



April 30, 2019

To Whom it May Concern:

House Bill 4046, as presented, proposes to restrict any local regulation of short-term rental operations. Under this proposed legislation, such uses of property would effectively be reclassified from commercial land uses to residential land uses and would further be exempt from reasonable and well-considered local land use regulations.

Northwest Michigan is highly seasonal region that is considered statewide to be a prime vacation destination, and would be significantly impacted by any regulations affecting short-term rentals. In fact, 2018 data indicates that the ten counties in Northwest Michigan – Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford – are home to 25% of Michigan's short-term rentals, while making up only 3% of the state's population. Under the proposed legislation, the communities that are so profoundly impacted by short-term rentals would be limited in how they could respond to and plan for those impacts. **For this reason, Housing North opposes SB 329 and respectfully requests that you reject the bill as currently proposed.**

Short-term rentals present an important option for homeowners and vacationers, and can have a positive impact on local economies. At the same time, they come with neighborhood concerns and economic impacts related to community character, commercial lodging activity, workforce housing, and more. The region is experiencing changing demographics and a shrinking labor force, trends that are closely linked to a significant shortage of workforce housing

- Since 2015, there's been a potential demand for 2,250 new rental homes, and 655 for-sale homes, **annually**, through 2019. Development of those homes has been constrained by factors including high land values, which are exacerbated by growing demand for short-term rentals.
- New home costs are higher in the Greater Grand Traverse Area than anywhere in Michigan - with a median new home price of more than \$437,000.
- Businesses increasingly report that difficulties in retaining and recruiting staff are connected to shortages of housing – and that the subsequent lack of workers is impacting their ability to maintain and grow their businesses.
- As school enrollment declines in communities throughout the region, school administrators point to a lack of year-round, workforce housing as a primary factor: families with children can't afford to buy or rent in many of our communities, leaving schools with fewer students.

We are keenly aware that any changes impacting short-term rentals could have significant repercussions on Northwest Michigan's year-round housing stock and workforce housing opportunities. **Between 2000-2016, the region's housing stock grew less than 1%; during that same time period, the number of housing units classified as "seasonal" grew by**

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15%. This trend tells us that year-round housing is being taken off the market for seasonal uses including short-term rentals – leaving us with less year-round housing in a time of urgent demand for more.

The State of Michigan has a strong tradition of Home Rule, and it has long been the responsibility of local units of government to develop regulations that best reflect the character and unique circumstances of their community. In doing so, these local regulations are able to respond to conditions in each community that do not exist statewide and which therefore should not be uniformly regulated by our state legislature.

Our communities must retain their ability to address short-term rentals in ways that's appropriate for each community – which may be markedly different from how they're addressed in communities in Michigan that experiencing different realities in their economies, demographics, or housing markets.

In conclusion, as community partners working with local governments, developers, housing agencies, employers, and other stakeholders to support housing solutions in Northwest Michigan, it is our position that the bill is neither warranted nor appropriate, and that it usurps the tradition of local control upon which our communities have been developed. We strongly urge you to reject it as proposed.

Thank you for your consideration and review of these comments.

Sincerely,



Sarah Lucas
Executive Director, Housing North

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