Networks Northwest

• 10-County agency service area
  • Talent – job seekers
  • Business – growth and development
  • Community – local government goals

• Community Development Department
  • Master Plans/Recreation Plans
  • Transportation Planning
  • Planning and Zoning Services
  • Educational Workshops
  • Emerging Issues
Short-term rental definition

- The commercial use of renting a dwelling unit for a period of time less than thirty consecutive calendar days.

Dates: 01/01/2017 - 01/05/2017 (4 night(s))
Total cost: $500.00
Short-term rentals are everywhere

• They are everywhere
• They are not new
• They are not a trend
• They are not going away

• $100 billion global market
• $78 million in Michigan (2018)
Business model has changed

- Sharing economy has changed how transactions occur
  - No longer have to know someone who knows someone who has a cottage…
  - Within seconds hosts and vacationers find each other
- The past consisted of scattered rentals along a lakeshore
- Reality is that they are everywhere
  - Inland neighborhoods and out in the rural regions
  - In tents, trailers, boats, etc.

FARMERS and LANDOWNERS WANTED

Interested in property with:
- 5+ acres
- 10-30 minutes from Traverse City or Suttons Bay
- Wooded areas
- Easily accessed
- BONUS: hills and views

Opportunity for extra income $$$
More than 30 listing platforms
<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th># Short Term Rentals</th>
<th># Seasonal Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Michigan</strong></td>
<td>9,909,600</td>
<td>24,869</td>
<td>293,630</td>
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<tr>
<td><strong>10-County Region</strong></td>
<td>302,004</td>
<td>6,235</td>
<td>45,945</td>
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</table>

- **Michigan**: 3% of state population, 25% of state short term rentals, 15% of state seasonal housing units.

2016 American Community Survey, 2018 Host Compliance
Six of the 10 counties in this region are in the top 20 counties with the most listings:

- Leelanau #2
- Charlevoix #4
- Grand Traverse #8
- Emmet #11
- Antrim #13
- Benzie #16
Regional Breakdown

Percentage of the region’s STRs

- Antrim: 9
- Benzie: 6
- Charlevoix: 21
- Emmet: 11
- Grand Traverse: 15
- Kalkaska: 2
- Leelanau: 30
- Manistee: 4
- Missaukee: 1
- Wexford: 1
Leelanau County Numbers

• Over 1,898 separate short-term rental listings as of May 2016
• The actual number changes constantly; Host Compliance reports that the listings grew 39% from 2018 to 2019
• Approximately 30 hotel/motel/inns in the county, although most are under 10 rooms
• Hard to count B&Bs separately, as they list rooms on same sharing STR platforms
A growing industry

- In Michigan the number of short-term rental listings has grown 233% in just two years!
- 84% of the listings are for the entire home
A growing industry

- In 2018, Investors purchased 11% of the US homes sold
- That level of investment is almost twice the pre-recession investment levels
Investment breakdown

• 63% of investors bought detached single-family homes
  – median square footage was 1,500 sf
• 45% bought their investment property to generate income through renting the property
  – as opposed to flipping or price appreciation
• 42% of investors paid in cash
• 24% rented the as a short-term rental (2017)
• Increased to 32% in 2018

  • All figures from National Association of Realtors
To regulate or not...

• Know why you are choosing to regulate
  • Impacts on neighborhood/community
  • Noise, parking, other nuisances
  • Preserve year-round housing
• Understand the marketplace
• Enforcement considerations
There are many viewpoints

- Property owner
- Neighbors
- Realtors
- Local government
- State Government
- Courts
- Chambers of Commerce
- Area B&B, Motels, Hotels
## Comments - Pro and Con

<table>
<thead>
<tr>
<th><strong>Against</strong></th>
<th><strong>For</strong></th>
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</thead>
<tbody>
<tr>
<td>• Hotel next door</td>
<td>• They’ve always been here</td>
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<tr>
<td>• ↓ Property values</td>
<td>• Market will take care of it</td>
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<tr>
<td>• Noise / late hours</td>
<td>• Core property right</td>
</tr>
<tr>
<td>• Trespassing</td>
<td>• ↑ Property values</td>
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<tr>
<td>• Community character</td>
<td>• Protect my investment</td>
</tr>
<tr>
<td>• ↓ Housing availability</td>
<td>• Plan to retire here</td>
</tr>
<tr>
<td>• Safety concerns</td>
<td>• Economy depends on it</td>
</tr>
<tr>
<td>• Unfair competition</td>
<td>• ↑ Tax revenue</td>
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</tbody>
</table>
Industry viewpoints

• National Association of Realtors:
  • The right to rent is a core property right
  • Regulations should apply to every residence equally

• Insurance companies
  • Any rental operation (long or short term) is a business, therefore it requires special insurance
  • Homeowners insurance does not cover actions/claims of the renters
Court Cases

Various Michigan Court of Appeals cases have upheld restrictions on short-term rentals.

*Concerned Property Owners v Charter Township of Garfield*
- Ruled in favor of the Township on the basis that short-term rentals were not permitted under the old ordinance.

*Susan Reaume v. Township Of Spring Lake*
- Clarified that “single-family dwelling” excludes transient or temporary rental occupation in zoning.
State Legislation

• HB 4046 lacks support to move past the committee stage
  – Allows for STRs in all residential districts in the state
  – Very little ability of local entities to add any regulations

• Package of new bills has been submitted:
  – HB 4554 – Department of Licensing and Regulatory Affairs would oversee STRs and create a database
  – HB 4563 – would allow local communities to:
    • Require/issue permits
    • Cap the number of STRs in the community
    • Allow for inspection programs
    • Allow for some regulations such as safety, noise, etc.
  – Eight other bills dealing with taxes and where the money goes
State Legislation

• The package of proposed bills:
  – Consistency between traditional lodging facilities and STRs
  – Maintains local control and allows municipalities flexibility
  – Ensures STRs collect local assessments that fund marketing and promotion activities
  – Creates a STR database
  – Only applies to properties that are rented out for 15 days or more during a calendar year
Community Perspective

• There are many invested viewpoints
• Every community has varying issues
• Each community needs to determine if it wants or needs regulation
• There are many approaches to the idea of regulation
## Different community responses

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Not Allowed</th>
<th>Allowed</th>
<th>Allowed in Some Districts</th>
<th>Registration Only</th>
<th>Permit/License Required</th>
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Remain balanced

- Consider all interested parties
- Don’t let one side set the agenda, even if they speak louder
- Do what is right for community
- Regulate fairly
Determine Priorities first

- Understand why you want to regulate
- What is important to the community?
  - Neighborhood character
  - Quality of life
  - Housing pressures
  - Nuisance issues
  - Safety
  - Regulatory consistency
  - Other?
Get public input

- Listen
- Let people express their opinion
  - Let them rant if they need
- Don’t verify or refute
- Look for underlying patterns
- Address the root cause
- Discuss *before* it is a hot issue

LISTEN TO ME!
STRs are difficult to regulate

- Make sure standards are enforceable
- Only adopt what you can and will enforce
- The more complex the ordinance the more difficult enforcement will be
- Consider time limits of staff
Some ordinance considerations

- Type of structure
- How many per parcel
- How many per applicant
- How many nights/year
- Local contact person
- Notify the neighbors
- Maximum occupancy number
- Septic system inspection
Some ordinance considerations

- Parking
- Fireworks
- Noise
- Campfires
- Trash
- Watercraft
- Other?
Recap

- Short term rentals are everywhere
- They are here to stay
- Everyone is invested and has an opinion
- Decide what is important to your community
- Take action?
Questions

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