



City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090-1499
Telephone (269) 637-0700 • Fax (269) 637-5319

April 30, 2019

Hon. James Lower, Chair
House Local Government and Municipal Finance Committee
S-1089 House Office Building
P.O. Box 30014
Lansing, MI 48909

Also by e-mail:
JamesLower@house.mi.gov

Re: HB 4046

Dear Representative Lower:

I am writing to express our serious concerns about and opposition to HB 4046. In doing so, we wish to explain what we have learned as South Haven has worked for several years to develop, adjust, and implement regulations to address the short-term rental of single-family dwellings. Our City Council first began developing these regulations in early 2016, when a number of homeowners expressed concerns about the adverse effects of some short-term rentals in their neighborhoods. But, these same concerns had been under discussion at least since 2009. So, you can see, South Haven's approach was not a quick overreaction to public sentiment, but was instead a carefully considered reaction to changing local conditions.

As further background, the City of South Haven had interpreted its zoning ordinance for a number of decades to allow the owners of single family dwellings to rent their homes to those seeking short-term accommodations for weeks and weekends. Because South Haven is relatively close to Chicago, Kalamazoo, South Bend and other areas, it is an attractive vacation destination for those seeking an escape to a small community with great Lake Michigan beaches, many local parks, great restaurants, charter fishing, wineries and farm markets. The short-term rental of area homes has facilitated the community's robust summer tourism.

However, a number of more recent phenomena resulted in heightened concern of local citizens and local officials. A growing number of people have acquired local homes as vacation homes or homes they plan to live in when they retire. They rent their vacation and retirement homes during the weeks and weekends when they are not personally using them. In addition, others have acquired several homes only to rent them as a business. In some cases, we have seen homes being expanded and remodeled or even originally constructed only for short-term rental. Those homes are not well-suited for normal family occupation because they include an overabundance of sleeping areas, game rooms, theaters, and other resort-type amenities. Some homes have been advertised for occupancy by over 30 persons. Such occupancy is out of character

with other homes in the neighborhood, especially when it occurs every week throughout the tourism season. The ability to advertise via the Internet on such sites as VRBO has made the vacation rental businesses even more attractive.

Some results of the more recent developments were homes being over-built for the neighborhood, a significant increase in home values so that many who work in our community cannot afford to live here, some neighborhoods that are nearly unoccupied during the off-season, and increased overnight parking on local streets. Our local school district also noticed less demand for neighborhood schools as those with school age children can no longer afford to live near them and the homes they would have occupied are now vacant during the school year. Even more people are led to sell their homes to escape the eerie silence of nearly vacant neighborhoods during the off-season.

South Haven is not the only community to be challenged by the significant growth of short-term rentals. We reached out to a number of other communities who were also addressing this issue. We learned that each community viewed the challenges differently and chose to address them in differing manners. In other words, there was a need to tailor the response to the community's needs and desires.

Some communities are not interested in promoting tourism. They may choose to discourage or even prohibit short-term rentals. Other communities may wish to encourage short-term rentals in part of the community while preserving other areas of the community for year-round residents. Some may wholly embrace short-term rentals as a way to promote economic growth and development, therefore eschewing regulation. Others are concerned about over-saturation and resulting residential dislocation to the point they are seeking to limit the numbers of short-term rental homes.

We also found there are many competing interests within the community. Many retailers praise the business they derive from tourists and encourage anything that can be done to accommodate more tourists. Conversely, lodging industry proponents express dismay that short-term rentals compete unfairly with hotels, motels, and B&B's because they do not comply with the same building code and other regulations and also do not pay the lodging special assessments. Some have argued that the community's character that is attractive to residents and tourists alike will be entirely lost if short-term rentals continue to displace long-term occupants.

South Haven leaders have considered many dozens of hours of comments during Planning Commission and City Council meetings over the last several years, considered hundreds of pages of written communications, reviewed numerous drafts, and consulted with attorneys, planners, realtors, property managers, and others, to approve ordinance amendments tailored for our community. South Haven adopted ordinance amendments to limit the number of occupants in short-term rental homes, to limit renovation or construction that creates mini-resorts, to enhance the safety of occupants of short-term rentals, to protect the investments of those who already own homes they rent on a short-term basis, to address parking concerns, to prevent the over-saturation of short-term rentals in the future, and to ensure citizens there are avenues to address any adverse effects that may arise during the tourist season (that are not necessarily or even usually associated with short-term rentals).

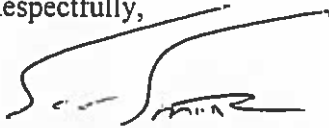
Perhaps the most significant feature of the City's ordinance is that it provides different regulations for dwellings that are used predominately or exclusively for short-term rentals (referred

to as "business STRs"), as compared to owner-occupied dwellings that are rented only a few times per year ("personal STRs"). The City's ordinance guarantees every homeowner's right to operate a personal STR, and it imposes very minimal regulations on that activity. Business STRs are subject to heightened regulations designed to prevent over-saturation, parking shortages, and adverse effects on neighbors. In particular, the ordinance provides a saturation cap that will prevent the issuance of new business STR permits once the ratio of homes used for business STRs versus homes used for any other purpose is 1-to-4. This has not yet occurred, but could easily occur in the future if current trends continue.

I am very concerned that HB 4046 would eliminate the 1-to-4 saturation cap and cause our neighborhoods to be overtaken by summer-only businesses. This would result in our community becoming less and less attractive to full-time residents and would undermine our extensive efforts to promote job creation, economic development, and a vibrant sense of community.

In our view, there is no one approach to this issue that is appropriate in every community. Moreover, the needs of a given community may change over time. The Legislature should therefore defer to local leaders to listen to their citizens, business owners and other constituents and to develop an approach to short-term rentals that corresponds with local needs.

Respectfully,



Scott Smith
Mayor
City of South Haven

CC: Steve Marino
Kathy Crawford
Julie Calley
Gary Howell
Gary Eisen
Luke Meerman
Brad Paquette
Jim Ellison
William Sowerby
Alex Garza
Kara Hope
Padma Kuppa
Angie Lake
Representative Beth Griffin
Senator Aric Nesbitt

