



Legislation Text

File #: 19-2390, **Version:** 1

Resolution Directing the City Administrator to Develop Ordinance Amendments for the Purpose of Regulating Short Term Rental Properties

In March of 2019, City Council requested that the City Administrator and City Attorney prepare a report on the feasibility of regulating short term rentals. This report is to specifically review what peer cities have successfully implemented, and how different categories such as occupied or non-occupied units may be considered.

In order to gain an understanding of the particular issues, concerns, or opportunities that could be impacted by any proposed regulations, the City contracted with Carlisle Wortman Associates to undertake research, conduct public input sessions, and generate a summary report for the City's use and consideration.

This report provided the following information:

- A differentiation of three distinct types of short term rentals
- A summary of common feedback and direction from members of the public that generally supported both less or increased regulation of short term rentals.
- A summary five peer communities that have enacted short term rental regulations (other community ordinances were evaluated, however the five communities in the report represented the range of approaches).
- A summary of regulatory considerations that identify purpose and potential resources such as financial, staffing, or other that should be considered.

Finally, the proposed report provides three options for Short Term Rental feasibility and approach. Staff is recommending that the City Council direct the City Administrator and any applicable Boards and Commissions pursue the development of ordinances reflective of Option 3 of the attached report. In pursuing this option, staff recommends particular consideration of the following aspects:

- The evaluation of Owner-Occupied Whole House Rentals similarly to Non-Owner-Occupied Vacation Rentals
- State limitations on the ability of the City to enact any local taxes on these or other uses
- Projections of staffing or other resources to enact any recommended regulations

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Approved by: Howard S. Lazarus, City Administrator

Whereas, Short term rentals have become more prevalent in the City of Ann Arbor and other communities through the advent of online platforms to facilitate the placement of dwelling units into such use;

Whereas, An estimated 1,400 properties in the City have been utilized on a short term rental basis over a recent year long period;

Whereas, An estimated 131 dwelling units have been utilized for short term rentals for a total period of time exceeding 150 days over a year long period;

Whereas, The use of properties for short term rental can change the character of use from a residential/resident to a commercial/customer focus;

Whereas, The acquisition of properties for the purpose of short term rentals can remove residential housing stock from the marketplace, with potential impacts on affordability;

Whereas, The City Council has directed the City Administrator and City Attorney to prepare a report including analysis of other community regulations and how short term rentals may be differentiated into categories;

Whereas, Through contract, Carlisle Wortman Associates has provided research on other community recommendations, categorization of short term rental units, and three options for pursuing regulations of such uses;

Whereas, In this process, Carlisle Wortman Associates also conducted three community workshops to hear public input on short term rentals, the impact on the City, and feedback on any potential regulations; and

Whereas, The City Administrator and Community Services Administrator recommend pursuing Option 3 of the recommended options, which would be the most comprehensive foundation for regulation.

RESOLVED, That the City Council hereby directs the City Administrator to pursue a framework of regulations specified in the Carlisle Wortman Report as Option 3; and

RESOLVED, That the recommended regulations be presented to City Council for consideration no later than July 30, 2020.