



**SHORT TERM RENTALS**

# 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.

January 2017						
SU	MO	TU	WE	TH	FR	SA
1 \$ 100	2 \$ 100	3 \$ 100	4 \$ 100	5 \$ 100	6 \$ 100	7 \$ 100
8 \$ 100	9	10	11	12 \$ 100	13 \$ 100	14 \$ 100
15 \$ 100	16 \$ 100	17 \$ 100	18 \$ 100	19 \$ 100	20	21
22	23	24	25	26 \$ 100	27 \$ 100	28 \$ 100
29 \$ 100	30 \$ 100	31 \$ 100				

 - Available  - Booked  - Pending

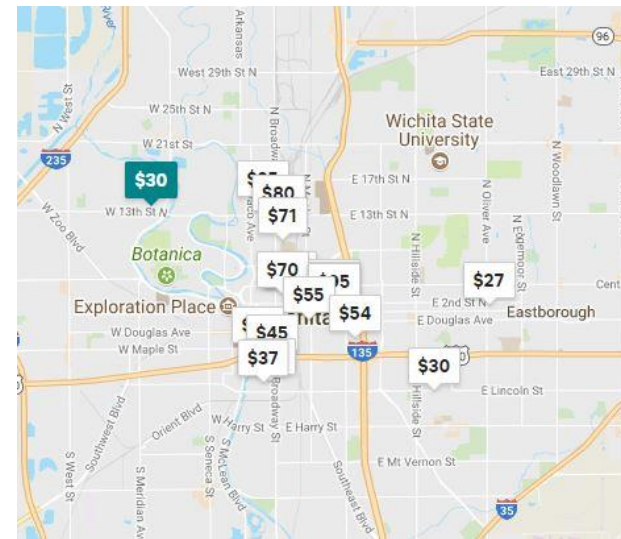
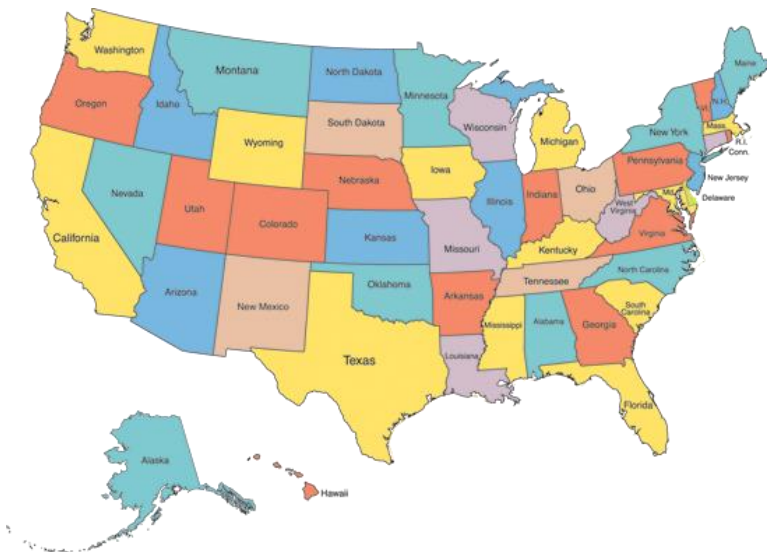
Dates: **01/01/2017 - 01/05/2017** (4 - night(s))

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**



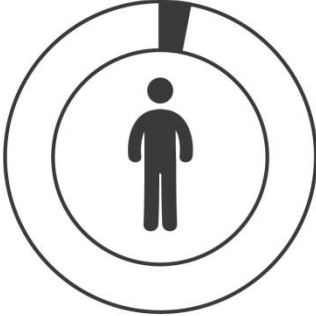


### **Interested in property with:**

- 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

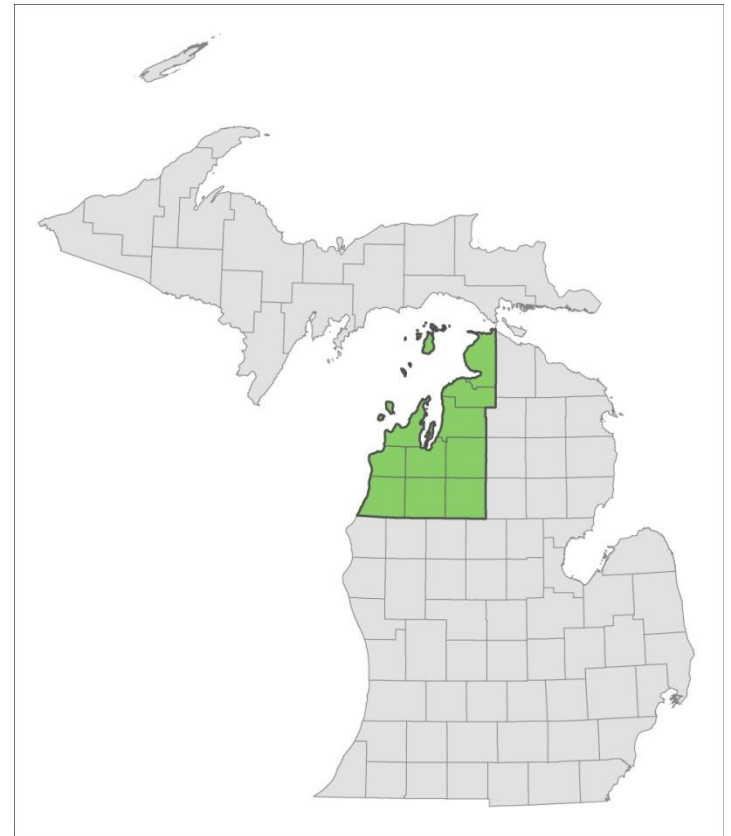


 <b>MICHIGAN</b>	<b>POPULATION</b>	<b># SHORT TERM RENTALS</b>	<b># SEASONAL HOUSING UNITS</b>
 <b>10 - COUNTY REGION</b>	<p>9,909,600</p> <p>302,004</p>  <p><b>3% OF STATE</b></p>	<p>24,869</p> <p>6,235</p>  <p><b>25% OF STATE</b></p>	<p>293,630</p> <p>45,945</p>  <p><b>15% OF STATE</b></p>

# Our region

Six of the 10 counties in this region are in the top 20 counties with the most listings:

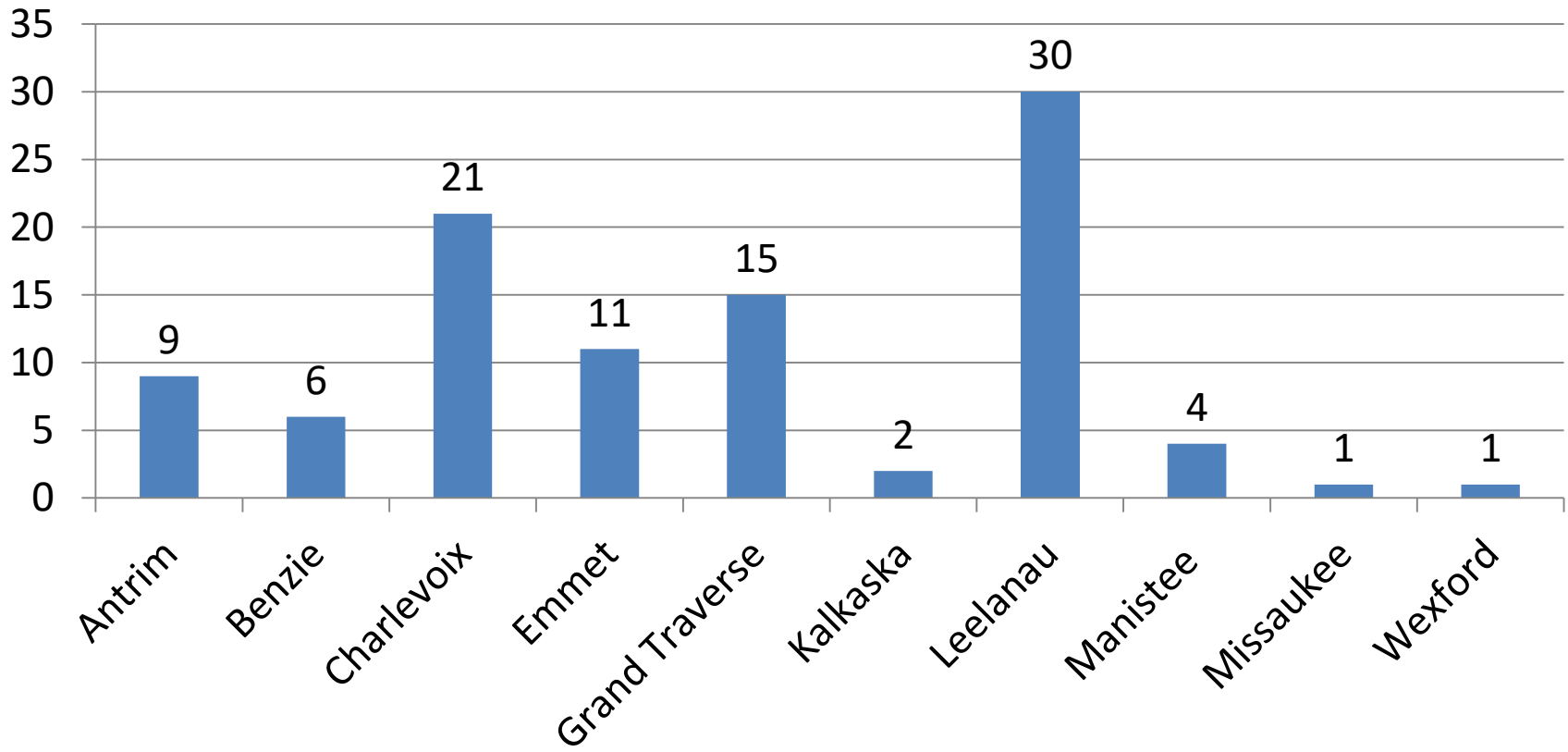
- Leelanau #2
- Charlevoix #4
- Grand Traverse #8
- Emmet #11
- Antrim #13
- Benzie #16





# Regional Breakdown

Percentage of the region's STRs



# 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

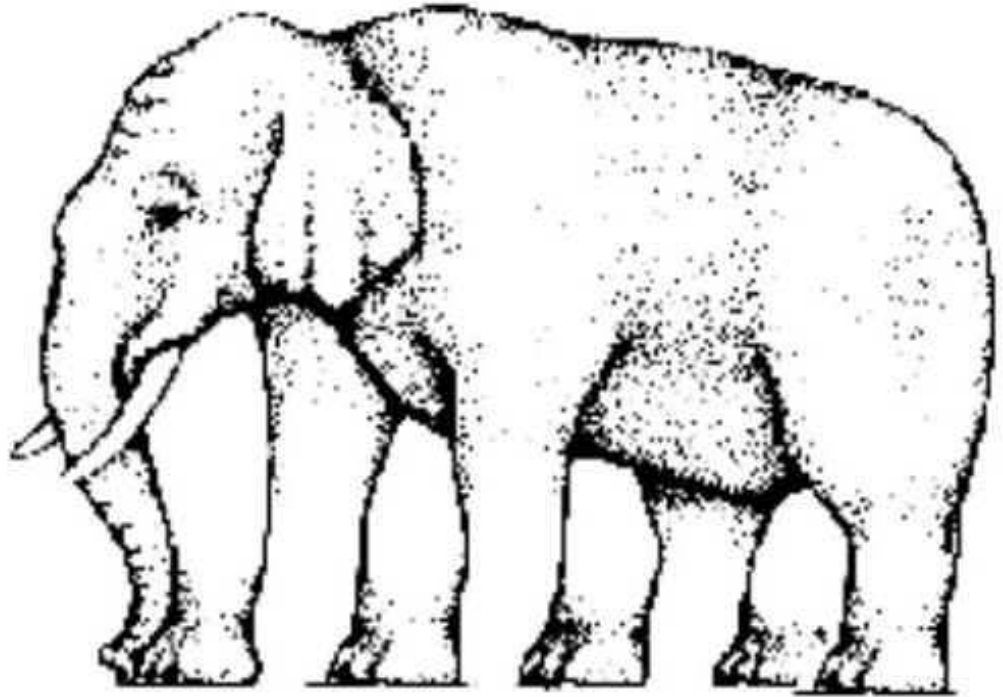
# To regulate or not...

- 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

## Against

- Hotel next door
- ↓ Property values
- Noise / late hours
- Trespassing
- Community character
- ↓ Housing availability
- Safety concerns
- Unfair competition

## For

- They've always been here
- Market will take care of it
- Core property right
- ↑ Property values
- Protect my investment
- Plan to retire here
- Economy depends on it
- ↑ Tax revenue



# 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

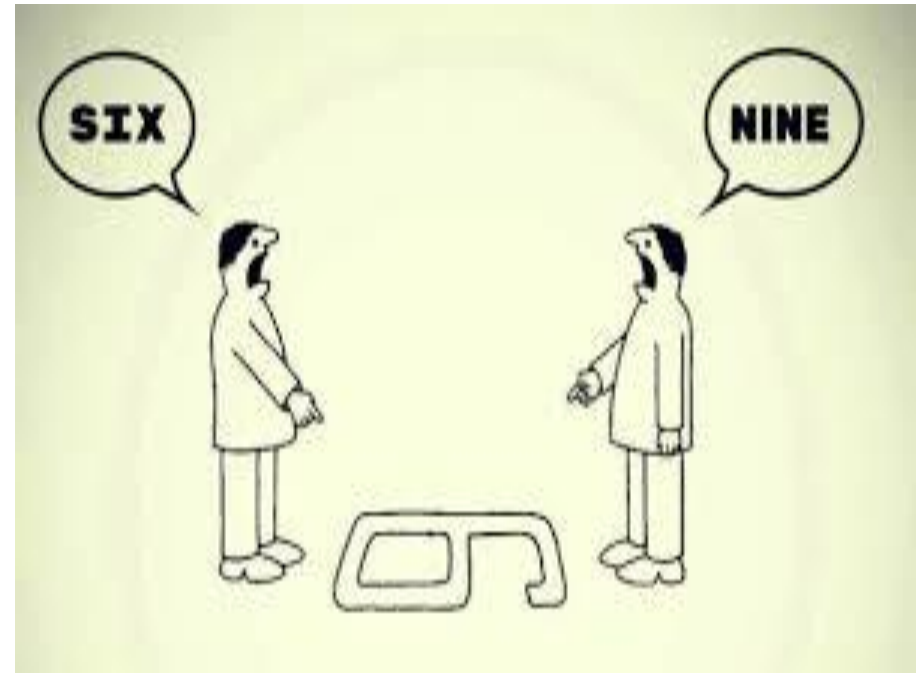
- HB 4046 lacks support to move past the committee stage
  - Allows for STRs in all residential districts in the state
  - Very little ability of local entities to add any regulations
- Package of new bills has been submitted:
  - HB 4554 – Department of Licensing and Regulatory Affairs would oversee 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

Municipality	Not Allowed	Allowed	Allowed in Some Districts	Registration Only	Permit /License Required
Acme Township		X			X
Bingham Township		X			
Cadillac		X			X
Charlevoix		X		X	
Elk Rapids - Village			X		
Frankfort			X		
Harbor Springs		X			Special Land Use
Garfield Township			X		
Hayes Township			X		X
Long Lake Township				X-in discussion	
Milton Township		X		X	
Peninsula Township	X				
Suttons Bay Township		X			X
Suttons Bay -Village		X	X		X
Torch Lake Township	X				
Traverse City	X				

# 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



# 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 you community
- Take action?



# Questions

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[networksnorthwest.org/community](http://networksnorthwest.org/community)