



October 2, 2017

Chairwoman Holly Hughes
House Tourism and Outdoor Recreation Committee
Street Address
City, State Zip



michigan municipal league

Dear Chairwoman Hughes,

We are deeply troubled over the many ways that House Bill 4503 and Senate Bill 329 could undermine communities, fail to ensure that rental properties are safe, and create unfair competition by encouraging the unregulated growth of vacation rentals in residential neighborhoods. These measures would tie the hands of local leaders and residents who want to have a say in where the growing number of short-term rentals belong in their communities, forcing them to live with a one-size-fits-all solution out of Lansing. **That's why we are writing in opposition to House Bill 4503 and Senate Bill 329.**



This legislation puts in place a preemption upsetting the delicate balance between a healthy tourism economy, property rights and an established, transparent process for zoning that is open to the public. These measures would eliminate local oversight that is so important to protecting the health and safety of short-term renters, as well as preserving neighborhoods.



Residential zoning exists to preserve the character of neighborhoods and protect property values for every home. This legislation preempts that process and silences the voices of residents and locally elected leaders by allowing commercial activity in residential areas.



With short-term rentals housing far more than the average residential home, both bills add to the burden on local sewer, water, trash pick-up, parking, law enforcement and emergency services — with zero support to communities for those costs. Worse, by burdening services already spread thin by shrinking revenues, this legislation potentially delays and/or deprives taxpaying residents access to these services.



House Bill 4503 and Senate Bill 329 will negatively impact the quality of life in neighborhoods by eroding the social and physical fabric that can make a particular neighborhood such a great place to live. An oversaturation of short-term rentals can drive out families and contribute to declining school enrollment, harming schools and making neighborhoods less attractive.



These short-term rentals also are unfair to existing lodging and businesses statewide who contribute so much to Michigan's tourism economy. Short-term rentals don't pay the hotel and motel taxes or undergo health and safety inspections that licensed business owners do, giving short-term rental owners an unfair leg up and depriving local tourism campaigns of revenue needed to promote their regions. By allowing unregulated short-term rentals to dodge tax and public safety requirements, these bills place renters at risk and undercut existing hospitality businesses, taking away jobs and causing hotel and motel tax revenue to drop.



In addition, this unregulated activity increases housing costs while making affordable housing less available to those who need it. This can be especially problematic in areas where affordable housing already is hard to find in Michigan's many shoreline communities where outside buyers can push up housing prices to the point where local workers can't afford them.

The addition of home-sharing rentals, where the owner is present during the guest's stay, can be a positive addition for a community if appropriately regulated by the local governing unit. But these bills would allow unlimited whole-unit rentals as well. A national study found that only about 20 percent of Airbnb rentals involve home sharing, while the rest are whole-unit rentals where the owner isn't present. If these bills pass, any landlord could simply adjust the terms of a lease agreement to qualify as a short-term rental, including for weekends only, week by week, or any number of periods of time up to 28 days, with no local oversight or regulation. Any short-term rental property, in any neighborhood, running a series of 28-day leases would not be subject to local ordinances.

We support local control. Local governments and the residents who live and work in those communities are best suited to determine where short-term rentals work, and under what terms. A one-size-fits-all Lansing solution is not the way to protect our communities or to allow this new form of lodging to play a role in the state's economy.

Sincerely,

Deanna Richeson
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Dan Gilmartin
Executive Director & CEO
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Nancy Finegood
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