zoning districts designed for mixed-use or commercial flexibility is a reasonable and legally sound distinction.

### **Impacts of STRs on Traditional Neighborhoods and School Districts**

Limiting STRs in R-1 neighborhoods is an effort to protect the integrity, stability, and long-term livability of Buchanan's most traditional and family-oriented areas.

#### **1. Neighborhood Character and Stability**

- STRs increase residential turnover, weakening community bonds, diminishing neighborhood identity, and often undermining long-standing civic norms like neighborly support, volunteerism, and neighborhood watch.
- Increased vehicle traffic, late-night disturbances, and unfamiliar guests can lead to increased tensions between owners and surrounding residents.

### **2. Housing Affordability and Availability**

- The rise of STRs has been linked to decreasing long-term rental supply and increasing housing costs. Investors competing with families for limited housing stock can displace local buyers and renters.
- Restricting STRs to non-R-1 zones helps preserve housing for permanent residents and supports neighborhood demographic stability.

### **3. Impact on School Enrollment and Community Investment**

- Reduced long-term residency and family occupancy directly affects school enrollment levels and educational planning.
- Schools benefit from stable populations; STRs disrupt this by removing potential family housing from the market.

### **4. Public Safety and Code Enforcement**

- STRs place unique burdens on code enforcement and public safety resources due to noise complaints, fire safety issues, and general occupancy oversight.
- Permanent residents are more likely to maintain properties and follow community norms, reducing city enforcement costs.

## **Conclusion**

The Staff's recommendation to limit STRs to certain non-R-1 zoning districts reflects sound legal reasoning, an understanding of land use distinctions, and a strong commitment to neighborhood preservation. R-1 zones are designed to promote stability, affordability, and community-building, elements that are difficult to maintain with frequent and transient occupancy. While it is acknowledged that the zoning map used to differentiate areas that are R1 and not will soon be replaced by a new zoning map we are recommending to move forward with this policy based on the current zoning map for two reasons. First, it reflects the intent of where STRs should initially be allowed in the City based on current land uses. And secondly, it would likely be beyond the current

eight (8) month STR moratorium before that work is completed further dragging out this issue.

Staff recommends continuing to allow STRs in zoning districts highlighted on the attached map which have a greater commercial or mixed-use capacity, while preserving R-1 districts as a cornerstone of Buchanan's long-term community vision. In addition to the above referenced map in Attachment A, Attachment B contains a draft STR ordinance created by Rich Murphy, the City of Buchanan's Community Development Director based on the information above. It should be noted that all STRs which were documented at the beginning of the STR moratorium should be allowed to continue operating as they have under the new policy.

Please feel free to contact me directly at [tmcghee@cityofbuchanan.com](mailto:tmcghee@cityofbuchanan.com) or at (269) 695-3844 ext. 15 if you have any questions or would like additional information.