

SHORT-TERM RENTALS

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House Bill 4722 (H-11) as passed by the House
Sponsor: Rep. Sarah L. Lightner
Committee: Commerce and Tourism
Complete to 11-2-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4722 would amend the Zoning Enabling Act to prohibit a county, township, city, or village from adopting or enforcing zoning ordinance provisions that have the effect of prohibiting short-term rentals. The bill would provide that the rental of a dwelling is a permitted residential (and not commercial) use of property that is not subject to special permits or procedures. A local government could adopt certain specified zoning ordinances and practices if consistently applied to rentals and other residences. Within parameters described below, a local government could limit the number of short-term rentals owned by the same person and limit the total number of short-term rentals as a percentage of all residences. The bill also would allow the continued enforcement of certain ordinance provisions in existence on July 11, 2019.

Specifically, under the bill all of the following would apply, for purposes of zoning, to the rental of a dwelling, including a *short-term rental*:

- It is a residential use of property and a permitted use in all residential zones.
- It is not subject to a special use or conditional use permit or procedure different from those required for other dwellings in the same zone.
- It is not a commercial use of property.

Short-term rental would mean the rental, for up to 30 consecutive days, of a single-family residence, a dwelling unit in a one- to four-family house, or a unit or group of units in a condominium.

A county, township, city, or village would be prohibited from adopting or enforcing zoning ordinance provisions that have the effect of prohibiting short-term rentals.

However, the bill would expressly *not* prohibit a zoning ordinance provision that is applied on a consistent basis to rental and owner-occupied residences and regulates any of the following:

- Noise.
- Advertising.
- Traffic.
- Any other conditions that may create a nuisance.

The bill also would expressly *not* prohibit a county, township, city, or village from doing either of the following:

- Inspecting a residence for compliance with or enforcement of an ordinance that is not a zoning ordinance, that is for the protection of public health and safety, and that does not have the effect of prohibiting short-term rentals.
- Collecting taxes otherwise authorized by law.

However, a local government could limit the number of dwelling units in its jurisdiction that are used for short-term ownership and are owned in whole or in part by the same individual or individuals or legal entity—as long as that limit is not less than two units.

A local government also could limit the total number of dwelling units used for short-term rental in its jurisdiction—as long as that limit is not less than 30% of the number of existing residential units and as long as it applies without regard to the location of the dwelling units.

Finally, the bill would provide that a county, township, city, or village that, as of July 11, 2019, had zoning ordinance provisions that regulate the rental of dwellings by overlay district without distinction between short-term rental and rental for longer terms, and that, as of July 11, 2019, had a rental overlay district or districts that were initiated by petition, could continue to enforce those zoning ordinance provisions as they existed on July 11, 2019. The local government could revise existing overlay district boundaries or create new overlay districts, but only under the terms of the zoning ordinance provisions as they existed on July 11, 2019.

The bill would take effect 90 days after its enactment.

Proposed MCL 125.3206b

FISCAL IMPACT:

House Bill 4722 would have an indeterminate, but likely negligible, fiscal impact on local unit of government regulatory costs associated with short-term rentals. Local units of government regulating short-term rentals through a zoning ordinance presumably either prohibit them or charge a permit or licensing fee to cover the costs of regulation. Unless a local unit of government was levying permit or licensing fees in excess of actual regulatory costs, there would be no net fiscal impact for local unit of government regulatory costs.

Other fiscal implications directly related to short-term rentals would be difficult to quantify because the number of local units that would restrict short-term rentals in the future is unknown and the interplay and magnitude of each component would vary by local unit. These areas with fiscal implications include sales and use taxes, income taxes, lodging taxes, real estate prices, and property taxes. Net fiscal impacts could vary widely by local unit.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.