



Legislation Text

File #: 20-1042, **Version:** 1

An Ordinance to Amend Title VII (Businesses and Trades) of the Code of the City of Ann Arbor by Adding a New Chapter Which Shall be Designated as Chapter 97 (Short-Term Rentals) (Ordinance No. ORD-20-24)

Upon direction of the City Council in Resolution R-19-112, City Staff initiated the work to prepare a report on the feasibility of regulating short term rentals in the City. This report included evaluation of peer city regulations as well as consideration of short-term rentals under the circumstances of both owner and non-owner occupancy.

This report, created with assistance of the City's consultant Carlisle Wortman Associates, was presented to City Council in January of 2020. The report provided:

- A differentiation of three distinct types of short-term rentals
- A summary of feedback and direction from members of the public that generally supported both little and increased regulation for short term rentals.
- Comparison of five peer communities that have enacted short-term rental regulations. While more community ordinances were evaluated, the five represented the range of approaches.
- A summary of regulatory considerations that identify purpose and potential resources that would be needed, such as financial, staffing, etc.
- The report also presented three feasible options for the regulation of short-term rentals.

On January 6, 2020, the City Council considered the feasibility report, and through Resolution R-19-593, directed the City Administrator to pursue regulation of short-term rentals as specified in the report as "Option 3." This option added the most regulation to short term rentals as providing the following directions:

- Increase nuisance and enforcement resources
- Clarify and enforce occupancy requirements
- Create registration and license program
- Require local contact person/agent
- Limit advertising
- Prohibit non-owner-occupied short-term rentals (Vacation Rentals)
- Regulate and restrict Primary Residence - Entire home rentals (where owner is not present during guest stay)
- Regulate Primary Residence Homestay (where owner is present during guest stay)

From this direction, City Staff has prepared the attached Ordinance. The ordinance would regulate short term rentals consistent with the direction provided by City Council. Some of the notable components are as follows:

- Defines Short Term Rental Unit as any dwelling that is rented wholly or partly for a fee for less

than thirty (30) consecutive days by persons other than the permanent resident or owner.

- Requires issuance of a Short-Term Rental License to the property, specifies information required with application process, and establishes a fee.
- Prohibits any short-term rental unless licensed.
- Requires advertisement of any short-term rental to include City Short Term Rental License number.
- Primary Residence short term rentals are permissible as Homestay (owner present) and Whole House (owner not-present) in all Residential and Mixed-Use Zoning Districts that allow residential use.
- Primary Residence Homestay and Whole House short-term rentals shall not require inspection.
- Non-Owner-Occupied Short-Term Rentals (Commercial Rentals) are permitted in any Mixed-Use District and are not permitted in Residential Zoning Districts.

Prepared By: Brett Lenart, Planning Manager
Reviewed By: Derek Delacourt, Community Services Area Administrator
Approved By: Tom Crawford, Interim City Administrator

ORDINANCE NO. ORD-20-24

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|-----------------|-------------------------------------|------------|--------------------|
| First Reading: | July 20, 2020 | Approved: | September 8, 2020 |
| Public Hearing: | August 6, 2020 September 8, 2020 | Published: | September 17, 2020 |
| | | Effective: | March 1, 2021 |

SHORT TERM RENTALS

AN ORDINANCE TO AMEND TITLE VII (BUSINESSES AND TRADES) OF THE CODE OF THE CITY OF ANN ARBOR BY ADDING A NEW CHAPTER WHICH SHALL BE DESIGNATED AS CHAPTER 97

The City of Ann Arbor Ordains:

Section 1. That a new Chapter 97 be added to Title VI of the Code of the City of Ann Arbor to read as follows:

Chapter 97 - SHORT-TERM RENTALS

7:650. - Legislative Purpose.

The City has determined that regulation of short-term rentals is necessary to establish a community standard for the integration of short-term rental units in the City to ensure health, safety, and welfare of visitors and residents by re-affirming police, fire, and building safety guidelines. Towards that end, the City has determined that all persons or entities that desire to operate a short-term rental unit within the city must be issued a license pursuant to the requirements of this chapter.

7:651. - Definitions.

- (1) *Guest* means persons renting lodging from a short-term rental host, or through a Hosting Platform on behalf of the short-term rental host, for less than 30 consecutive days.
- (2) *Host* means a person engaged in providing a Short-Term Rental Unit.

- (3) *Hosting Platform* means a marketplace in any form or format which facilitates Short-Term Rental Units, through advertising, matchmaking or any other means.
- (4) *Mixed-Use Zoning District* means a mixed-used zoning district as designated by Section 5.12 of the UDC.
- (5) *Permanent Resident* means the person(s) occupying a property as their Principal Residence.
- (6) *Principal Residence* means the one residence where an owner of the property, or tenant of a period greater than 30 days, has his or her true, fixed, and permanent home to which, whenever absent, he or she intends to return and that shall continue as a principal residence until another principal residence is established.
- (7) *Short-Term Rental Unit* means any dwelling that is rented wholly or partly for compensation, for periods of 30 consecutive days or less, by persons other than the Permanent Resident or owner including:
 - a. *Non-Principal Residence Short-Term Rental (or Commercial Rental)* means an activity where the owner of a non-principal residence hosts visitors, for compensation, for periods of 30 consecutive days or less.
 - b. *Principal Residence Homestay* means an activity whereby the Permanent Resident(s) host visitors in their homes, for compensation, for periods of 30 consecutive days or less, while at least one of the Permanent Residents lives on site in the dwelling unit, throughout the visitors' stay.
 - c. *Principal Residence Whole House* means an activity whereby the Permanent Resident (s) host visitors in their homes, for compensation, for periods of 30 consecutive days or less, while a residential dwelling unit is not occupied by the owner of record while the guest is present.
- (8) *Residential Zoning District*, means a residential zoning district as designated by Section 5.11 of the UDC.
- (9) *UDC* means Unified Development Code (Chapter 55 of Ann Arbor City Code).

7:652. - Short-Term Rental Unit License and Fee.

- (1) The City shall only issue a short-term rental license for a Short-Term Rental Unit to the owner or Permanent Resident of the property.
- (2) The City shall issue only one short-term rental license per dwelling unit.
- (3) The application for a short-term rental license shall at a minimum include the following:
 - a. Address of the Short-Term Rental Unit.
 - b. Type of dwelling unit (e.g. single-family home, apartment, condominium).
 - c. Type of Short-Term Rental Unit (Non-Principal Residence, Principal Residence

Homestay, Principal Residence Whole House).

- d. For Principal Residence Short-Term Rental Unit, the Permanent Resident shall submit a sworn statement affirming that the licensed dwelling unit is and will remain the applicant's Principal Residence for the duration of the license.
- e. Number of bedrooms available for rent.
- f. Maximum permitted occupancy pursuant to Section 5.16.1.A.2 of the UDC, " Limits on Occupancy of Dwelling Unit."
- g. The names, telephone numbers, and email addresses of two contact persons responsible for the Short-Term Rental Unit. For Principal Residence Homestay and Principal Residence Whole House Short-Term Rental Units at least one of the contact persons shall be a Permanent Resident of the property. Contact information shall be updated with the City as necessary.

(4) Applicant shall pay the fee described in Subsection (7).

(5) The short-term rental license shall not be transferred or assigned to another person or address, nor shall the license authorize any person, other than the person named therein, to operate a Short-Term Rental Unit on the property.

(6) Any licensee that has submitted a sworn statement pursuant to paragraphs (3) of this section as part of its original application shall complete the following each year within thirty days of the anniversary of the original issuance of the license:

- a. For Principal Residence Short-Term Rental Units, the Permanent Resident shall submit a sworn statement affirming that the licensed dwelling unit continues to be the applicant's Principal Residence..
- b. Pay the fee described in Subsection (7) "Short-Term Rental Licensing Fees,"

(7) Short-Term Rental Licensing Fee

- a. The applicant of the property shall be responsible for payment of a nonrefundable license fee, with the license fee amount to be determined by annual resolution of City Council.

7:653. - Short-Term Rental Unit Requirements.

- (1) Short-Term Rental Units are prohibited unless the City has issued a short-term rental license for the Unit.
- (2) The occupancy of a dwelling unit rented as a short-term rental shall not exceed the occupancy permitted pursuant to Section 5.16.1.A.2 of the UDC, " Limits on Occupancy of Dwelling Unit."
- (3) No Host shall rent a Short-Term Rental Unit in a manner that requires a person to sleep in an area that is not habitable as set forth in Chapter 105 (Housing Code).
- (4) No Host shall advertise a Short-Term Rental Unit, unless the advertisement includes the applicant's Short-Term Rental Unit license number and the maximum occupancy permitted in

the unit.

- (5) The Short-Term Rental Unit Host shall be responsible for all nuisance and enforcement complaints on their premises.

7:654. - Specific Regulations by Short-Term Rental Type.

(1) Non-Principal Residence Short-Term Rental (Commercial Rental)

- a. Location. Licenses for Non-Principal Residence Short-Term Rental Units (Commercial Rental) shall only be issued for Short-Term Rentals in Mixed-Use Zoning Districts.
- b. Registration and license. Registration and license shall be required as set forth in Section 7:652 of this chapter.
- c. Chapter 105 (Housing Code). All applicable provisions of Chapter 105 (Housing Code) shall apply.

(2) Principal Residence Homestay and Principal Residence Whole House Short-Term Rental Units

- a. Location. Licenses for Principal Residence Homestay and Principal Residence Whole House shall only be issued for Short-Term Rental Units in Residential and Mixed-use Districts.
- b. Registration and license. Registration and license shall be required as set forth in Section 7:652 of this chapter.
- c. Inspection. Principal Residence Homestay or Principal Residence Whole House Short-Term Rental Units shall not require an inspection.

7:655. - Prohibited Acts and Penalties.

(1) Prohibited Acts.

- a. It shall be unlawful for any person to:
 - i. Violate any provision of this chapter or any condition of any license granted pursuant to this chapter.
 - ii. 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.

(2) License Revocation.

- a. The City finds that the suspension or revocation of a license may be necessary when an owner fails to operate the Short-Term Rental Unit in accordance with the provisions of this chapter. A license issued under this chapter may be suspended or revoked for any of the following violations:
 - i. A license holder is convicted of or found responsible for violating any provision of this chapter;
 - ii. 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;

- iii. The Short-Term Rental Unit is operated or is operating in violation of the specifications of the license application, any conditions of approval by the city or any other applicable state or local law, rule or regulation;
- iv. The Short-Term Rental Unit is determined by the city to have become a public nuisance;

(3) Revocation not Exclusive Penalty.

- a. Nothing in this chapter shall be deemed to prohibit the City Administrator or designee from imposing other penalties authorized by the Ann Arbor City Code or other ordinance or to file a public nuisance lawsuit or to take any other legal action authorized by law.

(4) Penalty for Violations of Chapter 97.

- a. Any person who violates a provision of this chapter shall be responsible for a civil infraction punishable by a civil fine of not more than \$500.00, plus costs and all other remedies available by statute. Each day of violation shall be a separate violation.

Section 2. That this Ordinance shall take effect March 1, 2021, following legal publication.

CERTIFICATION

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor, Michigan at its regular session of September 8, 2020.

(Date)

Jacqueline Beaudry, Ann Arbor City Clerk

Christopher Taylor, Mayor

I hereby certify that the foregoing ordinance received legal publication on the City Clerk's Webpage on September 17, 2020.

Jacqueline Beaudry, Ann Arbor City Clerk