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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: January 3, 2024

RE: **Draft Short Term Rental Ordinance**

The Legislative Policy Division (LPD) has been requested by Council Member Angela Whitfield Calloway to provide a draft proposed short term rental ordinance. LPD has provided the attached draft proposed ordinance pursuant to the terms requested by Member Calloway, which is ready for referral to the Law Department for review and approval as to form.

S U M M A R Y

AN ORDINANCE to amend Chapter 8 of the 2019 Detroit City Code, Building Construction and Property Maintenance, Article XV, Property Maintenance Code, Division 3, Requirements for Rental Property, by adding Subdivision C., Short Term Rentals, to include Sections 8-15-100.1 through 8-15-100.13, to define terms; to create a licensing process; to require submission of an affidavit and an application fee; to set criteria for the application process; to establish general provisions for operations of short term rentals; to establish requirements for short term rental platforms; to provide for violations for failure to comply with the requirements set forth in this ordinance, and to provide an appeal process.

1 **BY COUNCILMEMBER ANGELA WHITFIELD-CALLOWAY:**

2 **AN ORDINANCE** to amend Chapter 8 of the 2019 Detroit City Code, Building
3 Construction and Property Maintenance, Article XV, Property Maintenance Code, Division 3,
4 Requirements for Rental Property, by adding Subdivision C., Short Term Rentals, to include
5 Sections 8-15-100.1 through 8-15-100.13, to define terms; to create a licensing process; to
6 require submission of an affidavit and an application fee; to set criteria for the application
7 process; to establish general provisions for operations of short term rentals; to establish
8 requirements for short term rental platforms; to provide for violations for failure to comply with
9 the requirements set forth in this ordinance, and to provide an appeal process.

10 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT**

11 **THAT:** Section 1. Chapter 8 of the 2019 Detroit City Code, Buildings Construction and Property
12 Maintenance, Article XV, Property Maintenance Code, Division 3, Requirements for Rental
13 Property, Subdivision C, Short Term Rentals, by adding Sections 8-15-100.1 through 8-15-
14 100.13, to read as follows:

15 **CHAPTER 8. BUILDING CONSTRUCTION AND**
16 **PROPERTY MAINTENANCE**
17 **ARTICLE XV. PROPERTY MAINTENANCE CODE**
18 **DIVISION 3. REQUIREMENTS FOR RENTAL PROPERTY**
19 **Subdivision C. Short Term Rentals**

20 **Sec. 8-15-100.1 Purpose.** To protect the public peace, health, safety and welfare by
21 establishing a procedure for the short term rental of private residences of City residents; to
22 preserve the residential character of residential districts; to preserve the value of property in

1 residential districts; and preserve the peace, good order, comfort, and welfare of the inhabitants
2 of and visitors to the City.

3 **Sec. 8-15-100.2. Definitions.** For the purposes of this article, the following words and
4 phrases shall have the meanings respectively ascribed to them by this Section:

5 *Apartment* means a one family living space having one or more rooms located within a
6 building, and containing a kitchen equipped with a sink and (a bathroom equipped with a bathtub
7 or shower, a lavatory, and a toilet or water closet) as set forth in Section 8-15-3 of this Code.

8 *Applicant* means a person who owns and has lawful possession of a property that is
9 applying for a short term rental license.

10 *Bedroom* means a room that complies with the requirements set forth in Section 8-15-3 of
11 this Code.

12 *Blight violation* means any unlawful act, or any omission or failure to act, which is
13 designated by this Code as a blight violation pursuant to Section 41(2) of the Michigan Home
14 Rule City Act, being MCL 117.41(2).

15 *Calendar days* means every day shown on the calendar including Saturdays, Sundays,
16 and State and Federal holidays.

17 *Compensation* means money or other consideration given in return for occupancy,
18 possession or use of the residence.

19 *Department* means the City of Detroit Buildings, Safety Engineering, and Environmental
20 Department.

1 Dwelling unit means a single unit providing complete, independent living facilities
2 occupied, or intended to be occupied, in whole or in part by one or more persons, including
3 permanent space and provisions for living, cooking, eating, sanitation, and sleeping as set forth
4 in Section 8-15-5 of this Code.

5 Guest means any person who exercises use of the residence for lodging, or
6 accommodations in a short term rental by compensation or any consideration.

7 Host means a person that facilitates the booking of a short term rental property and for
8 purposes of this Subdivision must be the person who owns the property and has legal possession
9 of the property.

10 Hosting platform means an entity that facilitates short term rentals through advertising, or
11 any other means and from which the platform derives revenues, including, but not limited to
12 booking fees from providing or maintaining the marketplace.

13 Licensee means any individual, partnership, corporation, association, or other legal entity
14 licensed pursuant to this article.

15 Local contact person means the owner or a person designated by the owner, who shall be
16 available 24 hours per day, seven days per week for the purpose of: (1) Being able to physically
17 respond, as necessary, within 45 minutes of notification of a complaint regarding the condition,
18 operation, or conduct of occupants of the short term rental property; and (2) Taking remedial
19 action necessary to resolve any such complaints.

20 Owner means the person that holds legal or equitable title to the property used as a short
21 term rental.

1 Rent or Rental means to permit, provide for, or offer possession or occupancy of a
2 residential property to a guest for compensation or any consideration.

3 Rooming Unit means a room rented as sleeping and living quarters, but without cooking
4 facilities and with or without an individual bathroom. In a suite of rooms without cooking
5 facilities, each room which provides sleeping accommodations shall be counted as one rooming
6 unit for purposes of this Subdivision.

7 Short Term Rental means any rental of a dwelling unit, or rooming unit in exchange for
8 compensation or other consideration, as residential accommodations for at least one night, but no
9 more than 90 cumulative days per guest pursuant, to a license under this Subdivision.

10 **Sec. 8-15– 100.3. License required.**

11 (a) Any dwelling unit or rooming unit used as a short term rental shall be licensed with
12 the Department. Use of any unlicensed property as a short term rental is prohibited.

13 License for short term rental shall be issued pursuant to a three tier system as follows:

14 (i) An owner may be issued one Class license for short term rental for a dwelling
15 unit per year.

16 (ii) Class A - Short Term Rental License: A fourteen (14) day license may be
17 issued to any applicant in any area of the city of Detroit. The Class A short
18 term Rental License is limited to one license per applicant per calendar year.

19 (iii) Class B - Short Term Rental License: A ninety (90) day license may be issued
20 to any applicant in any area of the city of Detroit. The Class B short term
21 Rental License is limited to one license per applicant per calendar year.

1 (iv) Class C - Short Term Rental License: A license for a period of one calendar
2 year may be issued to an applicant that owns eligible property where the
3 owner resides in one of the residential units.

4 (v) Class D – Short Term Rental License: A license for a period of one calendar
5 year may be issued to an applicant that owns eligible property and may not
6 live at the property. The license will be limited to the greater downtown area
7 south and southwest of East Grand Boulevard and south and southeast of West
8 Grand Boulevard.

9 (b) License of a property to be used as a short term rental shall be made by the owner of
10 the property, on an application provided by the Department, and shall include the following:

11 (1) Name, address, telephone number and email address of the host for the
12 property.

13 (2) Proof of Ownership or Residency.

14 a. Ownership shall be established by the recorded deed or land contract for the
15 property.

16 b. Residency shall be established by at least two of the following documents,
17 which must list the address of the short term rental property on the document:

18 1. The host’s motor vehicle registration;

19 2. A valid driver’s license or state identification card;

20 3. Current property tax documents;

21 4. Voter registration card; or

1 5. W-2 mailing.

2 (3) Total number of bedrooms in the dwelling unit to be available for rent.

3 (4) Total number of parking spaces provided for the dwelling unit or rooming
4 unit, including off street parking spaces.

5 (5) Maximum number of guests of each dwelling or rooming unit can
6 accommodate.

7 (6) Name and telephone number of the 24-hour local contact person for the
8 property.

9 (c) A short term rental property license shall not be transferred and is valid only at the
10 short term rental property address licensed with the City.

11 (d) An inspection shall be conducted by the Department prior to the issuance or renewal
12 of a license for short term rental to verify compliance with the basic requirements of the building
13 code such as plumbing, electrical, mechanical, and property maintenance.

14 **Sec. 8-15-100.4. Submittal of affidavit.**

15 In addition to the requirements contained in Section 8-15-100.3 of this subdivision, the
16 host shall submit an affidavit, on a form provided by the Department, certifying the following:

17 (1) That a working smoke alarm is installed in each bedroom;

18 (2) That a working carbon monoxide detector is installed in every single family
19 dwelling;

20 (3) That a working fire extinguisher is installed on each floor;

1 (4) That the host will inspect the devices identified in Subsections (1)(2) and (3) of
2 this section at least every 90 days to ensure they are unexpired and in proper
3 working order;

4 (5) That the host has obtained liability insurance to cover the short term rental use;

5 (6) That the property is not currently in violation of this Code, or any state or federal
6 housing laws and is in habitable condition;

7 (7) That the host is not in arrears or in default to the City, including any unpaid,
8 outstanding and/or delinquent property tax, income tax, special assessments
9 and/or blight fines;

10 (8) That the host will make the dwelling unit or rooming unit available to the City for
11 inspection upon request from the Department;

12 a. Inspections may be conducted if there have been complaints regarding the
13 property; or if the Department has a reasonable basis to request an inspection.

14 b. If the host refuses to allow inspections by the City, the host's short term
15 rental property may be removed from the City's license list.

16 c. If a short term rental property is removed from the City's license list, the
17 Department shall provide written notice to the host thirty days prior to removal.

18 (9) That if the license is approved and issued, the host shall file a written
19 acknowledgement and agreement that the host will assume all risk and indemnity,
20 defend and hold the City harmless concerning the City's approval of the license,
21 the operation and maintenance of the short term rental property, and any other
22 matter relating to the offering or use of the short term rental property; and,

1 (10) Such other information as the City deems appropriate.

2 **Sec. 8-15-100.5. Fee.**

3 (a) A non-refundable \$250.00 fee shall be required for the initial license of a short
4 term rental property under this Subdivision.

5 (b) A non-refundable \$125.00 fee shall be charged to each applicant renewing license
6 of the short term rental property.

7 (c) License for a short term rental is valid for one year from the date the application is
8 approved. Upon the expiration of a licensed property, each applicant shall pay the
9 annual fee to renew the license.

10 (d) The short term rental license of the property shall be terminated upon the transfer
11 or conveyance of the property.

12 (e) The fee shall be published on the City's website.

13 **Sec. 8-15-100.6. Approval of application.**

14 (a) Subject to the limitations in Section 8-15-100.3, the Department shall approve an
15 application for license of a short term rental property if the applicant has completed the
16 following requirements:

17 (1) Submitted a complete application and affidavit;

18 (2) Paid the license fee; and,

19 (3) Made improvements to the residence consistent with the application, and is
20 prepared to operate the residence as a short term rental in compliance with this Code.

1 (b) The Department shall have the discretion to deny any application that does not
2 meet the requirements of this Subdivision or any other applicable law, rule or regulation,
3 or an application that contains any false or incomplete information.

4 (c) An annual license shall be filed with the City and, if approved, the Department
5 will place the address on an online registry made available to the public.

6 (d) The Department shall provide a list of the short term rental properties licensed
7 with the City to the Detroit Police Department.

8 **Sec. 8-15-100.7. General requirements of a short term rental.**

9 (a) The requirements of this Subdivision shall apply to all residential uses specified in
10 Article 12, Division 1, Subdivision B, of this Code, but shall not apply to principal transient
11 accommodations as set forth in Chapter 36 Public Lodging.

12 (b) All lodging is to be exclusively within the dwelling unit and not in a recreational
13 vehicle, camper, or tent.

14 (c) The host shall provide the license issued by the City for that short term rental
15 property to all guests in an electronic form, and post a copy in a conspicuous place in the short
16 term rental property.

17 (d) The host utilizing their property as a short term rental shall not adversely affect
18 the residential character of the neighborhood.

19 (e) The host or guest occupying the property shall provide an unexpired copy of the
20 License upon request of any inquiring authorized police officer or authorized City agent and
21 shall respond to reasonable inquiries by the authorized police officer, or authorized City agent,
22 regarding the lawful use of the short term rental property.

1 **Sec. 8-15-100.8. Guest regulations.**

2 (a) The use of a short term rental property shall not generate noise, vibration, glare,
3 odors, or other effects that unreasonably interfere with any person’s enjoyment of his or her
4 residence.

5 (b) The Guests shall be allowed visitors between the hours of 8:00 a.m. and 12:00
6 a.m. only.

7 (c) Guests shall be notified by the host, that excessive noise is prohibited as specified
8 under section 16-1-12 of this Code and such violators shall be subject to fines and penalties as
9 set forth in section 8-15-100.13 of this Subdivision.

10 **Sec. 8-15-100.9. Local contacts.**

11 (a) A short term rental property host must identify an individual or individuals to
12 serve as a local contact, if the host is not on the premises.

13 (b) A local contact person designated under Subsection (a) of this section must be
14 physically available to respond within 45 minutes after being notified of an emergency by a
15 guest of the short term rental property, by a City of Detroit employee, or by an individual entitled
16 to notice of the contact information.

17 (c) If there is a change related to a local contact person, the host of the short term
18 rental must provide updated or new information to the Department in writing within three
19 business days.

20 (d) The host shall provide guests the local contact information, including a phone
21 number of the local contact with responsibility to take action to resolve any complaints regarding
22 the condition, operation or maintenance of the short term rental property.

1 **Sec. 8-15-100.10. Hosting platform requirements.**

2 (a) A hosting platform shall actively prevent, remove, and cancel any illegal listings
3 and bookings of short term rentals including, where a listing has been offered without a City of
4 Detroit license;

5 (b) A hosting platform shall provide to the Department, within 45 days of the
6 effective date of this ordinance, contact information for an employee or representative that will
7 respond to requests for information or verification of violations of this Subdivision. Hosting
8 platforms established after the effective date of this ordinance shall provide this information
9 prior to facilitating short term rentals in the City.

10 (c) In cases where listings appear on hosting platforms that are not in compliance
11 with this ordinance, the hosting platform shall work with the Department to investigate and
12 resolve any violations. This includes contacting the alleged violator, forwarding a notice of
13 alleged violations, and instructing them to apply for a short term rental license with the City. If
14 no response is obtained within 14 business days, or the short term rental license has not been
15 applied for within 30 days of the notice, the listing shall be removed from the hosting platform.

16 (d) Provide the Department, on a monthly basis a report, in an electronic format,
17 stating:

18 (1) The addresses of the homes licensed, authorized, facilitated or advertised by the
19 hosting platform;

20 (2) The total number of days that the residential unit was occupied during the period;
21 and,

22 (3) The amount of total compensation for each stay.

1 (e) If the hosting platform does not have the technical capability to collect such
2 information, it shall provide written documentation to the City within 75 days of adoption of this
3 ordinance that it will provide an alternative method of compliance with the reporting
4 requirements of this Section.

5 **Sec. 8-15-100.11. Vested rights.**

6 Except in instances where constitutional principles or binding state or federal laws
7 otherwise provide, the provisions of this Subdivision and any ordinances or other measures
8 concerning short term rentals are not a grant of vested rights to continue as a short term rental
9 property indefinitely. Any short term rental property use and license are subject to provisions of
10 this Subdivision and other ordinances, resolutions, or other City measures concerning short term
11 rental properties that may be enacted or adopted at a later date, even though such ordinances,
12 resolutions, or other City measures may change the terms, conditions, allowance, or duration for
13 short term rental property use, including but not limited to those that may terminate some or all
14 short term rental property uses in the City.

15 **Sec. 8-15-100.12. Violations**

16 (a) In accordance with Section 4l(3) of the Michigan Home Rule City Act, being
17 MCL 117.41(4) and Sections 1-1-9(c) and 4-4-2, of the 2019 Detroit City Code, a violation of
18 this Subdivision is deemed to be a blight violation.

19 (b) Any person, including, but not limited to; hosts, guests, owners, or hosting
20 platforms, violating any section of this Subdivision may be issued a blight violation notice
21 pursuant to Chapter 4-4-2, of the 2019 Detroit City Code for each day that the violation
22 continues.

1 (c) A license may be suspended or revoked in the event that:

2 (1) An applicant provided false information on the application;

3 (2) The short term rental property is operated as a nuisance, with excessive noise,
4 trash or traffic (including but not limited to a finding of loud disruptions, large parties,
5 illegal gambling, creation of traffic congestion, creation of parking congestion), or other
6 matters that negatively impact the surrounding neighborhood;

7 (3) The continuation of the short term rental property presents a threat to public
8 health or safety;

9 (4) The host violates regulations of this Code; or,

10 (5) The host receives more than three blight violations for the short term rental
11 property in a calendar year.

12 (d) If a short term rental property license has been suspended or revoked, the
13 Department shall not approve a new application submitted from the same host for the same
14 property for six months following the suspension or revocation. After the six months has expired
15 the host may apply for the short term rental property license again.

16 **Sec. 8-15-100.13. Procedures for denial, suspension or revocation of a short term rental**
17 **license.**

18 (a) The Department shall provide notice of a denial of a license application, including
19 renewal, of a license for a short term rental, by mailing a written notice to the applicant that
20 states the basis for the denial. Any applicant aggrieved by the denial of a short term rental license
21 shall be entitled to a hearing, before the Director of the Department or a designated hearing
22 officer. A request for a hearing on the license denial shall be in writing and addressed to the

1 Director of the Department and must be made within 30 days of the mailing of the notice of
2 denial to the applicant. A hearing pursuant to a timely request shall be scheduled at the earliest
3 possible date, but not later than 30 days after the receipt of the request for a hearing. The
4 applicant and the appropriate City departments shall be notified of the hearing by the Department
5 at least seven days prior to the hearing. The hearing may be adjourned only by agreement of the
6 parties or, upon cause shown, by order of the Director, or hearings officer. In the absence of a
7 request for a hearing on the denial of a short term rental license, the denial shall be deemed final.

8 (b) Where the Department is presented with evidence which shows that cause exists
9 to deny, suspend or revoke a short term rental license pursuant to this Subdivision, the
10 Department shall notify the host, in writing, of its intent to deny, suspend or revoke the license
11 and the basis therefor. The letter from the Department shall direct the host to show cause at a
12 hearing before the Director of the Department or a designated hearing officer, why the license
13 should not be denied or suspended or revoked. The notice shall include the date, time and place
14 for the show cause hearing, which shall be scheduled not less than seven days from the date of
15 the mailing of the notice.

16 (c) Where the Director of the Department makes a determination that there is an
17 immediate threat to the public health or safety and welfare as a result of the continued operation
18 of a short term rental, the Director is authorized to immediately suspend or revoke a license. The
19 host shall be notified of the removal by the Department, by mail, and in person, if possible, with
20 the notice specifying the basis for the emergency suspension or revocation of the license. The
21 Department shall schedule a show cause hearing within seven days, provided, that upon a written
22 request to the Department, the host shall be entitled to a hearing within 48 hours of the receipt of

1 the written notice in order to ascertain whether the emergency suspension or revocation of the
2 license shall continue.

3 (d) At a hearing pursuant to this Section, the Department shall present relevant
4 evidence in support of the denial, suspension or revocation of the short term rental license. The
5 applicant or host shall be given an opportunity at the hearing to present relevant evidence in
6 support of the issuance or continuation of the license. Where applicable, the Department having
7 jurisdiction over the issuance of such license shall be given an opportunity to present the basis
8 for the denial, suspension or revocation of the license.

9 (e) Where the host fails to appear and show cause why the license should not be
10 denied, suspended or revoked in accordance with this Section, the license shall be denied,
11 suspended or revoked effective at the end of the business day on which the show cause hearing
12 was regularly scheduled.

13 (f) A hearing that is held pursuant to this Section shall be conducted in accordance
14 with the rules for conducting administrative hearings adopted in accordance with Section 2-111
15 of the 2012 Detroit City Charter.

16 (g) Notice provided for in this Section shall be sent by both certified mail, return
17 receipt requested, and regular mail to the applicant or host at the address on record with the
18 Department.

19 **Secs. 8-15-100.14 -8-15-100. 30 Reserved.**

20 **Section 2.** This ordinance is hereby declared necessary to preserve the public peace,
21 health, safety, and welfare of the People of the City of Detroit.

1 **Section 3.** All ordinances, or parts of ordinances, that conflict with this ordinance are
2 repealed.

3 **Section 4.** In the event this ordinance is passed by two-thirds (2/3) majority of City
4 Council Members serving, it shall be given immediate effect and become effective upon
5 publication in accordance with Section 4-118 of the 2012 Detroit City Charter. Where this
6 ordinance is passed by less than a two-thirds (2/3) majority of City Council Members serving, it
7 shall become effective on the thirtieth (30) day after enactment, or on the first business day
8 thereafter, in accordance with Section 4-118 of the 2012 Detroit City Charter.

9 Approved as to form:

10 _____
11 Conrad L. Mallett, Jr.
12 Corporation Counsel