

## COMMON QUESTIONS/ANSWERS

### **1. What does this legislative approach do?**

- It establishes a meaningful definition for short-term rental as a residential use and protects short-term rentals from a ban through zoning. Under the proposal, "short-term rental" means the rental of a single-family residence, a dwelling unit in a 1-to-4-family house, or any unit or group of units in a condominium, for terms of not more than 30 consecutive days.
- The proposal would also clearly delineate the tools that local governments still have in place under zoning law. In our discussions with legislators, local officials, and associations representing local governments over the last two sessions, we have worked to compile a list of the types of regulations that can and should address the real and practical issues that may be raised by short and long-term rentals. Local governments may provide regulation based on:
  - Noise, advertising, traffic or other conditions, for the prevention of nuisances;
  - The number of persons that may occupy a dwelling;
  - Inspections and inspection fees;
  - Taxes otherwise permitted by law.

### **2. If this proposal is adopted to prohibit zoning bans, what else can locals do to regulate short-term rentals?**

There are many tools that locals can employ outside of zoning to regulate short-term rentals for the health and safety of the renters and the peace of mind for the full-time residents. The following list is not exhaustive. Communities that have embraced short-term rentals have adopted many of the following to serve both proponents and opponents of short-term rentals:

- Fire and life safety codes.
- Housing and property maintenance codes.
- Health and sanitation.
- Solid and hazardous waste and pollution control.
- Registration.
- Liability insurance covering loss or liability for short-term rental use (most rental platforms already provide this for their hosts).
- Designation of an emergency contact [and availability of the owner or an owner agent within a specified distance of the short-term rental dwelling].
- A fee, not to exceed the actual direct expense for administration of licensing, registration, and inspection.
- Proportionate enforcement including suspension or revocation of registration for repeat offenses.

### **3. Would these measures eliminate the local oversight that is so important to protecting the health and safety of short-term renters, as well as preserving neighborhoods?**

The bill does not eliminate local oversight; it eliminates local prohibitions through zoning and clarifies that rentals (short or long-term) are a residential use. Housing codes can and should be enforced, to protect both homeowners and renters. As previously mentioned, there are dozens of other regulations that apply, in and outside of zoning, and can still apply, regardless of whether the home is owned or rented.

- 4. Assertion: [Rental of homes] 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.**

The prevalence of second homes in resort communities and the seasonal population boom have historically had an impact on these communities. Short-term rental arrangements simply don't exist (at least not for long) where there is not a market for this type of lodging. Tourism destinations with many second homes have always been such a market. Additionally, empty homes do not always make the best neighbors and contribute to a loss of businesses and community resources from lack of support.

- 5. Assertion: [Rental of homes is] 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.**

The bill does not prohibit local health and safety regulations and inspections or any form of taxation allowable under the law.

- 6. Assertion: [T]his 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 market for second homes in resort areas has been subject to fluctuation for many years. Vacation rentals are a longstanding tradition in Michigan resort communities, and the real estate cycles reflect the increase and decrease in value based in large measure on the market for second homes. Many buyers of second homes want to know about the climate for rental flexibility when making such a significant investment. If the answer is a patchwork of bans and zoning exclusions, that reality will have a chilling effect on second homes in Michigan without any clear or predictable effect on affordable housing.