

Compare Two Approaches to Short-Term Rental Legislation

Michigan lawmakers are being asked to choose between two very different approaches to how the state addresses the rise in short-term vacation rentals (STRs).

Our coalition of nearly 20 organizations are calling for a “Good Neighbor Policy” that balances the needs of local communities to regulate commercial activity in residential neighborhoods with the rights of homeowners to rent their properties on a short-term basis. Others are seeking a one-sided law that will worsen the housing crisis and puts the profits of out-of-state investors over the rights of longtime Michigan residents.

Here’s how the two policies differ:

Approach to STRs

Who benefits?

Allows local STR bans?

Allows STR regulation based on local needs?

Recognizes the difference between a commercial STR property and a family vacation home?

Impact on Michigan’s housing crisis?

House Bill 4722 (H-11 Passed by the House)

Puts out-of-state investors first.

No.

No. Forces every community to have the same one-size-fits-all policy. Only allows regulation of nuisances.

No. Allows for uncontrolled spread of investor-owned STRs operating as “mini-hotels” in residential neighborhoods.

Negative. By allowing 1 in every 3 homes to be used as a commercial STR, this bill will remove more single-family homes from the market, which increases housing costs for long-term residents and forces people to drive longer distances for work and services.

Coalition Approach (HB 5465 and 5466)

Balances needs of permanent residents and people who rent their properties as STRs.

No.

Yes. Municipalities cannot prohibit STRs, but can regulate based on the housing needs of their community.

Yes. Gives every property owner the ability to short-term rent, but also distinguishes between a residential use and a commercial operation.

Positive. Gives communities tools to balance STR and long-term housing needs.

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Approach to STRs

How to deal with nuisance property?

Statewide STR Registration?

Impact on Michigan's lodging industry?

Includes public safety requirements?

House Bill 4722 (H-11 Passed by the House)

Reactive. Allows for recourse only after a nuisance has occurred, if "caught in the act."

No. Unscrupulous STR owners will be allowed to hide their identities.

Negative. Allows 1 in 3 homes to be a commercial STR and unfairly compete with the lodging industry.

None. Even investor-owned STRs operating as "mini hotels" are not required to install basic safety equipment.

Coalition Proposal (HB 5465 and 5466)

Proactive. Allows for reasonable local regulation to protect quality of life and mitigate nuisances from happening.

Yes. Establishes a statewide registry for STR platforms, which is necessary for regulatory enforcement.

Positive. Creates a more equal playing field with the lodging industry.

Yes. Requires STRs to have basic safety standards like smoke detectors and fire extinguishers.

Short-term rentals are a vital part of Michigan's tourism economy. Lawmakers are urged to support a comprehensive policy that balances the rights of STR owners with those of long-term residents and the unique needs of local communities!

A recent TargetPoint Consulting survey of 400 Michigan voters found that:

- 89 percent of voters are concerned that taking away local control of short-term rentals would result in increased housing costs, more crime and fewer homes for residents
- 79 percent of voters say the local city, township or county government should set rules and regulations
- 74 percent of voters say local communities should be allowed to set their own rules because each is different and may want different things

Coalition Members:

Community Economic Development Association of Michigan • Conference of Western Wayne • Housing North • Michigan Association of Chiefs of Police • Michigan Association of Fire Chiefs • Michigan Association of Planning • Michigan Bed & Breakfast Association • Michigan Historic Preservation Network • Michigan Lakes & Streams Association • Michigan Municipal League • Michigan Poverty Law Program • Michigan Restaurant and Lodging Association • Michigan Townships Association • Saginaw County Chamber of Commerce • Southeast Michigan Council of Governments • Superior Lakes Investments