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House Bill 4503, Senate Bill 329 Threaten Public Safety and Existing Michigan Hotels, Undermine Communities

Short-term rentals welcome, but need to follow community guidelines

LANSING, Mich. — A coalition of homeowners, local officials and tourism leaders from all corners of the state today voiced deep concerns about two bills that would give short-term rental units unfair advantages over existing Michigan hotels and other lodging businesses while threatening public safety and denying local leaders and residents a say in where the growing number of short-term rentals belong in their communities.

Coalition members said House Bill 4503 and Senate Bill 329 would undermine communities, fail to ensure that rental properties are safe, and create unfair competition and an uneven playing field by encouraging the unregulated growth of vacation rentals in residential neighborhoods. Both bills place additional burdens on local sewer, water, trash pick-up, parking, law enforcement and emergency services — with zero support to communities for those costs. Coalition members say this one-size-fits-all “solution” being imposed out of Lansing isn’t the right way to go.

“We’re not opposed to short-term rentals that meet standards and requirements set by local governments,” said Deanna Richeson, Michigan Lodging & Tourism Association president and CEO. “But allowing unregulated short-term rentals to dodge tax and public safety requirements places renters at risk and undercuts existing hospitality businesses, taking away jobs and causing hotel and motel tax revenue to drop. We just want a level playing field.”

Short-term rentals under businesses such as Home Away and Airbnb can disrupt neighborhoods and communities if the rights of existing homeowners aren’t honored as well, according to the coalition. An oversaturation of short-term rentals can drive out families and contribute to declining school enrollment, harming schools and making neighborhoods less attractive.

Suzanne Schulz, City of Grand Rapids planning manager and managing director of design, development and community engagement for the city, said the unrestrained growth of short-term rentals can push up housing costs, making affordable housing less available to those who need it.

“This is a growing issue in areas where affordable housing already is hard to find,” she said. “We want our neighborhoods to have enough housing for families whose children attend our schools, for residents who need to live close to their jobs in the city and for people who take an interest every day in making Grand Rapids a better place. We welcome short-term renters, but their needs shouldn’t supersede those of the people who want to live and work here.”

Lucy Welch said her quiet neighborhood of lakefront homes along the edge of Spring Lake in Ottawa County has been disrupted for three years by the short-term rental next door. She and her neighbors banded together to work with Spring Lake Township officials and get an ordinance passed last December requiring certain standards for



short-term rentals.

“This is a commercial use of property. The resident doesn’t live there — ever,” Welch said. “It’s like living next to a state park by day and a fraternity house by night. This is not what the families in our neighborhood want. Now that we finally have an ordinance in place to control the situation, we don’t want Lansing telling us we don’t have a say.”

Spring Lake Township Supervisor John Nash said the Township Board studied the short-term rental issue for eight months, speaking with hundreds of residents who attended hearings and public meetings, before putting in place some commonsense rules for short-term rentals in residential areas. Nash noted that residential zoning exists to preserve the character of neighborhoods and protect property values for every home.

“Every community is different, and lawmakers in Lansing shouldn’t be taking away our ability to set standards based on public hearings and what we’re hearing from residents,” Nash said. “Local governments and the residents who live and work in those communities are the ones best suited to determine where short-term rentals work, and under what terms. We need to keep that local control.”

Pauline Smith of Oakland County’s White Lake Charter Township has lived in her Oakland County lakeside home since she was 5 years old. But her quiet neighborhood changed when the owner of a house two homes away began renting it out as a short-term rental. The three-bedroom home is advertised as being able to sleep 17 people, even though it’s connected to a septic system and has very little onsite parking. Residents often have to ask renters to move the cars they’ve haphazardly parked on the street.

“This is not the way a home in a residential area should be allowed to be used,” Smith said. “Renting out a room in a home where the owner lives most of the time is one thing. But with no owner oversight, these rentals often are just party houses for anyone who wants to rent them.”

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 House Bill 4503 and Senate Bill 329 pass, any short-term rental property, in any Michigan neighborhood, running a series of 28-day leases would not be subject to local zoning ordinances.

Dearborn Inn General Manager Bob Pierce said that the two bills would give short-term rentals an unfair leg up over existing Michigan hotels, motels and bed-and-breakfasts that employ thousands of people throughout the state.

“Short-term rentals don’t pay the hotel and motel taxes or undergo health and safety inspections that licensed business owners do. That deprives local tourism campaigns of revenue needed to promote their regions,” Pierce said. “Even worse, these two bills would allow short-term rentals to dodge public safety requirements, putting their renters at risk. As more short-term rentals expand in Michigan, it’s only fair that local communities have a say in how and where they operate.”

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