

## Short-Term Rentals, Long-Term Consequences

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You likely have been hearing quite a bit recently about short-term rentals in Michigan. What is a short-term rental and why does it matter?

There is no specific legal definition of a short-term rental. However, for purposes of the controversy raging regarding short-term rentals throughout Michigan, a short-term rental (“STR”) is typically an otherwise single-family dwelling, cottage, cabin or condominium unit that is rented to someone other than the owner of the dwelling. In most cases, an STR involves only one family or couple renting a dwelling unit at one time. Such rentals can be for such disparate time periods as 30 days, two weeks, one week, a long four-day weekend or even two days. The shorter the rental time period, the more objectionable is the STR to many neighbors and other property owners in the community. Long-term rentals of a dwelling to a single family or couple (for example, a year or longer) are normally not objectionable.

Why do so many neighbors and community members often object to an STR? Typically, there are multiple reasons. First, the rental of a single-family dwelling to a family or couple for relatively short periods of time tends to have a commercial “feel” to such rentals. Long-term rentals to

Interestingly enough, until fairly recently, there were few municipal ordinances in Michigan that either regulated or prohibited STRs. Given the increase in the number of dwellings that are being leased for STRs and the rising controversy, an increasing number of municipalities have recently begun adopting STR ordinance provisions. While some municipalities prohibit STRs altogether or put a “cap” on the number allowed in certain areas, most municipalities have chosen to simply regulate STRs by means of registration, general rules and regulations and building or health codes. Typically, where a municipal zoning ordinance does not expressly address STRs, they are considered lawful single-family residential uses, so long as a dwelling is rented to only one family or couple at a time.

Given the increasing controversy regarding STRs, some rental and real estate groups have become alarmed at efforts by local municipalities to regulate or even ban STRs. Hence, legislation has been introduced in the Michigan Legislature to prohibit local municipalities from prohibiting or even significantly regulating STRs. As of the date that this article was written, the two bills involved are SB 329 and HB 4503. If enacted into law, such legislation would “preempt” or preclude local municipal prohibition and even significant regulation of STRs.

Unfortunately, preemption by legislation (i.e., taking away local zoning and ordinance controls over certain matters) is on the increase. Special interest groups have been able to enact legislation in Michigan that severely limits, and in some cases actually prevents, the ability of local governments (i.e., cities, townships, villages and counties) to regulate uses such as mining, intensive farm livestock operations, landfills, foster care group homes, neighborhood daycare operations, oil and gas wells and pipelines and commercial water withdrawals for bottling. Such loss of local control should alarm all property owners and taxpayers.

Why should any of this matter to riparian property owners? If legislation taking away local control of STRs is enacted into law, STRs could flourish in many lake neighborhoods. That could have a negative impact upon area property values, traffic, the intensity of use of waterfront dwellings and even noise levels. If you have any concerns about the proposed preemption legislation, you should contact your local Michigan senator or representative. *R.*

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a couple or single family for a particular dwelling tend to have more characteristics of an owner-occupied property. The second objection is what has sometimes been referred to as the “rental car syndrome.” Just as many people tend to treat a rental car with much less caution and care than their own vehicle, that may also be the case with regard to short-term tenants. Finally, there is a general perception that an STR lowers the property values for the neighborhood or community involved.