

## MEMORANDUM

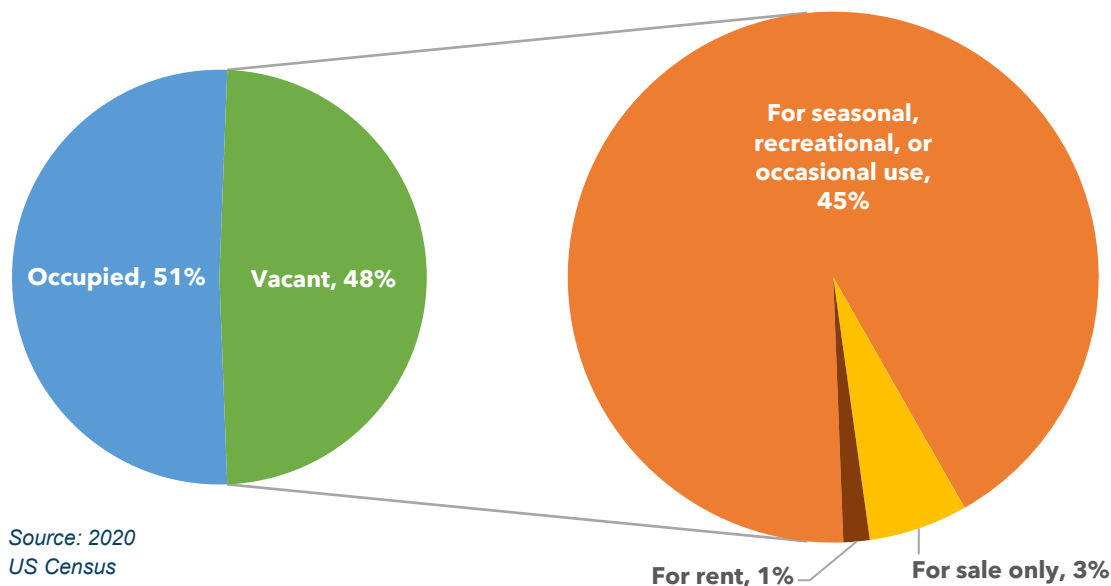
**To:** City of the Village of Douglas Planning Commission  
**Date:** April 3, 2026  
**From:** Tricia Anderson, AICP  
**RE:** Short Term Rentals – Regulatory Options

The purpose of this memo is to outline the various issues and concerns surrounding the short-term rental of residential properties located in the City of Douglas. This issue is viewed from the perspective of both the residents and the rental property owner. A range of proposed options to address the issue is offered for your discussion at the upcoming meeting.

### The Issue

Within the limits of the law and local ordinances, a property owner is entitled to capitalize on the value of their home and land. Where there is a market for short-term rentals, the high earning potential of the property can be enticing, especially in communities that tend to attract many tourists such as the City of Douglas. The City is accustomed to the annual influx of seasonal visitors, who are welcomed for their valuable contributions to the local economy; however, additional short-term rentals being registered with the City, brings an increased visitor population that lacks long-term ties or obligations to the community.

Figure 1 – of the 48% of vacant housing in the City, 45% is used for seasonal, recreational, or occasional use.



Source: 2020  
US Census

Short-term rentals in seasonal tourist communities like Douglas often place pressure on housing availability and affordability by reducing the supply of long-term rental units and driving up home prices. This can make it difficult for people within a certain income threshold (such as service workers) to live within the community. This has a domino effect on workforce shortages for local businesses, particularly during peak tourism seasons when demand for labor is highest but housing is least accessible.

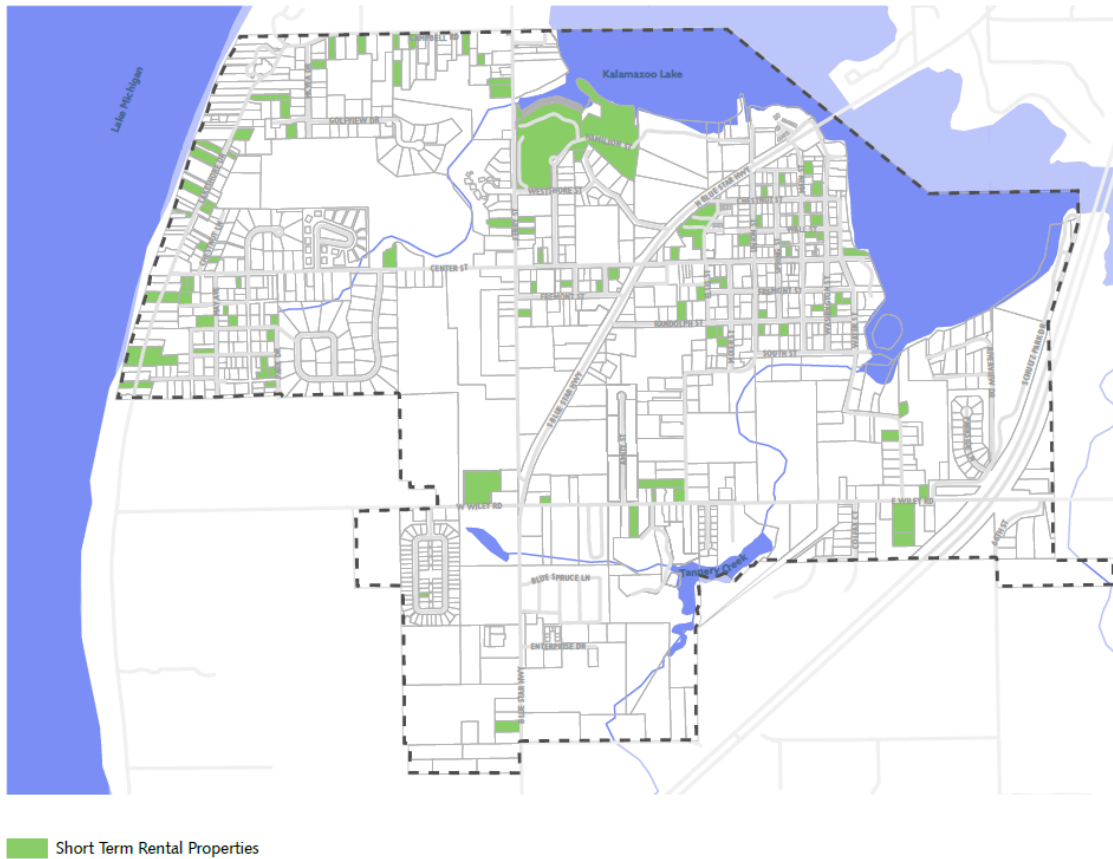
Economically, an increased reliance on short-term rentals has the potential to intensify seasonal fluctuations, making it more difficult for businesses to sustain year-round operations and stable employment. Commercial areas may shift toward visitor-oriented uses, limiting services that meet the daily needs of year-round residents, while rising costs can further challenge locally focused businesses. Additionally, seasonal population surges can strain infrastructure and public services, with year-round residents often bearing the cost of maintaining systems designed to accommodate peak demand.

There are likely close to two hundred residences offered for short-term rental during the summer months or throughout the entire year (according to data gathered during the update of the 2025 Master Plan). The short-term rental of homes in the City is not a new phenomenon, as it has likely been occurring for decades. Now, and over the past ten or so years, the proliferation of online rental platforms such as Airbnb and VRBO has accelerated and popularized short-term rentals as an affordable alternative to hotels and a way to get the full local experience.

## **History**

The City first adopted zoning provisions to regulate external impacts of short-term rentals in February 7, 2011. The City began requiring an inspection done every three years in 2014. The City later made a change that would allow short-term rentals in the C-1 district only as a special land use to be approved by the Planning Commission.

In 2023, the map below was created based off the registered short-term rentals in the City.



*Figure 2 – Map of properties registered as a short-term rental in 2023*

### **Regulatory Options to Consider**

When the Master Plan was updated, the Planning Commission outlined goals and objectives to address the issue of short-term rentals. The following objectives were identified as action steps to reach the goal of controlling short-term rentals in the City:

1. Adopt a policy to collect an “accommodation tax” which would be levied on revenue generated by properties used for STR. Place funds captured through this taxation into a fund that can be used to bolster the City’s efforts to provide affordable housing.
2. Adopt additional provisions within the zoning and regulatory ordinances to provide clear procedures, standards, requirements, and restrictions for short-term rental uses, such as the posting of signage making it easier to contact STR owners.
3. Prioritize certain areas in the City for allowing the STR use of property, while delineating other areas where STRs should be prohibited.
4. Amend the zoning ordinance and regulatory ordinances to develop a lottery program to issue annual short-term rental licenses.

5. Consider the adoption of a vacancy tax on homes that are unoccupied for more than 6 months out of the year.
6. Adopt an ordinance to place a maximum ratio of short-term rental homes to homes occupied year-round, and place a maximum of licenses that can be issued annually.
7. Increase enforcement efforts to discourage unlicensed short-term rentals.

### **Additional Options**

- The City could engage and collaborate with other lakeshore communities to address the issue regionally and discuss successes and challenges of adopting new regulations or caps on short-term rentals.
- Consider adopting an general law ordinance within the Code of Ordinances that outlines the procedures and limitations of STRs in the City, and limit zoning regulations to location and zoning district.
- The City could require hosts to live on the property they are renting out in the case of an accessory dwelling unit, or multifamily development or duplex. This could contribute to better oversight of the rental property and discourage corporate or absentee ownership of short-term rentals.
- Specific limitations can be placed on the number of STRs allowed in different zoning districts. Residential zoning districts may have different caps compared to commercial or mixed-use zones, and could be dependent on neighborhood character of that zoning district.
- Increase the fees so that the regulatory controls that are implemented can be administered effectively. Some communities partner with third party inspectors and hire staff to deal specifically with the STRs.
- Implement a cap on the number of short-term rentals, but allow pre-existing STRs to continue without being subject to the new regulations.
- To ensure continued adherence, the City could establish expiration or transfer restrictions on pre-existing status, limiting its applicability under specific conditions like changes in ownership or major renovations. Transparent public records indicating which properties are considered pre-existing should be maintained, fostering community understanding and collaboration.
- Temporary bans or moratoriums on new short-term rental registrations may be considered while the City explores an update existing regulations and potential new regulations (such as a cap and lottery for new). This would allow time for planning and consideration of the impacts.
- During a moratorium, the time may be used to engage the public to get feedback on how STRs can be effectively managed going forward.

### **Regulation in Other Communities**

The Planning Commission and City Council are strongly encouraged to explore the ways in which other lakeshore communities are regulating short-term rentals. The links below will bring you to the ordinances and other documents that regulate short-term rentals in neighboring communities.

[City of Saugatuck](#)

[South Haven](#)

[City of Holland](#)

[Grand Haven \(Township\)](#)

[Park Township](#)

[Laketown Township](#)

[City of Grand Haven](#)

At the upcoming meeting, the Planning Commission will discuss the above options and the stated objectives in the Master Plan and provide direction on any zoning or policy changes that should be made in an effort to control short-term rentals. This direction will be used to also guide any changes that are made to the Zoning Ordinance, as the steering committee works to prepare a draft for the Planning Commission's consideration.