

April 30, 2019

To Honorable Members of the House Local Government and Municipal Finance Committee

I am writing to oppose HB 4046, which seeks to eliminate local government's ability to regulate short-term rentals (STRs). Communities across Michigan have been experiencing the impacts of short-term rentals (usually Airbnb and VRBO's) for several years. Short Term Rentals can have a huge and detrimental impact on the quality of life in a neighborhood, and local government should be able to address the issues locally.

Many municipalities, either in response to or in anticipation of the advent of STR's, have enacted regulations to address the impacts of STR's on their communities, in various ways. These attempts should not be undermined; this is a local control issue. Airbnb's and VRBO's are appealing as a less expensive alternative to hotels, and can provide additional commercial accommodations in a community that may not have an adequate supply of commercial lodging opportunities. STR's can also supplement a homeowners income who can rent out a room in their owner occupied home.

However, if allowed to locate unchecked in residential neighborhoods, SRT's can have a deleterious effect on neighbors already living in the area. Residents have purchased homes in residential areas with an expectation of "quiet enjoyment" of their property. Quiet enjoyment is a legal term, and refers to the right to the undisturbed use and enjoyment of real property by a tenant or landowner. Single Family and low density zoning requirements have always prohibited commercial uses that diminish quiet enjoyment. Airbnb's are a commercial use; to suggest otherwise defies common sense. See also related analysis developed by the Michigan Association of Planning (attached here).

Negative impacts and unanticipated consequences associated with completely opening up the short-term rental industry include the following:

1. Eliminating local government's ability to regulate short term rentals undermines local control. Local control has been foundational to governance in Michigan.
2. Quality of life for neighbors near STR's can be deleteriously affected, especially if STR's are concentrated. Increased light, noise, trash, public safety, reduced water pressure and other impacts on residential properties must be considered and prevented.

3. STR's can remove housing units from the market when many communities are facing big challenges with providing enough housing, particularly affordable housing. STR's can drive up the cost of housing for existing residents, and prevent new year-round residents from moving in due to property value increases.

4. In addition, concentrations of airbnb's on single blocks in desirable tourist areas can completely change the environment of a residential neighborhood and replace tax paying, locally employed residents who contribute socially and economically to the community, with transient tourists. STR's can destroy the social and physical fabric of a neighborhood, and detract from the overall desirability of a community's stable neighborhoods.

5. Where rooms are individually rented, or worse 2 to 3 to a room, neighborhood on-street parking is impacted, and this is particularly relevant in denser cities and towns, but impacts our smaller towns too. The noise of slamming car doors late at night, and jovial tourists returning to STR's at all hours also adversely affects quality of life.

6. Property owners should be able to rent out rooms in their homes to supplement income, but when a neighborhood home or apartment complex shifts predominantly or completely to STR, it becomes a commercial enterprise, which if located in a residential area, should be regulated.

7. Building code requirements that apply to multi-family or rental housing are side-stepped, creating health and safety issues.

8. Regulations should be made at the local level, and every municipality is different. Detroit would need a different set of standards than Traverse City or Adrian or Ann Arbor.

9. There is a risk of units effectively being used as illegal hotels. We have State fire, building and safety codes for hotels for good reason, and to at least some degree, they should be applied to STR's as well.

Certainly, a homeowner's act of renting out a room in their owner-occupied home would be within the spirit of a single family zoning use regulation. Renting a second home for seasonal tourism purposes, so long as the owner also spent personal recreational time at the home would also be within the spirit of what is traditionally allowable in a single-family district. But when a commercial interest purchases multiple homes with the explicit purpose of renting them on a short term basis, with an owner-occupant never occupying the structure, it becomes a commercial use and should be regulated as such. I recommend the establishment of a work group to bring

together stakeholders to identify solutions that allow for tourism and economic development while protecting our local communities, schools, and businesses.

Please add my comments and concerns into the official committee record.

Sincerely,

A handwritten signature in black ink that reads "Kami Pothukuchi". The signature is written in a cursive style with a horizontal line underneath the name.

Kami Pothukuchi, Ph.D.

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