



**ADA TOWNSHIP PLANNING COMMISSION  
THURSDAY, APRIL 19, 2018 MEETING, 7:00 PM  
TOWNSHIP OFFICES, 7330 THORNAPPLE RIVER DR.  
ADA, MICHIGAN**

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. APPROVAL OF AGENDA**
- IV. ELECTION OF OFFICERS**
- V. APPROVAL OF MINUTES OF MARCH 15, 2018 MEETING**
- VI. PUBLIC HEARINGS - None**
- VII. UNFINISHED BUSINESS - None**
- VIII. NEW BUSINESS - None**
- IX. COMMISSION MEMBER/STAFF REPORTS**
  - 1. Review of Regulations for Short Term Rentals
- X. PUBLIC COMMENT**
- XI. ADJOURNMENT**

**ADA TOWNSHIP PLANNING COMMISSION  
MINUTES OF THE MARCH 15, 2018 MEETING**

**Draft**

A meeting of the Ada Township Planning Commission was held on Thursday, March 15, 2018, 7:00 p.m. at the Ada Township Offices, 7330 Thornapple River Dr., Ada, MI.

**I. CALL TO ORDER**

Meeting was called to order by Commissioner Leisman at 7:00 p.m.

**II. ROLL CALL**

Present: Commissioners Leisman, Carter, Easter, Lunn, Jacobs, Burton

Absent: Butterfield

Staff Present: Planning Director Ferro

**III. APPROVAL OF AGENDA**

Moved by Jacobs, supported by Carter, to approve the agenda as presented. Motion passed unanimously.

**IV. APPROVAL OF MINUTES OF FEBRUARY 15, 2018**

Moved by Lunn, supported by Easter, to approve the February 15, 2018 Meeting minutes. Motion passed unanimously.

**V. PUBLIC HEARING**

**Request for Special Use Permit, Pre-K – 5<sup>th</sup> Grade Private School (St. Robert of Newminster) in the R-3 Zoning District, 6477 Ada Dr. SE, Parcel No. 41-15-33-101-027 Roman Catholic Dioceses of Grand Rapids**

Liz Peters, school Principal, stated the church has been a positive establishment in the community at its current location since 1970. There are 2,600 families registered who live in and around the Ada area. Approximately 20% of the families in Ada are Catholic, yet there's no Catholic school in Ada. In having a high quality Catholic school in Ada, along with the current public and Christian schools, we believe Ada Township will be a more attractive place for families to live. We have had several work sessions to respond to the concerns brought up at the February 15 meeting.

Peter Baldwin, AMDG Architects, stated the concerns last month were mostly around the traffic impact on Ada Drive. He stated the intent is to use Forest Hills bus transportation with 80 to 90 students, and probably two buses at year one, and three buses by year four. In terms of refining the left turn lane and tapers, we have met with the Road Commission and have their support, as well as the traffic consultant for the Township. Both the Road Commission and Progressive recommended that before and after times of school the easterly drive would only be used for ingress and the westerly drive would be used only for egress.

Jim Rabaut, Warner, Norcross, Judd, Counsel for the Diocese of St. Robert's stated we're seeking approval of the special land use as submitted originally on January 18, looking at the site plan submitted on March 13<sup>th</sup>, which includes all the updates and improvements as previously requested. We would like you to consider not requiring improvement to the westerly driveway at this time.

Leisman opened the Public Hearing.

Brittany Crowley, 6869 Adaridge Dr. stated this is a great option for parents and kids so they don't have to go out of Ada to school; also this would add to the attractiveness of the community.

Amy Brice, 769 Maple Hill Court, stated she home-schooled her kids and now they're in Catholic school and would love to have the opportunity to put them in Catholic school closer to home.

Leisman closed the Public Hearing.

Planning Director Jim Ferro stated the main focus has been the traffic operations on Ada Drive with the addition of a school operation on the Parish property. Traffic Engineer Pete LaMourie, Progressive AE, was retained to review and evaluate the traffic impact on behalf of the Township. It was determined a center left turn lane was needed, and LaMourie recommended that improvement be in place and completed prior to opening of the school this fall. LaMourie also recommended widening of the westerly driveway from its current width of 18 feet to 22 feet. Staff has recommended approval subject to four conditions as set forth in the staff report, based on a finding that the specific Special Use Standards that are applicable are satisfied as well as the four standards for approval contained in the Zoning Rules.

Easter asked if they are doing secured entrances or card access.

Baldwin stated yes, and there will be video monitoring.

Moved by Carter, supported by Jacobs, to approve the Special Use Permit and Site Plan, for Pre-K – 5<sup>th</sup> Grade Private School for St. Roberts, based on a finding that the standards for approval contained in the zoning ordinance are met, subject to the following conditions:

1. The special use permit approval authorizes the operation of an elementary school consisting of grades pre-kindergarten through grade 5.
2. A center left turn lane at the eastern campus driveway entry shall be installed, in conformance with Kent County Road Commission design standards and permitting, prior to the start of the fall, 2018 school semester.
3. The width of the western campus driveway entry shall be widened to 22 feet, for a distance of 100 feet from Ada Drive, prior to the start of the fall, 2018 school semester. Appropriate signs, subject to Kent County Road Commission approval, shall be installed at the western driveway access, informing drivers on Ada Drive of the one-way outbound traffic pattern during school drop-off/pickup times, and informing outbound traffic of the eastbound-only and westbound-only traffic movements of the east and west outbound traffic lanes, respectively.
4. Other significant traffic generating activities at the campus shall be scheduled with at least 30 minutes separation time from the beginning and end of the student drop-off/pickup timeframe.
5. As part of the construction of the center left turn lane at the eastern driveway access, a 10-foot separation shall be maintained between the Township's non-motorized trail and the edge of Ada Drive pavement.

Motion passed unanimously.

## **VI. UNFINISHED BUSINESS**

None.

## **VII. NEW BUSINESS**

**Revised Final PUD Plan, to revise conditions of approval by removing the requirement for the construction of sidewalk along the west side of the existing private road (West Abbey Mill Dr.), Clements Mill West condominiums, 431-539 West Abbey Mill Dr. SE, Parcel No.'s 41-15-31-210-001 – 032, West Michigan Development Company for Clements Mill West Condominium HOA**

Planning Director Jim Ferro stated when the Clement Mills West development was approved in 2014 the plan provided for installation of a five foot wide sidewalk through the development from the eastern to the western edge of the property. Conditions of approval required the sidewalk be completed in front of each home as part of the construction of each home before occupancy. When the development was completed we found that a portion of the sidewalk had not been installed. The residents did not wish to see the sidewalk installed. It was pointed out to them that any change in that requirement would need approval by the Planning Commission. The residents are requesting that the requirement that the sidewalk be installed be removed.

Joe Stojak, Secretary of the Clements Mill West condominium association board stated there are no sidewalks along the street in the whole development. He doesn't understand why only five units are affected.

Leisman suggested that rather than modify the approved plan, the Commission consider leaving the sidewalk on the approved plan, and modify the conditions of approval to leave it at the discretion of the residents whether to install a sidewalk in the future.

Easter stated that whatever the cost of the sidewalk was, Eastbrook Builders should have to provide landscaping of equal value to the Association; it shouldn't just be okay that they didn't do it.

Moved by Lunn, supported by Easter, to revise the conditions of approval for the Clements Mill West Final PUD Plan, to provide that the sidewalk shown on the approved plan may be constructed at the time of the homeowners choosing.

Motion passed unanimously.

## **VIII. COMMISSION MEMBER/STAFF REPORTS**

None.

## **IX. PUBLIC COMMENT**

None.

## **X. ADJOURNMENT**

Moved by Jacobs, supported by Carter, to adjourn at 8:04 p.m.

Motion passed unanimously.

Respectfully submitted,

---

Jacqueline Smith  
Ada Township Clerk  
JS/dr



## MEMORANDUM

Date: 03-23-18

**TO:** Ada Township Planning Commission  
**FROM:** Jim Ferro, Planning Director  
**RE:** Revised Draft, Short-Term Rental Regulations

### Overview of Revised Draft Regulations:

Revisions to both of the proposed ordinances relating to use of residential property in the Township for short-term rental use have been prepared, based on input from Planning Commission members and interested private parties at the December, 2017 meeting.

The draft framework for regulating short-term rental of residential property in the Township consists of two ordinances: 1) a regulatory ordinance requiring issuance of a permit for short-term rental units, and 2) a zoning ordinance amendment that requires approval of a special use permit by the Planning Commission for short-term rental units.

### Summary of Regulatory Ordinance:

The regulatory ordinance requires submittal of a permit application to the Township Clerk. The Clerk may approve a permit if the application contains all required information, including written documentation of an inspection by the Fire Department, and subject to the conditions in Section 6 of the Ordinance, which includes requirements for posting of the local agents contact information and prominent posting of the unit street address.

Significant revisions to the draft ordinance include the following:

1. change to the definition of the term "short term rental unit" to include situations where a portion of the dwelling unit is offered for short-term rental while the operator is also occupying the dwelling unit, by deleting the phrase "while the operator does not reside in the unit."
2. revision of the scope of the required Fire Department inspection and certification to include verifying posting of required notices.
3. Change in the maximum occupancy limits from a limit of 6 to a limit based on number of bedrooms in the dwelling unit.
4. revision to provisions concerning grounds for revocation of a permit, to reference specific provisions of Ada Township ordinances. Several of the ordinances referenced address concerns expressed regarding the character or behavior of short-term rental occupants.

### Summary of Zoning Ordinance Standards:

The draft zoning ordinance amendment contains the same definition of “short-term rental unit” proposed in the regulatory ordinance. (The phrase “while the unit’s owner does not reside in the unit” has been deleted from the definition.)

The amendment permits short-term rental units” as a use of land permitted with approval of a special use permit by the Planning Commission, in the following zoning districts:

AGP, RP-1, RP-2, RR, R-1, R-2, R-3 and VR.

(Note that the ordinance text explicitly adds “short-term rental units” to the uses allowed in the AGP, RP-1, RP-2, RR and VR districts. The use thereby becomes indirectly permitted also in the R-1, R-2 and R-3 districts by references in those districts to the uses permitted in the AGP district.)

Significant revisions to the draft zoning ordinance amendment, compared to the December, 2017 draft, include the following:

1. Addition of a definition of the term “bedroom,” which is used in the revised occupancy limits.
2. Deletion of the minimum lot size requirement of 2 acres, replaced by a requirement that the lot area and width must meet the minimum required lot area and width for the zoning district applicable to the property.
3. Deletion of the minimum required 50 foot setback of the residence from any lot line, replaced by a requirement that the building setbacks comply with minimum front, side and rear yard setbacks for the zoning district applicable to the property.
4. Addition of a 60 day limit on the number of days per year that a residence may be used as a short-term rental unit. Written records of short-term rentals must be maintained and provided to the Township on request.
5. Change in maximum occupancy limits from a limit of 6 to a limit based on number of bedrooms.
6. Addition of a limit of 2 on number of vehicles used by short-term rental occupants and their guests that may be parked on the subject property.
7. Revision to the standard pertaining to generation of noise to expand its applicability to use of the dwelling unit as well as outdoor areas.

### Recommendation:

The Commission should consider whether the revised draft ordinances should be scheduled for a Planning Commission public hearing at the April meeting.

## SHORT TERM RENTAL ORDINANCE

### Section 1. Definitions.

As used in this Ordinance,

“Dwelling unit” means a building or portion of a building providing complete, independent living facilities for one or more persons, including permanent provisions for living, eating, cooking, sanitation, and one or more bedrooms. In this definition, “bedroom” means a separate room or space used or intended to be used for sleeping.

“Habitable space” means space in a structure for living, sleeping, eating or cooking. Bathrooms, toilet rooms, closets, halls, storage or utility spaces, and similar areas are not considered habitable spaces. In this definition, “bathroom” means a room containing a sink, and either a water closet or urinal, and either a bathtub or shower; and “toilet room” means a room containing a sink, and either a water closet or urinal, but not a bathtub or shower.

“Occupant” of a space means a person living in, sleeping in, or otherwise having possession of that space.

“Operator” of a space means a person who owns; or has charge, care, or control of, that space, or otherwise has the legal right to rent that space to others.

“Person” means an individual, firm, corporation, association, partnership, limited liability company, or other legal entity.

“Rent” means to give, or offer to give, possession or occupancy of space under a lease, license, or other agreement, whether written or unwritten.

“Short-Term Rental Unit” means all or part of a detached single-family dwelling unit that is either rented to a person for less than 30 consecutive days, or is advertised for that kind of occupancy.

### Section 2. Permit Required.

No person shall own or operate a short-term rental unit in Ada Township without a permit from the Township under this Ordinance.

### Section 3. Application and Fee Requirements.

A person may apply to the Township Clerk for a permit for a short-term rental unit by submitting the following information. The person must consent to a Fire Department inspection to obtain the certificate in item (5) below.

- (1) The name and contact information for the unit’s operator.
- (2) Proof that the applicant is the operator of the unit.
- (3) An application fee, which shall be determined from time to time by resolution of the Township board.

- (4) A certificate of zoning compliance issued by the Zoning Administrator stating that the short-term rental unit complies with the all Township zoning regulations (Chapter 78 of the Ada Township Code of Ordinances, as amended).
- (5) A certificate from the Fire Department stating that the short-term rental unit has been inspected and (i) it complies with building, health, fire, and related safety codes, and (ii) it has the notices posted that section 6(2) and 6(3) require.
- (6) The applicant's certification that the short-term rental unit will comply with the conditions in section 6 and other ordinance requirements.
- (7) A statement that the operator has not had a previous short-term rental unit permit revoked within the past year.
- (8) All other information that the Township Clerk determines is necessary to determine whether this Ordinance's requirements for permit approval have been met.

**Section 4. Standards for Approval.**

The Township Clerk shall approve an application for a permit only if the application contains the information required in Section 3 and meets the conditions in Section 6.

**Section 5. Duration of Permit.**

A permit issued under this Ordinance automatically expires upon one or more of these events:

- (1) The short-term rental unit is physically altered so the habitable space within the unit is increased, decreased, or redistributed among living, sleeping, eating, or cooking areas without the Township's prior approval of an amendment to the permit.
- (2) The short-term rental unit no longer meets the requirements of this ordinance, whether the failure is because the ordinance standards have been amended or otherwise.
- (3) Ownership of the short-term rental unit is sold or otherwise transferred, or the unit's operator changes.

**Section 6. Conditions.**

Each short-term rental unit shall comply with these conditions:

- (1) The unit shall have a designated local agent, whose principal place of business shall be located no greater than 15 miles from the short-term rental unit.
- (2) A notice shall be posted (facing outside) in a prominent first-floor window of the unit stating, in 16-point type or larger, the name of the local agent, a 24-hour telephone number at which the agent can be reached, and the maximum occupancy permitted by this ordinance.
- (3) A notice giving the unit's street address in 16-point type or larger shall be posted in the kitchen, next to each landline telephone and pool, and in at least two other locations that are prominent locations within the unit. These notices assist occupants in directing emergency service personnel to the unit in an emergency.



- (4) The number of occupants in a dwelling unit during a short-term rental, including members of the owner’s household, shall not exceed two (2) persons per bedroom plus two (2) persons per finished story meeting the applicable egress requirements for occupancy in the Michigan Construction Code.
- (5) No attic or basement may be counted to determine the maximum number of occupants in a short-term rental unit, unless the Township has inspected the unit and determined that the attic or basement meets the legal egress requirements for occupancy.
- (6) The use of the dwelling unit and exterior decks, pools, and other outdoor yard areas shall not produce noise, odor, or other disturbances to neighbors beyond what would be reasonable and typical for a residential neighborhood.
- (7) A short-term rental unit shall not be sublet.

**Section 7. Nuisance.**

Violating this Ordinance is hereby declared to be a public nuisance, a nuisance per se, and offensive to the public health, safety, and welfare.

**Section 8. Violations**

- (1) A person who violates this Ordinance shall be responsible for a municipal civil infraction as defined in Public Act 12 of 1994, amending Public Act 236 of 1961, being Sections 600.101-600.9939 of Michigan Compiled Laws, and shall be subject to a fine of \$500. Each day this Ordinance is violated is a separate violation.
- (2) The Zoning Administrator may determine that a permit should be revoked upon a violation of one or more of the following ordinances, when the violation relates to a short-term rental unit, whether the violation is committed by the owner, operator or an occupant of a short-term rental unit:
  - (a) Any provision of this ordinance.
  - (b) Any violation of the following provisions of the Code of Ordinances:
    - (i) Chapter 30, Article III, Trash.
    - (ii) Chapter 30, Article VI, Noise Control
    - (iii) Chapter 46, Article II, Offenses Against the Peace.
    - (iv) Chapter 46, Article III, Offenses Against Property.
    - (v) Chapter 46, Article IV, Offenses Against Public Morals.
    - (vi) Chapter 46, Article V, Offenses Concerning Underage Persons.
    - (vii) Chapter 78, Zoning.
- (3) Upon a determination by the Zoning Administrator to revoke a permit, the Zoning Administrator shall give notice of that determination to the unit’s operator and local agent. The notice shall inform the operator and local agent of a right to a hearing before the Township board on whether the

revocation should be upheld. The operator or local agent may request a hearing by giving written request to the Township Clerk within 30 days after the Zoning Administrator gives notice of its determination. If a hearing is timely requested, the Township Clerk shall schedule the hearing and notify the operator and local agent in writing of a time and place for that hearing. At the hearing, the operator and local agent may present evidence that the requirements for revocation are not satisfied. At or after the hearing, The Township board shall decide whether to revoke the permit.

- (4) A person may not apply for another permit for that unit until one year after the revocation is effective.

**Section 9. Enforcement Official**

Municipal civil infractions may be issued by officers of the Kent County Sheriff's Department and any other person legally authorized to issue civil infractions.

**Section 10. Civil Action**

Besides enforcing this Ordinance through a municipal civil infraction proceeding, the Township may initiate proceedings in the Circuit Court to abate or eliminate the nuisance per se or any other violation of this Ordinance.

**Section 11. Validity.**

If a term in this ordinance is held invalid, that invalidity shall affect no other term in this ordinance. Every term shall be enforced to the maximum extent permitted by law.

**Section 12. Review after Implementation**

- (1) Within 120 days after this ordinance becomes effective, the Township shall begin a review of this Ordinance to determine whether its implementation has achieved its intent and what amendments should be made, if any.
- (2) The Township shall hold a public hearing before amending or repealing any provision of this Ordinance. Notice of that hearing shall be published in a newspaper of general circulation in the Township at least 15 days before the hearing.
- (3) Failure or delay by the Township under this section does not invalidate any part of this ordinance or any proceeding to enforce this ordinance.

**Section 13. Effective Date.**

The ordinance shall take effect 30 days after publication of the notice of its adoption.

**AN ORDINANCE TO AMEND THE ADA TOWNSHIP ZONING REGULATIONS  
CHAPTER 78 OF THE ADA TOWNSHIP CODE OF ORDINANCES  
(ORDINANCE NO. O- 091100-1, AS AMENDED)**

**NOW THEREFORE, THE TOWNSHIP OF ADA ORDAINS:**

Section 1. Amendment to Article II of Chapter 78 of the Code of Ordinances, to revise the definition of the term “motel or hotel.”

Sec 78-51, Definitions and rules of construction, is hereby amended to revise the definition of the term “hotel or motel” to read as follows:

“*Motel or hotel*” means a building or group of buildings on the same lot, other than a detached single-family dwelling for which a short-term rental unit permit is in effect as authorized under the provisions of this Chapter, containing sleeping units for public accommodation. The term shall include any building or group of buildings designated as motor lodges, transient cabins, or by any other title intended to identify them as providing lodging for compensation to transient or resident guests.

Section 2. Amendment to Article II of Chapter 78 of the Code of Ordinances, to add a definition of the term “bedroom.”

“*Bedroom*” means a room in a dwelling unit intended for sleeping or placement of a bed, separated from other rooms or spaces by one or more functional doors. The following spaces do not qualify as bedrooms: kitchens, dining areas, gathering spaces such as family rooms, dens or living rooms, and attics or basements without egress meeting standards in applicable building, residential and fire codes.

Section 3. Amendment to Article II of Chapter 78 of the Code of Ordinances, to add a definition of the term “short-term rental.”

Sec 78-51, Definitions and rules of construction, is hereby amended to add the following:

*Short-term rental unit*: means all or part of a detached single-family dwelling unit that is either rented to a person for less than 30 consecutive days, or is advertised for that kind of occupancy.

Section 4. Amendment to Article VI of Chapter 78 of the Code of Ordinances, to add provisions allowing short-term rental units in the Agricultural Preservation (AGP) district, when approved as a special use by the Planning Commission, and establishing standards for approval of short-term rental units.

Sec. 78-152, Use Regulations of the Agricultural Preservation (AGP) district, is hereby amended by addition of the following item (19), to read in its entirety as follows:

- (19) Short-term rental units, when approved by the Planning Commission as a Special Use, according to the standards of article XXI of this chapter, and provided the following minimum standards are met:
  - a. The special use permit authorizing the short-term rental use shall be conditioned upon the issuance of a short-term rental unit permit, issued pursuant to ordinance number \_\_\_\_\_. No short-term rental use of the subject property shall occur without the property having a valid short-term rental unit permit.
  - b. The subject property shall have a minimum lot area and width no less than the minimum lot area and width standards for the zoning district applicable to the subject property.

- c. The dwelling unit on the subject property shall have front, side and rear yards having dimensions no less than the minimum front, side and rear yard standards for the zoning district applicable to the subject property.
- d. The dwelling unit shall have access to a public road on a driveway that is exclusively used for access to the subject property. A short-term rental unit shall not be located on a property whose access to a public road is obtained from a shared driveway or private road.
- e. The subject property and the dwelling unit located thereon shall be the principal residence of the owner of the subject property, as evidenced by the property having a principal residence exemption in the property assessment records of the Township.
- f. A dwelling unit or any portion thereof may be used as a short-term rental unit for a maximum of sixty (60) days per calendar year. The property owner or operator shall maintain accurate written records of the frequency of short-term rental use of the dwelling unit and shall make the records available for review by the Township upon a written request from the Zoning Administrator.
- g. The number of occupants in a dwelling unit during a short-term rental, including members of the owner's household, shall not exceed two (2) persons per bedroom plus two (2) persons per finished story meeting the applicable egress requirements for occupancy in the Michigan Construction Code.
- h. No more than two (2) passenger vehicles used by short-term rental occupants and their guests shall be parked on the subject property at any time.
- i. The use of the dwelling unit and exterior decks, pools, and other outdoor yard areas for short-term rental unit use shall not produce noise, odor, or other disturbances beyond what would be reasonable and typical for a residential neighborhood.

Section 5. Amendment to Article VI-A of Chapter 78 of the Code of Ordinances, to add provisions allowing short-term rental units in the Rural Preservation-1 (RP-1) district.

Sec. 78-157, Use Regulations of the Rural Preservation-1 (RP-1) district, is hereby amended by addition of the following item (21), to read in its entirety as follows:

- (21) Short-term rental units, when approved by the Planning Commission as a Special Use, according to the standards of article XXI of this chapter, and the standards in Sec. 78-152.

Section 6. Amendment to Article VI-B of Chapter 78 of the Code of Ordinances, to add provisions allowing short-term rental units in the Rural Preservation-2 (RP-2) district.

Sec. 78-162, Use Regulations of the Rural Preservation-2 (RP-2) district, is hereby amended by addition of the following item (21), to read in its entirety as follows:

- (21) Short-term rental units, when approved by the Planning Commission as a Special Use, according to the standards of article XXI of this chapter, and the standards in Sec. 78-152.

Section 7. Amendment to Article VII of Chapter 78 of the Code of Ordinances, to add provisions allowing short-term rental units in the Rural Residential (RR) district.

Sec. 78-172, Use Regulations of the Rural Residential (RR) district, is hereby amended by addition of the following item (17), to read in its entirety as follows:

- (17) Short-term rental units, when approved by the Planning Commission as a Special Use, according to the standards of article XXI of this chapter, and the standards in Sec. 78-152.

Section 8. Amendment to Article XII of Chapter 78 of the Code of Ordinances, to add provisions allowing in the Village Residential (VR) district.

Sec. 78-292, Use Regulations of the Village Residential (VR) district, is hereby amended by addition of the following item (14), to read in its entirety as follows:

- (14) Short-term rental units, when approved by the Planning Commission as a Special Use, according to the standards of article XXI of this chapter, and the standards in Sec. 78-152.

Section 9. Severability.

If a term in this ordinance is held invalid, that invalidity shall affect no other term in this ordinance. Every term in this ordinance shall be enforced to the maximum extent permitted by law.

Section 10. Effective Date.

This Ordinance shall become effective upon the expiration of 7 days after publication in a newspaper of general circulation in the Township.

\_\_\_\_\_  
 Jacqueline Smith  
 Township Clerk

\_\_\_\_\_  
 George Haga  
 Township Supervisor

I hereby certify that this ordinance was adopted by the Ada Township Board in regular session held on \_\_\_\_\_, 2018, and that it was published in the \_\_\_\_\_ on \_\_\_\_\_, 2018.

\_\_\_\_\_  
 Jacqueline Smith  
 Township Clerk



# A PRACTICAL GUIDE TO EFFECTIVELY REGULATING SHORT-TERM RENTALS ON THE LOCAL GOVERNMENT LEVEL

Ulrik Binzer, Founder & CEO Host Compliance LLC

**ATTACHMENT D**



# Contents

**INTRODUCTION: THE METEORIC RISE OF “HOME-SHARING” AND SHORT-TERM RENTALS ..... 3**

**WHY REGULATE HOME-SHARING AND SHORT-TERM RENTALS IN THE FIRST PLACE? ..... 3**

**EFFECTIVE SHORT-TERM RENTALS REGULATION STARTS WITH EXPLICIT POLICY OBJECTIVES AND A CLEAR UNDERSTANDING OF WHAT REGULATORY REQUIREMENTS CAN BE ENFORCED ..... 4**

**Start with explicit policy objectives!..... 4**

    Example A: List of short-term rental policy objectives for an affluent residential community in attractive location..... 5

    Example B: List of short-term rental policy objectives for an urban community with a shortage of affordable housing ..... 5

    Example C: List of short-term rental policy objectives for a working-class suburban community with ample housing availability and a struggling downtown ..... 6

    Example D: List of short-term rental policy objectives for beach town with a large stock of traditional vacation rentals..... 6

**Only adopt policy requirements that can and will be enforced!..... 6**

**Keep it simple! ..... 7**

**VIALE REGULATORY APPROACHES TO MANAGING SHORT-TERM RENTALS ..... 9**

**BEST PRACTICES FOR ENFORCING SHORT-TERM RENTAL REGULATION..... 14**

**CONCLUSION..... 16**

**ABOUT THE AUTHOR..... 16**

## Introduction: The meteoric rise of “home-sharing” and short-term rentals

Sharing our homes has been commonplace for as long as there have been spare rooms and comfortable couches. Whether through word of mouth, ads in newspapers or flyers on community bulletin boards, renters and homeowners alike have always managed to rent out or share rooms in their living spaces. Traditionally these transactions were decidedly analog, local and limited in nature, but with advance of the internet and websites such as Airbnb.com and HomeAway.com it has suddenly become possible for people to advertise and rent out their homes and spare bedrooms to complete strangers from far-away with a few mouse-clicks or taps on a smartphone screen. As a result, the number of homes listed for short-term rent has grown to about 4 million, a 10 fold increase over the last 5 years. With this rapid growth, many communities across the country are for the first time experiencing the many positive and negative consequences of an increased volume of “strangers” in residential communities. While some of these consequences are arguably positive (increased business for local merchants catering to the tourists etc.) there are also many potential issues and negative side-effects that local government leaders may want to try to mitigate by adopting sensible and enforceable regulation.

How to effectively regulate home-sharing and short-term rentals has therefore suddenly become one of the hottest topics among local government leaders across the country. In fact, at the recent National League of Cities conference in Nashville, TN, there were more presentations and work sessions dedicated to this topic than to any other topic. Yet, despite more than 32,000 news articles written on the topic in recent years<sup>1</sup>, surprisingly little has been written on how to implement simple, sensible and enforceable local policies that appropriately balances the rights of homeowners with the interests of neighbors and other community members who may only experience the negative side-effects associated with people renting out their homes on a short-term basis. This guide seeks to address this knowledge gap and offer practical advice and concrete examples of short-term rental regulation that actually works.

## Why regulate home-sharing and short-term rentals in the first place?

There are many good reasons why local government leaders are focused on finding ways to manage the rapid growth of home-sharing and short-term rental properties in their communities. To name a few:

1. Increased tourist traffic from short-term renters has the potential to slowly transform peaceful residential communities into “communities of transients” where people are less interested in investing in one another’s lives, be it in the form of informal friend groups or church, school and other community based organizations.



2. Short-term renters may not always know (or follow) local rules, resulting in public safety risks, noise issues, trash and parking problems for nearby residents.
3. So-called “party houses” i.e. homes that are continuously rented to larger groups of people with the intent to party can severely impact neighbors and drive down nearby home values.
4. Conversion of residential units into short-term rentals can result in less availability of affordable housing options and higher rents for long-term renters in the community.
5. Local service jobs can be jeopardized as unfair competition from unregulated and untaxed short-term rentals reduces demand for local bed & breakfasts, hotels and motels.
6. Towns often lose out on tax revenue (most often referred to as Transient Occupancy Tax / Hotel Tax / Bed Tax or Transaction Privilege Tax) as most short-term landlords fail to remit those taxes even if it is required by law.
7. Lack of proper regulation or limited enforcement of existing ordinances may cause tension or hostility between short-term landlords and their neighbors
8. The existence of “pseudo hotels” in residential neighborhoods (often in violation of local zoning ordinances etc.) may lead to disillusionment with local government officials who may be perceived as ineffective in protecting the interests of local tax-paying citizens.

In short, while it may be very lucrative for private citizens to become part-time innkeepers, most of the negative externalities are borne by the neighbors and surrounding community who may not be getting much in return. The big question is therefore not whether it makes sense to regulate short-term rentals, but how to do it to preserve as many of the benefits as possible without turning neighbors and other local community members into “innocent bystanders”. In the next sections we will explore how to actually do this in practice.

## **Effective short-term rentals regulation starts with explicit policy objectives and a clear understanding of what regulatory requirements can be enforced**

As with most regulation enacted on the local level, there is no “one size fits all” regulatory approach that will work for all communities. Instead local regulation should be adapted to fit the local circumstances and policy objectives while explicitly factoring in that any regulation is only worth the paper it is written on if it can be enforced in a practical and cost-effective manner.

### **Start with explicit policy objectives!**

As famously stated in Alice in Wonderland: *“If you don't know where you are going, any road will get you there.”* The same can be said about short-term rental regulation, and unfortunately many town and city councils end up regulating the practice without first thinking through the community's larger strategic objectives and exactly which of the potential negative side effects

associated with short-term rentals that the regulation should try to address. As an example, the Town of Tiburon in California recently passed a total ban of short-term rentals without thinking through the severely negative impact of such regulation on its stated strategic policy objective of revitalizing its downtown. Likewise the City of Mill Valley, California recently adopted an ordinance requiring short-term landlords to register with the city, while failing to put in place an effective mechanism to shut-down “party-houses” although there had been several complaints about such properties in the past. Such oversight was clearly unintentional but highlights the fact that the topic of regulating short-term rentals is extremely complicated and it is easy to miss the forest for the trees when it comes time to actually writing the local code. To avoid this pitfall, local government leaders should therefore first agree on a specific list of goals that the new short-term rental regulation should accomplish *before* discussing any of the technical details of how to write and implement the new regulation. Any draft regulation should be evaluated against these specific goals and only code requirements that are specifically designed to address any of those concrete goals should be included in the final ordinance. Below are a few concrete examples of what such lists of concrete policy objective could look like for various types of communities:

### Example A: List of short-term rental policy objectives for an affluent residential community in attractive location

- Ensure that traditional residential neighborhoods are not turned into tourist areas to the detriment of long-time residents
- Ensure any regulation of short-term rentals does not negatively affect property values (and property tax revenue)
- Ensure that homes are not turned into pseudo hotels or “party houses”
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give permanent residents the option to occasionally utilize their properties to generate extra income from short-term rentals as long as all of the above mentioned policy objectives are met

### Example B: List of short-term rental policy objectives for an urban community with a shortage of affordable housing

- Maximize the availability of affordable housing options by ensuring that no long-term rental properties are converted into short-term rentals
- Ensure that short-term rentals are taxed in the same way as traditional lodging providers to ensure a level playing field and maintain local service jobs
- Ensure that the city does not lose out on hotel tax revenue that could be invested in much needed services for permanent residents



- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give citizens the option to utilize their properties to generate extra income from short-term rentals as long as all of the above mentioned policy objectives are met

### Example C: List of short-term rental policy objectives for a working-class suburban community with ample housing availability and a struggling downtown

- Give property owners the option to utilize their properties as short-term rentals to help them make ends meet
- Encourage additional tourism to drive more business to downtown stores and restaurants
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Ensure that the city does not lose out on tax revenue that could be invested in much needed services for permanent residents

### Example D: List of short-term rental policy objectives for beach town with a large stock of traditional vacation rentals

- Ensure any regulation of short-term rentals does not negatively affect the value of second homes (and thereby property tax revenue)
- Encourage increased visitation to local stores and restaurants to increase the overall availability of services and maximize sales tax collections
- Minimize public safety risks and the noise, trash and parking problems associated with existing short-term rentals without creating additional work for the local police department

Once clear and concrete policy objectives have been formulated the next step is to understand what information can be used for code enforcement purposes, so that the adopted short-term rental regulation can be enforced in a cost-effective manner.

## Only adopt policy requirements that can and will be enforced!

While it may seem obvious that *only enforceable legislation should be adopted*, it is mind-boggling how often this simple principle is ignored. To give a few examples, the two California towns previously mentioned not only failed to adopt regulation consistent with their overall strategic policy objectives, but also ended up adopting completely unenforceable rules. In the case of Tiburon, the town council instituted a complete ban of all short-term rentals within its jurisdiction, but not only failed to allocate any budget to enforce it, but also failed put in place



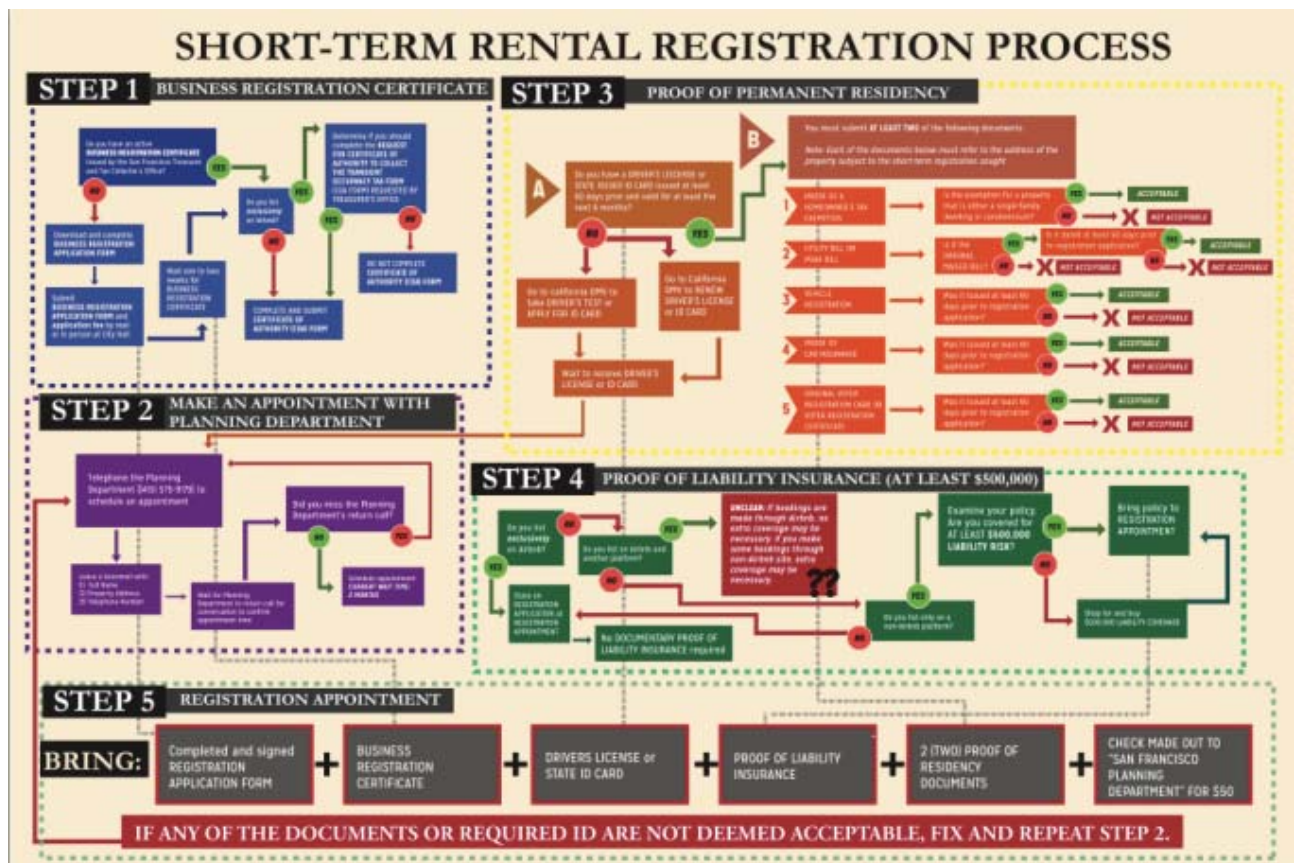
finances large enough to deter any violation of the ban. As a result, the number of properties listed for rent has remained virtually unchanged before and after the ban.

In the case of Mill Valley, the town’s registration requirement turned out to be completely unenforceable as the town’s personnel had neither the technical expertise, time nor budget to track down short-term landlords that failed to register. As a result, the town has had to rely exclusively on self-reporting, and unsurprisingly the compliance rate has been less than 5%.

As for local governments that require short-term rental property owners to pay tax to the local jurisdiction without allocating budget to enforcing such rules, they have found themselves in similar situations, with compliance rates in the 5% range.

## Keep it simple!

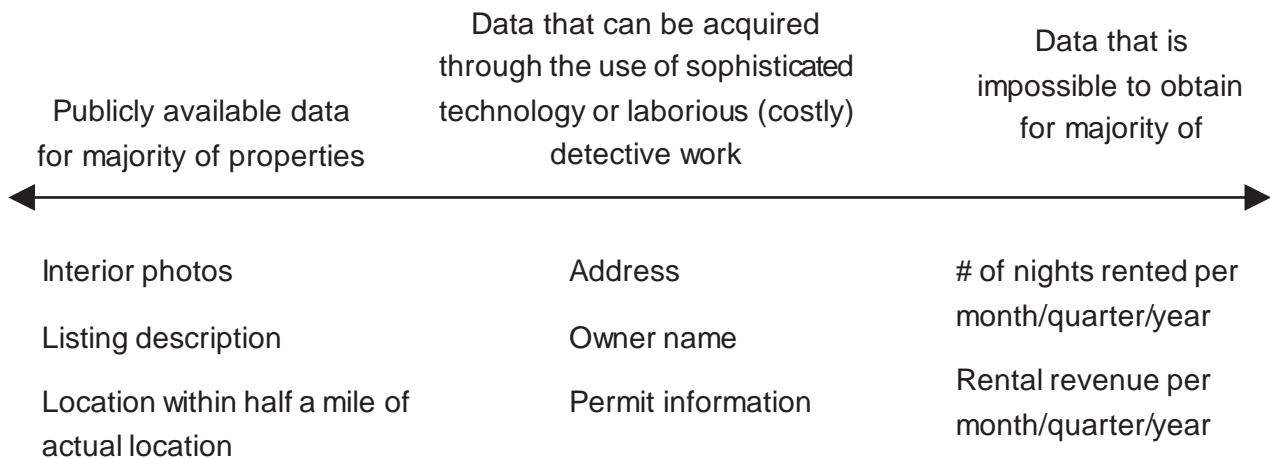
Another common mistake is for cities to adopt complicated rules that are hard for citizens to understand and that require large investments in enforcement. As an example, despite setting up a dedicated department to enforce its short-term rental regulation, the City of San Francisco has only achieve a 10-15% compliance rate as its regulation is so complicated and its registration process so agonizing that most people give up before even trying to follow the rules. Below is flow-chart that illustrates San Francisco’s cumbersome short-term rental registration process.





While hindsight is 20/20, it is worth noting that the registration requirements were probably well-intended and made logical sense to the council members and staff that adopted them. The problem was therefore not ill-will but a lack of understanding of the practical details as to how the various short-term rental websites actual work. As an example, San Francisco’s short-term rental regulation require that property owner’s display their permit number on any advertising (including online listings) whereas Airbnb’s website has built-in functionality that specifically prevents short-term landlords from doing so and automatically deletes all “permit sounding” information from the listings in most locations. Likewise, San Francisco’s legislation bans anyone for renting their homes for more than 90 days per calendar year, while none of the home-sharing websites give code enforcement officers the ability to collect the data necessary to enforce that rule. To make matters worse, the listing websites have refused to share any property specific data with the local authorities and have even gone as far as suing the cities that have been asking for such detailed data. Local government officials should therefore not assume that the listing websites will be collaborative when it comes to sharing data that will make it possible for local code enforcement officers to monitor compliance with complicated short-term rental regulation on the property level. Instead, local government leaders should seek to carefully understand the data limitations before adopting regulation that cannot be practically enforced. To get a quick overview of what information that can be relied on for short-term rental compliance monitoring and enforcement purposes, please see the diagram below that shows which:

1. data is publicly available on the various home-sharing websites
2. information that can be uncovered through the deployment of sophisticated “big data” technology and trained experts (or time-consuming and therefore costly detective work conducted by a town’s own staff)
3. property specific details that are practically impossible to obtain despite significant investment of time and money





So where does that leave local government leaders who want to put in place enforceable short-term rental regulation? In the next section we will explore, describe, and assess the viable regulatory tools available for local government leaders to effectively address the key issues related to taxation, regulation, social equity and economic development.

## Viable regulatory approaches to managing short-term rentals

As mentioned earlier, the first step to creating effective short-term rental regulation is to document and get agreement on a set of clear and concrete policy objectives. Once this has been accomplished, putting together the actual regulatory requirements can be simplified by referring to the “cheat sheet” below, which lists the regulatory levers that can be pulled to accomplish those goals in a practical and cost-effective manner while factoring in the data limitations highlighted in the previous section.

Short-term Rental Policy Objectives and the Associated Viable Regulatory Approaches		
Policy Objective	Viable Regulatory Approach(es)	Unviable Regulatory Approach(es)
Give <b>law abiding and respectful</b> citizens the option to utilize their homes as short-term rentals	Adopt a formal annual permitting requirement and a process for revoking permits from “trouble properties”. As an example a local government can adopt a “3 strikes rule” whereby a permit is automatically revoked for a number of years in the event the local government receives 3 (substantiated) complaints about a property within a certain time frame (i.e. a 24 month period). Alternatively, a local government can adopt a rule by which a permit is automatically revoked in the event the town receives conclusive evidence (police report, video evidence etc.) that a city ordinance has been violated.	Failing to clearly specify what rules law abiding and respectful short-term landlords and their renters must comply with. Adopting regulation that does not clearly define the criteria and process for revoking a short-term rental permit.
Ensure that speculators do not buy up homes to turn them into pseudo hotels while still giving <b>permanent</b>	Adopt a formal permit requirement and make it a condition that the permit holder verifies residency on an annual	Adopting a permitting process that does <b>not</b> formally require short-term rental permit

<p><b>residents</b> the option to utilize their homes to generate extra income from short-term rentals</p>	<p>basis by submitting the same documentation as is required to verify residency for public school attendance purposes</p>	<p>holders to verify that they are permanent residents of the permitted property</p>
<p>Ensure that homes are <b>only</b> occasionally used as short-term rentals (and <b>not</b> continuously rented out to new people on a short term basis)</p>	<p>It is unfortunately not practically possible to enforce any formal limits on the number of times or number of days that a particular property is rented on an annual/quarterly/monthly basis, but adopting a permanent residency requirement for short-term rental permit holders (see above) can ensure that there is a practical upper limit to how often most properties are rented out each year (most people can only take a few weeks of vacation each year and they are therefore practically restricted to rent out their homes for those few weeks). There is unfortunately no easy way to deal with the tiny minority of homes where the “permanent resident” owners have the ability to take extended vacations and rent out their home continuously. That said, if the above mentioned “permanent residency requirement” is combined with rules to mitigate noise, parking and trash related issues, the potential problems associated with these few homes should be manageable.</p> <p>Adopting a “permanent residency requirement” also comes with the additional side benefit that most people don’t want to rent out their primary residence to people who may trash it or be a nuisance to the neighbors. The “permanent residency requirement” can therefore also help minimize noise, parking and trash related issues.</p>	<p>A formal limit on the number of times or number of days each property can be rented on an annual/quarterly/monthly basis is not enforceable as occupancy data is simply not available without doing a formal audit of each and every property.</p>

<p>Ensure homes are <b>not</b> turned into “party houses”</p>	<p>Adopt a formal permit requirement and put in place a specific limit on the number of people that are allowed to stay on the property at any given time. The “people limit” can be the same for all permitted properties (i.e. a max of 10 people) or be correlated with the number of bedrooms. In addition, the regulation should formally specify that any advertisement of the property (offline or online) and all rental contracts must contain language that specifies the allowed “people limit” to make it clear to (potential) renters that the home cannot be used for large gatherings. While not bullet-proof, adopting these requirements will deter most abuse. In addition it is possible to proactively enforce this rule as all listing websites require (or allow) hosts to indicate their property’s maximum occupancy on the listings.</p>	<p>Adopting any regulation that does not clearly define what types of uses are disallowed will be ineffective and likely result in misinterpretation and/or abuse.</p>
<p>Minimize potential parking problems for the neighbors of short-term rental properties</p>	<p>Adopt a formal permit requirement and put in place a specific limit on the number of motor vehicles that short-term renters are allowed to park on/near the property. The “motor vehicle limit” can be the same for all permitted properties (i.e. a max of 2) or be dependent on the number of permanent parking spots available on the property. In addition, the regulation should formally specify that any advertisement of the property (offline or online) and any rental contract must contain language that specifies the allowed “motor vehicle limit” to make it clear to (potential) renters that bringing more cars is disallowed. As with the “people limit” rule mentioned above,</p>	<p>Adopting any regulation that does not clearly define a specific limit on the number of motor vehicles that short-term renters are allowed to park on/near the property.</p>



	adopting these parking disclosure requirements will deter most abuse. In addition it is easy to proactively enforce this rule as most listing websites require or allow their hosts to describe their property's parking situation on the listing.	
Minimize public safety risks and possible noise and trash problems without creating additional work for the local police department and code enforcement personnel	<ol style="list-style-type: none"> <li>1. Require that all short-term rental contracts include a copy of the local sound/trash/parking ordinances and/or a "Good Neighbor Brochure" that summarizes the local sound/trash/parking ordinances and what is expected of the renter.</li> <li>2. Require that short-term rental permit holders list a "local contact" that can be reached 24/7 and immediately take corrective action in the event any non-emergency issues are reported (i.e. deal with suspected noise, trash or parking problems)</li> <li>3. Establish a 24/7 hotline to allow neighbors and other citizens to easily report non-emergency issues without involving local law/code enforcement officers. Once notified of a potential ordinance violation, the hotline personnel will contact the affected property's "local contact", and only involve the local law and/or code enforcement personnel in the event that the "local contact" is unsuccessful in remedying the situation within a reasonable amount of time (i.e. 20-30 minutes).</li> </ol>	Adopting any regulation and enforcement processes that do not explicitly specify how non-emergency problems should be reported and addressed.
Ensure that no long-term rental properties are converted to short-term	Adopt a permanent residency requirement for short-term rental permit holders (see above) to	Adopting a permitting process that does <b>not</b> formally require short-

rentals to the detriment of long-term renters in the community	prevent absentee landlords from converting long-term rental properties into short-term rentals.	term rental permit holders to verify that they are permanent residents of the permitted property will be ineffective in preventing absentee landlords from converting their long-term rental properties into short-term rentals.
Ensure that residential neighborhoods are not inadvertently turned into tourist areas to the detriment of permanent residents	Implement one or both of the following regulatory approaches: <ol style="list-style-type: none"> <li>1. Adopt a formal permit requirement and set specific quotas on the number of short-term rental permits allowed in any given neighborhood, and/or</li> <li>2. Adopt the “permanent residency requirement” for short-term rental permit holders (mentioned above) to ensure that there is a practical upper limit to how often any property is rented out each year</li> </ol>	Adopting a complete ban on short-term rentals, unless such a ban is heavily enforced.
Ensure any regulation of short-term rentals does not negatively affect property values or create other unexpected negative long-term side-effects	Adopt regulation that automatically expires after a certain amount of time (i.e. 2-5 years) to ensure that the rules and processes that are adopted now are evaluated as the market and technology evolves over time.	Adopt regulation that does not contain a catalyst for evaluating its effectiveness and side-effects down the line.
Ensure the physical safety of short-term renters	Adopt a physical safety inspection requirement as part of the permit approval process. The inspection can be conducted by the municipality’s own staff or the local fire/police force and can cover various amounts of potential safety hazards. As a minimum such inspection should ensure that all rentals provide a minimum level of protection to the renters who are sleeping in	Adopting a self-certification process that does not involve an objective 3 <sup>rd</sup> party.

	unfamiliar surroundings and therefore may be disadvantaged if forced to evacuate the structure in the event of an emergency.	
--	--	--

In addition to the above targeted regulatory measures, local governments should adopt requirements for short-term rental permit holders to maintain books and records for a minimum of 3 years so that it is possible to obtain the information necessary to conduct inspections or audits as required. Finally, it is imperative that local governments adopt fine structures that adequately incentivizes short-term landlords to comply with the adopted regulation. Ideally the fines should be proportionate to the economic gains that potential violators can realize from breaking the rules, and fines should be ratcheted up for repeat violators. Below is an example of a fine schedule that will work for most jurisdictions:

	1 <sup>st</sup> violation	2 <sup>nd</sup> violation	3 <sup>rd</sup> violation	4 <sup>th</sup> violation
Fine for advertising a property for short-term rent (online or offline) without first having obtained a permit or complying with local listing requirements	\$200 per day	\$400 per day	\$650 per day	Upon the fourth or subsequent violation in any twenty-four month period, the local government may suspend or revoke any permit. The suspension or revocation can be appealed.
Fine for violating any other requirements of the local government's short-term rental regulation	\$250 per day	\$500 per day	\$750 per day	
<b>Notes:</b> <ul style="list-style-type: none"> <li>(a) Any person found to be in violation of this regulation in a civil case brought by a law enforcement agency shall be ordered to reimburse the local government and other participating law enforcement agencies their full investigative costs, pay all back-owed taxes, and remit all illegally obtained short-term rental revenue proceeds to the local government</li> <li>(b) Any unpaid fine will be subject to interest from the date on which the fine became due and payable to the local government until the date of payment.</li> <li>(c) The remedies provided for in this fine schedule are in addition to, and not in lieu of, all other legal remedies, criminal or civil, which may be pursued by the local government to address any violation or other public nuisance.</li> </ul>				

## Best Practices for Enforcing Short-term Rental Regulation

To implement any type of effective short-term rental regulation, be it a total ban, a permitting requirement, and/or a tax, local governments must expect to invest some level of staff time and/or other resources in compliance monitoring and enforcement. That said, most local governments are neither technically equipped nor large enough to build the true expertise and



sophisticated software needed to do this cost-effectively. There are several reasons why this is the case:

1. Rental property listings are spread across dozens (or hundreds) of different home sharing websites, with new sites popping up all the time (Airbnb and HomeAway are only a small portion of the total market)
2. Manually monitoring 100s or 1,000s of short-term rental properties within a specific jurisdiction is practically impossible without sophisticated databases as property listings are constantly added, changed or removed
3. Address data is hidden from property listings making it time-consuming or impossible to identify the exact properties and owners based just on the information available on the home-sharing websites
4. The listing websites most often disallow property owners from including permit data on their listings, making it impossible to quickly identify unpermitted properties
5. There is no manual way to find out how often individual properties are rented and for how much, and it is therefore very difficult to precisely calculate the amount of taxes owed by an individual property owner

Luckily, it is possible to cost-effectively outsource most of this work to new innovative companies such as Host Compliance that specialize in this area and have developed sophisticated big data technology and deep domain expertise to bring down the compliance monitoring and code enforcement costs to a minimum. In many situations, these companies can even take on all the work associated with managing the enforcement of the short-term rental regulation in return for a percentage of the incremental permitting fees, tax revenue and fine revenue that they help their local government partners collect. ***Adopting short-term rental regulation and outsourcing the administration and enforcement can therefore be net-revenue positive for the local government, while adding no or little additional work to the plates of internal staff. What's more, getting started generally requires no up-front investment, long-term commitment or complicated IT integration.***

That said, while it is good to know that adopting and enforcing short-term regulation can be net revenue positive if done in partnership with an expert firm, it is important to note that the economic benefits are only a small part of the equation and that local government leaders should also factor in the many non-economic benefits associated with managing and monitoring the rapidly growing short-term rental industry in their local communities. These non-economic benefits are often much more important to the local citizens than the incremental tax revenue, so even if the incremental revenue numbers may not seem material in the context of a local government's overall budget, the problems that unregulated and/or unmonitored short-term rentals can cause for the neighbors and other "innocent bystanders" can be quite material and should therefore not be ignored. Or as Jessica C. Neufeld from Austin, TX who suddenly found herself and her family living next to a "party house" reminds us: *"We did not buy our house to be*



*living next to a hotel. Would you buy a home if you knew a hotel like this was operating next door, if you wanted to set your life up and raise a family?”<sup>ii</sup>.*

## Conclusion

It is the responsibility of local government leaders to ensure that as few people as possible find themselves in the same unfortunate situation as Jessica and her family. In this white-paper we have outlined how to make it happen - in a revenue positive way. To find out more about how we can help your community implement simple, sensible and enforceable short-term rental regulation, feel free to visit us on [www.hostcompliance.com](http://www.hostcompliance.com) or call us for a free consultation on (415) 715-9280. We would also be more than happy to provide you with a complimentary analysis of the short-term rental landscape in your local government’s jurisdiction and put together an estimate of the revenue potential associated with adopting (or more actively enforcing) short-term rental regulation in your community.

## About the Author

Ulrik Binzer is the Founder and CEO of [Host Compliance LLC](http://Host Compliance LLC), the industry leader in short-term rental compliance monitoring and enforcement solutions for local governments.

Ulrik got the idea to found Host Compliance when he was serving on a committee appointed by his local town council to study possible ways to regulate short-term rentals in the local community. In preparation for his work on the committee, Ulrik spent countless hours researching how other municipalities had approached the regulation of short-term rentals, and it became evident that enforcing the regulations and collecting the appropriate taxes without the support of sophisticated technology was virtually impossible. As a result, Ulrik set out to build those tools and make them available to municipalities of all sizes at a fraction of the cost of what it would cost them to build and run such technology internally.

Prior to founding Host Compliance, Ulrik served as Chief Operating Officer of Work4 Labs - an 80 person Venture Capital backed technology company with offices in Silicon Valley and Europe, and Soligent Distribution LLC - the largest distributor of solar equipment to local governments and businesses in the Americas.

Before assuming executive management roles in technology companies, Ulrik served as Vice President of the private equity firm Golden Gate Capital, as a strategy consultant at McKinsey & Company and as an Officer in the Danish Army where he commanded a 42-person Platoon and graduated first in his class from the Danish Army’s Lieutenant School.

Ulrik received his M.B.A. from Harvard Business School where he was as a Baker Scholar (top 5% of his class) and earned his Bachelor of Science degree in International Business from Copenhagen Business School and New York University.



Ulrik can be contacted on (415) 715-9280 or [binzer@hostcompliance.com](mailto:binzer@hostcompliance.com). You can follow him and Host Compliance on twitter on [@HostCompliance](https://twitter.com/HostCompliance).

---

<sup>i</sup> Google News accessed on 1/5/2016

<sup>ii</sup> New York Times article: "New Worry for Home Buyers: A Party House Next Door", October 10, 2015

Hello James |  [./myapa/](/myapa/)[My APA \(/myapa/\)](/myapa/) [Log Out \(/logout/\)](/logout/)

MENU

Search

[Home \(/\)](#) > [Knowledge Center \(/knowledgecenter/\)](/knowledgecenter/) > [APA Publications \(/publications/\)](/publications/) > [Planning Magazine \(/planning/\)](/planning/) >

## Planning February 2016

### IN THIS ISSUE:

[Could You Bnb My Neighbor?](#) ▼

# Could You Bnb My Neighbor?

A planner's take on the sharing economy.

*By Jeffrey Goodman*

Since I live in New Orleans, I live near a bar. People are always walking by my house to this bar, so perhaps one day I start offering beer to passersby from my porch. Maybe I sell a beer or two — I could always use the money — and people here have always sold drinks as a hustle during Mardi Gras, so what is the difference?

Perhaps eventually I sell beer all the time and people start coming to my house instead of the bar and maybe I pick up a sponsorship and a little press. Soon, people are coming from miles around to my house, spending money at shops in my neighborhood; everything's great. If I were then to go my local alcohol board, or my zoning board, or my neighborhood association, and argue that since my house-bar is so popular, the rules need to be rewritten to accommodate me — well, I would be run out of town on a rail.

Yet in some ways, this is the path taken in regulating another controversial industry: short-term rentals. Backed by billions of investment dollars and an aggressive strategy of "disruption" that favors expansion above cooperation, companies like Airbnb, VRBO, and others have generated as much controversy as they have profits, stubbornly resisting cities' attempts to rein the industry in.

Of course, what these platforms offer is nothing new; home owners have taken in lodgers since the first settlement of cities. But with such a huge scope — over 34,000 cities on Airbnb alone — how do we balance the potential benefits of these businesses with their real impacts on our communities?

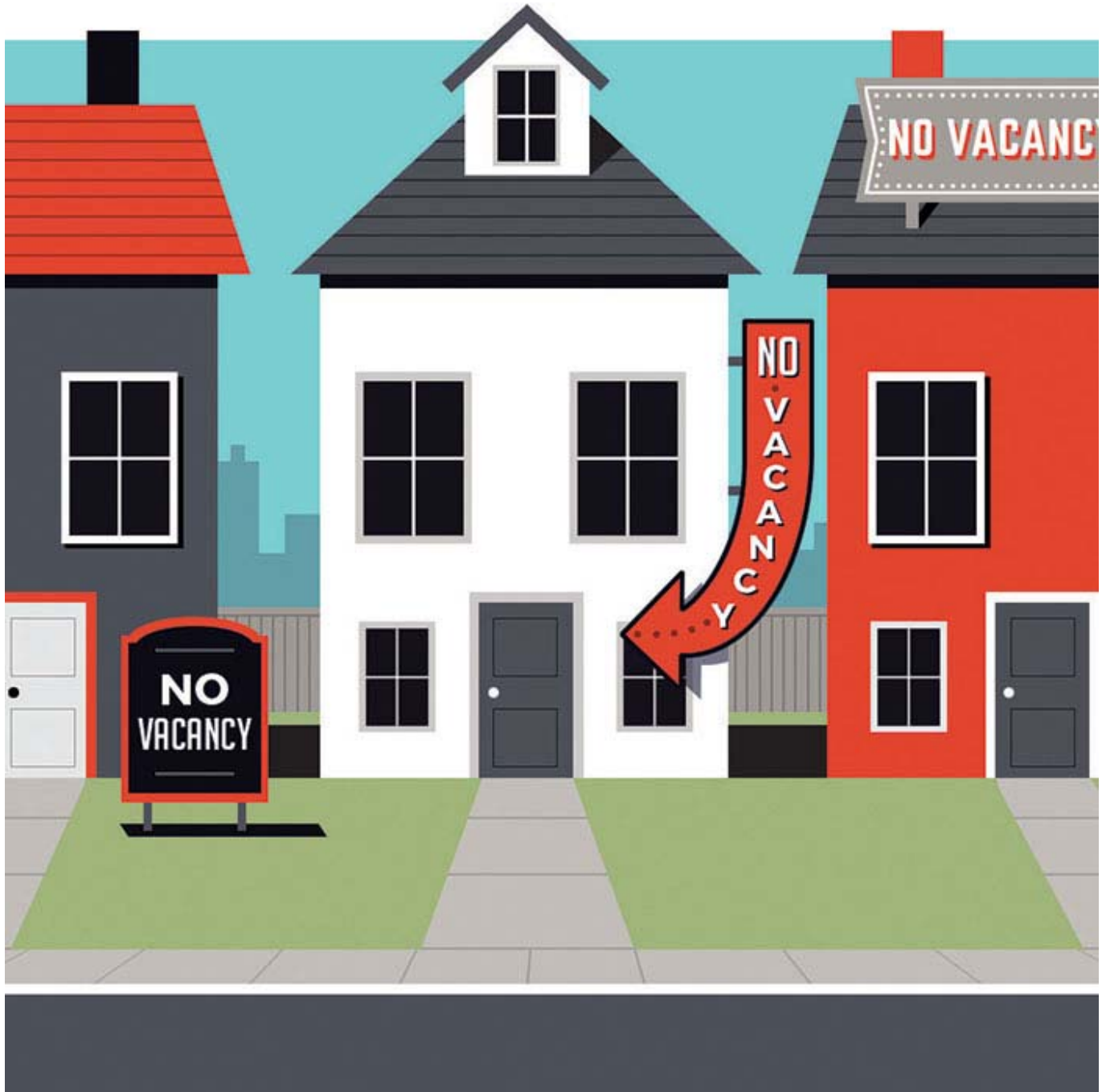


Illustration by John Ueland, uelandillustration.com



## Opposing narratives

Because the debate over short-term rentals intersects with so many issues — the role of government, what constitutes a business, the rights of neighbors, and on and on — attempts at regulation can generate impassioned responses from hosts and residents alike. These narratives can be difficult for planners to reconcile.

In the view of short-term renters, hosting has been a great boon for individuals to make a little extra money, for neighborhoods to see tourist dollars, and for cities to promote tourism. The kindly old woman with a bedroom to let to excited millennials: This is the narrative that Airbnb and others focus on when expanding and promoting their services.

Regarding a San Francisco ballot measure, an Airbnb spokesperson was quoted in the *Wall Street Journal* as saying, "This initiative, at the end of the day, is an attack on the middle class of San Francisco, who share their homes to help make ends meet. Home-sharing in this city is a lifeline for thousands."

However, to opponents, Airbnb's hoodie-and-flip-flops vibe obscures a \$25 billion behemoth whose business model has depended on ignoring local regulations in the name of growth and profit. Abetted by these platforms, hosts flout safety, housing, and zoning codes, turn quiet homes into frat parties, drive up rent by displacing residents, outcompete bed-and-breakfasts, and fail to pay their share of taxes.

The narrative of opponents focuses on the absentee landlord with a portfolio of crash pads for bachelor parties; they say this is the reality ignored by Airbnb that planners have to clean up. As one exasperated neighbor in Austin told a *New York Times* reporter, "[Hosts] are leveraging our neighborhood for their profit, telling people to come stay in this beautiful place ... and they are making people miserable."

These competing identities have meant particularly contentious fights over regulation. In San Francisco, a proposed short-term rental ordinance led to 12-hour public meetings, allegations of vote tampering, and a \$9 million proposition fight. (Though Airbnb and the other short-term rental companies prevailed in the end, Airbnb's ad campaign for the proposition essentially told San Franciscans where they could stick the tax money the company pays. People were not amused.)

There is no monolithic "short-term host" but a spectrum of users (couch-surfing holdovers, empty nesters, young couples, and, yes, speculators and profiteers) and a spectrum of uses (occasional hosting, seasonal hosting, and, yes, the faux-hotel.) All of them, to some degree or another, have taken advantage of a regulatory Wild West in order to make money without proper oversight and without proper accountability.



An Airbnb-financed group put this billboard up in San Francisco before a ballot initiative in November that would have limited the home-sharing service. After helping defeat Proposition F, Airbnb pledged to cooperate with local governments. Jason Henry/*The New York Times*.

## Getting past the noise

In order to regulate an industry effectively, planners need to understand how these platforms are being used and by whom, and what kinds of impacts they have on neighborhoods.

This is somewhat easier said than done; Airbnb and other companies do not freely release data, citing privacy concerns. When they do use data, the companies present a glowing picture of their activity, one that seems irresistible: Airbnb guests stay twice as long and spend twice as much as a typical visitor, with nearly half of all spending occurring in local neighborhoods.

According to the company, more than half of its hosts are "low to moderate income" and say hosting helped them stay in their homes. In New York City, Airbnb claims to have generated \$632 million in economic activity in one year alone. Opponents note, however, that the company has no reason to release numbers that paint their activity and their tactics in a negative light.

In order to get a clearer picture of the realities on the ground, researchers have had to rely on other means of gathering information, largely by "scraping" the public listings of these websites. (Airbnb, in turn, claims that this type of data collection is flawed.) Another option is to sue for access to the data, which is what the New York State Attorney General did,

discovering that as many as 72 percent of Airbnb reservations violated New York law. Despite an effort to be "open and transparent" with cities, even under subpoena Airbnb only releases anonymized data to city governments — no addresses, no names.

Either by automated tools or through simple spreadsheets, trolling through Airbnb can give planners at least a broad outline of their local market, from average price per night (useful in calculating tax revenue) to the characteristics of the units available, like number of bedrooms, amenities, and safety equipment. Even a general map view can help planners see which neighborhoods are most affected or need greater enforcement.

Using these approaches, researchers have undercut Airbnb's narrative. The *Real Deal*, a New York-based real estate journal, found short-term rentals caused residents of some neighborhoods to pay up to an extra \$825 a year in rent by removing units from the market. In New Orleans, far from helping a broad group of residents, nearly 50 percent of all bookings came from just six percent of listings, with some hosts making hundreds of thousands of dollars from dozens of properties without paying a cent in occupancy tax, according to one report.

While Airbnb claims that hosts, on average, book only six days a month, that average conceals a huge spectrum from abandoned listings to faux-hotels. Using the number of reviews as a proxy for activity, planners can start to separate the mom-and-pops from the professionals.

More damningly, some reports cut at the heart of Airbnb's supposed benefits: tourism dollars. San Francisco's Office of Economic Analysis, considering the reduction of long-term residents and housing caused by full-time hosting, wrote that for every 1,000 units lost to short-term tourist rentals, the city's economy loses more than \$250 million each year, far exceeding the benefit from visitor spending and hotel taxes.

This is not to say short-term rentals are all bad or all good, just that the reality of these marketplaces is complex. Planners have to get into the data, fragmented though it may be, in order to begin to categorize activity for regulation.

## Where Does Airbnb Pay its Share?

Airbnb, as part of a "Community Compact" released in November 2015, promises to now "pay its 'fair share' of hotel and tourist taxes in cities that have them" though the mechanism for doing so, or the way for cities to participate, remains unclear. In most places, the company relies on hosts to pay all taxes, but agreements in a handful of cities and states require the company to collect and remit taxes, chiefly hotel or transient occupancy taxes (as high as 14.5 percent), but also sales and tourism development taxes. The locations are:

- Malibu, California
- Oakland, California
- Palo Alto, California
- San Diego

San Francisco  
San Jose, California  
Santa Clara, California  
Santa Monica, California  
Chicago  
Florida  
Multnomah County and Portland, Oregon  
North Carolina  
Philadelphia  
Phoenix  
Rhode Island  
Washington State  
Washington, D.C.

*Source: Airbnb.com*

## How to regulate?

For planners, the way forward with regulation is a three-part process.

### ***PART 1***

Establish a baseline level of safety and accountability. In its Terms of Service, Airbnb is very clear, repeatedly, that the hosts on its platform are 100 percent responsible for following local laws on everything from safety and zoning to taxation and sex offender registries. While any short-term rental should have to conform to local building, occupancy, health, and safety codes, it is up to the local planner to ensure properties are compliant.

The safety of guests, hosts, and neighbors is the highest priority in regulating the short-term rental market. Airbnb and other companies, as part of their response to local pushback about safety, have adopted a policy of assisted self-policing for their hosts by offering free smoke detectors or fill-in-the-blank emergency plans. But a host does not actually need to prove the existence or operation of any safety feature in order to list. When I created a test listing, I was able to simply click "Next."

Similarly, Airbnb has slowly evolved on the issue of insurance, shifting some responsibility away from the hosts. In late 2015, the company augmented a "million dollar host guarantee" to protect against damage caused by its service — which does not cover personal liability, shared or common areas (a big issue for condos) and is specifically described as "not insurance" — to a limited million-dollar policy backed by Lloyd's of London. This system creates a strange network of legal entanglements as Airbnb is both the policyholder and claims administrator for local hosts, who themselves have their own separate insurance.

But because many home insurance companies consider short-term renting a commercial use — and thus not covered under the standard policies — hosts may find themselves at the center of a huge and complicated fight that would make a trial lawyer drool; if a guest booked on Airbnb

burns down a condo building and a firefighter is injured in the process, how is that legal mess going to sort itself out? Additionally, any damages and liabilities beyond a million dollars — assuming Airbnb even pays out — will fall on the hosts. The easiest solution is to require short-term renters to carry the appropriate insurance, one that specifically covers their activity and their level of risk.

But being a good host also means taking steps to avoid imposing on your neighbors' quality of life. No one wants to deal with loud guests, or litter, or parking issues, whether from a long-term or a short-term tenant.

Beyond strengthening and enforcing existing nuisance laws, some cities such as Portland, Oregon, and Santa Monica, California, have tried to include more direct accountability into their regulations; basic ideas like having hosts give out contact information to neighbors to report bad guests or only allowing owner-occupied rentals. In this scheme, serial offenders could face punishments that disincentivize their behavior, such as the loss of short-term rental or commercial permits, escalating fines, or code enforcement actions.

Ultimately, despite all the hype about the so-called "sharing economy," short-term rentals are fundamentally a commercial use, one that cities have regulated successfully in the past as bed-and-breakfasts, inns, motels, hotels, or SROs. In places that have traditional bed-and-breakfasts, innkeepers complain that competing with unregulated Airbnb units harms them doubly — as small-business owners and as residents.

Since the act of hosting is the same regardless of how a unit is booked, then the issues — from safety to zoning to garbage fees to taxes — are as well. Planners should simply hold a short-term rental unit to the same standards as any other similar business.

## ***PART 2***

Move past simply yes or no. When pressure to "do something" about short-term rentals comes down from City Hall or up from neighbors, the debate is often framed as a yes or no; "anything goes" or "not in my backyard." The answer will probably be somewhere in between, and while it can be a laborious process, tailoring regulation to your city's particular situation can pay dividends.

As I learned at last year's APA conference in Seattle, the experience of a few Colorado destinations can serve as examples of adapting regulation to local needs.

Durango, a small city that serves as a regional center for the Four Corners, faced tremendous housing pressures after growing rapidly over the past decade. With vacancy rates dipping below one percent in some neighborhoods, and rents high and incomes flat, groups like college students, retirees, and service industry workers had increasingly limited options within the city.

At the same time, Durango welcomes thousands of tourists each year, drawn to the nearby natural beauty, redeveloped downtown, and seasonal festivals. Short-term rentals catered to some visitors, and the popularity (and notoriety) of these units led Durango's city government

to develop new regulation. Through research and a series of community meetings, Durango's planners were able to identify three main areas that needed addressing in their city: impacts on tourism, impacts on neighborhoods, and — most important — impacts on housing.

A neighborhood encompassing much of the downtown and the local university had an especially tight market, and neighbors expressed concern about "dark blocks," where the spread of short-term rentals on specific streets left few permanent residents.

Durango's solution limits the density of allowed short-term units within groups of blocks, effectively preventing clustering while still accepting the use as permissible. By making a determination that preserving housing availability was the ultimate community goal, one that both transcended and intersected with short-term renting, Durango's planners could fit the discussion over Airbnb units into a larger narrative about the future of their city.

Aspen had a different problem: empty units. A world-famous destination with seasonal ebbs and flows of tourists, the city is burdened by a hodgepodge of residential properties — condos, ski villages, second homes — that sit disused much of the year. By legalizing and standardizing requirements for short-term rentals, Aspen's planners were able to enhance the city's tourist economy while still maintaining control over important issues like permitting, taxation, and safety of individual units.

## Durango's Street Segment Cap

In order to mitigate the effects of short-term rentals and preserve housing availability, Durango's Land Use and Development Code creates density limits for these rentals in residential zones. Only one permit is allowed per street segment. (For corner lots, the permit counts against both adjacent street segments and the intersection.) While there is no citywide cap on permits, there is a maximum number of permits available in residential districts.

## Durango's Street Segment Cap

**IN ORDER TO MITIGATE** the effects of short-term rentals and preserve housing availability, Durango's Land Use and Development Code creates density limits for these rentals in residential zones. Only one permit is allowed per street segment. (For corner lots, the permit counts against both adjacent street segments and the intersection.) While there is no citywide cap on permits, there is a maximum number of permits available in residential districts.



PERMITTED VACATION RENTAL



NOT ALLOWED TO HAVE A  
VACATION RENTAL



AFFECTED STREET SEGMENT(S)



OTHER STREET SEGMENTS



**STREET FRONTAGE**



**AVENUE FRONTAGE**



**CORNER FRONTAGE**

SOURCE: DURANGO PLANNING DEPARTMENT

Source: Durango Planning Department

Both Durango and Aspen found the key to controlling these concerns was treating short-term rentals as small businesses, allowing them to justify the use of their regulatory tools like zoning and licensing in ways that were consistent, understandable, and enforceable.

### ***PART 3***

Ensure enforcement on the ground and online. For short-term rentals, as for anything, regulation is only as good as its enforcement. Cities have struggled in this regard, creating huge opportunities for abuse while frustrating city officials and neighbors alike when long-debated ordinances do little to quiet complaints.

Though it is often spoken of as one concept, the short-term rental industry is really made up of two interrelated markets. One is the multitude of local hosts that interact directly with neighbors. They have to navigate (or disregard) local ordinances and are, even as absentee investors, a part of the community.

The other market, the listing companies like Airbnb and VRBO, has been harder to engage in enforcement efforts or tax collection, repeatedly pushing all responsibility to local hosts and governments.

This policy line — that Airbnb, despite any illegal activity on its site, is essentially blameless — results in awkward complications for enforcement. In New Orleans, for example, Airbnb has a special tab on its website giving tips about how hosts can follow city rules: get a permit, pay your taxes, report nuisances, etc. What it leaves out is telling: that renting for less than 30 days is illegal.

Instead of either confirming permit holders or hard-wiring the law into their business — and thus cutting down the amount of activity that violates local rules — Airbnb punts. It makes it so that a host would have to manually set a minimum stay of 30 days on the Airbnb platform to be compliant — no proof of permit needed.

In other major cities, new short-term rental ordinances become undone by flaws in enforcement. In San Francisco, a much-discussed ordinance only led to 282 applications — out of 6,000 listings — in the first three months, with only 27 units delisted for bad behavior — evidence, critics say, that the self-policing and self-reporting model pushed by Airbnb (and the mayor's office) is deeply flawed.

In Austin, after a *New York Times* expose found some party houses continue to rage on even after racking up 60 code violations, finger-pointing ensued: Airbnb blames the city for allowing serial violators to continue operation, while Austinites wonder why Airbnb keeps letting the houses list.



A simple option, like requiring a listing company to match a permit number to a city database in order to list, would immediately curb many of the worst abuses and reduce the number of listings that need monitoring. Unable to convince Airbnb to collaborate on such a system and frustrated by only one in 10 hosts having permits, Portland, Oregon, threatened fining all the listing companies \$500 per violation per day for every listing that was not permitted. (Though the city has yet to fully curb illegal listings on Airbnb, Portland did sue Homeaway for \$2.5 million for refusing to pay lodging taxes and ensuring proper permit inspections.) The enforcement officer's message was clear: If a city goes through the hassle of writing a new ordinance, why should anyone without a permit be allowed on these sites?

At the end of the day, the antagonistic system — this sharing economy Wild West in place today — simply does not work for city governments to enforce their laws, does not help legitimate hosts compete with "bad actors," and, ultimately, does not allow Airbnb and other short-term rental companies to live up to their own rhetoric of "belonging everywhere."

Rental units need to be fairly treated as a business, regulations need to be tailored to each city's unique situation, and enforcement needs to hold everyone accountable. Whether in Silicon Valley or Main Street USA, the old adage is still true: Good fences make good neighbors.

*Jeffrey Goodman is an urban planner and graphic designer based in New Orleans. His work focuses on the sharing economy, community participation, and data-driven regulation. He has contracted with both the city of New Orleans and Airbnb, and advised researchers on short-term rentals in San Francisco, Portland, New Orleans, and New York. Contact him through [JBGoodman.com](http://JBGoodman.com).*

## Rent Your Driveway

---

*By Kristen Pope*

Rooms to rent on Airbnb, VRBO, and other sites aren't the only things up for grabs in many urban neighborhoods. Another hot commodity going to the highest bidder: parking spaces.

Innovative app developers came up with a solution to this dilemma by creating a slew of apps to rent out spaces to parking-hungry drivers. However, app designers soon discovered a hitch: It was illegal in many locations.

Most of these early apps and parking space brokers worked on the premise that a driver about to leave their public, on-street parking space would log on and let other app users know the location of the soon-to-be-vacant spot, giving another user first dibs (for a fee) on snagging the spot. The new parker's fee, typically between \$5 and \$30, would be split between the departing motorist and the app company.

Since many of these apps were essentially renting out public, on-street parking spaces, municipalities worked quickly to block them. In San Francisco the big players were MonkeyParking, Sweetch, and ParkModo, and the city attorney sent several such apps

cease-and-desist letters in 2014, threatening to fine drivers up to \$300 and the companies up to \$2,500 per violation. The letters also noted a lawsuit was imminent if the apps continued operation in the city.

Then a new — legal — wave of apps came to the city, including SpotHero, ParqEx, and ParkWhiz, allowing people to rent or exchange private parking spaces, including those in parking garages. Paul Rose, chief spokesperson for the San Francisco Municipal Transportation Agency, notes these transactions aren't a concern if they don't impinge on public safety.

"Any [safety] concerns will come out of blocking the right of way, preventing people from walking on the sidewalks, or if parking going on in a driveway causes people to walk out into the street," he says.

However, the transaction itself isn't an issue for the agency. "[If] they're leasing spaces that are a part of private property, that's not something that we would necessarily get involved in," Rose says.

Likewise, Boston officials aren't too concerned about apps that rent out private property. Public property, however, is another matter. In 2014, the city passed an ordinance effectively banning the Haystack app, which let users notify other users — who paid a fee — when they were about to leave a public parking space. The app claimed it was in the business of exchanging information rather than selling public property, but the city disagreed.

However, as long as apps comply with city regulations, they're not a problem, according to the Boston Press Office, which said, "Generally, parking apps that allow a private property owner to rent his or her parking space facilitate a private transaction that does not implicate the city's rules and regulations."

Portland, Oregon, has a far more restrictive policy than Boston or San Francisco. Its zoning rules deem residential neighborhoods — all single-family and most multifamily zones — unfit for many types of commercial activity, including renting out parking spots.

However, Jill Grenda, supervising planner for Portland's Bureau of Development Services, notes that enforcement is driven by complaints. "Like any other zoning violation, it's a complaint-driven enforcement system," she says. "So the city wouldn't know about it unless a grumpy neighbor called our code enforcement line and said, 'My neighbor has different people parking in their driveway every single day, and I know because I live next door. Can you come and investigate?'"

*Kristen Pope is a Jackson, Wyoming-based freelance writer and editor who writes about planning, science, conservation, and the outdoors, among other topics. Visit her at [kepope.com](http://kepope.com).*

# Airbnb rental explosion splits Traverse City

By Greg Tasker, Special to The Detroit News Published 12:00 a.m. ET March 20, 2018 | Updated 6:13 a.m. ET March 20, 2018



(Photo: John L. Russell / Special to The Detroit News)  
CONNECTTWEETLINKEDIN 2COMMENTEMAILMORE

*Traverse City* — With their three children grown and gone, Gary Schilkey and his wife, Lisa, spruced up a small studio apartment at the rear of their century-old home, hoping to earn a few extra dollars in retirement with bookings from the many tourists who frequent Traverse City.

The couple, who have lived for some 30 years in the same tidy neighborhood of mostly two-story, wood-frame houses just a few blocks from downtown Traverse City, listed their home with Airbnb, the popular vacation rental platform. Last summer the couple hosted about two dozen guests, mostly couples, from Michigan and Chicago.

“Our house is not fancy. We cleaned up the apartment to make it look good. It has the basic amenities,” said Schilkey, who retired a couple of years ago from the security industry. “We had a very positive experience and got great ratings. Our guests were respectful, the kind of people you would want to associate with. There was nothing negative.”

The couple, however, soon found themselves at odds with the Traverse City government, which has restrictive regulations on what it defines as “tourist” homes.

The city has been cracking down on violators who have grown with the proliferation of short-term home-share rentals through Airbnb, VRBO and HomeAway. The couple was given a cease-and-desist order and warned of fines. They withdrew their listing from Airbnb, which, like other sites, collects fees for connecting homeowners with paid renters.

“We have this big house and we want to stay in the neighborhood,” said Schilkey, a fan of Airbnb who has used the home-stay service while traveling in the U.S. and abroad. “It’s our turn to be the old folks in the neighborhood and watch the kids play. Airbnb provides us with a little bit of income to allow us to stay in the neighborhood.”

With the recent growth of Airbnb and other short-term home-stay rentals, Traverse City, like other resort communities in Michigan and across the country, finds itself in a quandary: how to manage demand for short-term vacation rentals in one of the most popular tourist destinations in the state, which draws upwards of 3 million visitors each year

On one side are residents like the Schilkeys who want regulations relaxed to allow more short-term rentals. Such rentals provide residents with extra income to maintain aging homes and pay high property taxes. They also provide more lodging options during peak events such as the National Cherry Festival, which attracts some 500,000 people. The region is home to more than 5,000 hotel, motel and bed-and-breakfast rooms.

Opponents argue that expanding the number of tourist rentals will have a negative impact on stable, picturesque neighborhoods in the 8.1-square-mile city and lead to higher property values, preventing young families from moving into the city and further eroding an already limited housing stock. There are also concerns about rowdy behavior, traffic and other nuisances.

“It’s one of our top issues here in the state of Michigan,” said Deanna Richeson, president and CEO of the Michigan Lodging and Tourism Association, which doesn’t oppose short-term rentals but would like a more level playing field by having those dwellings collect state taxes and service fees.

“Airbnb is probably the largest and most widely known example of short-term rental companies,” she said. “It started out as a mom-and-pop home-sharing

site that has grown so quickly that it has been able to grow within loopholes of tax laws. There are a lot of examples where technology is raging forward, faster than the government or legal systems can keep up with the changes to keep laws relevant.”

Currently, Traverse City allows certain “tourist homes” in residential areas by licensing them. Under the terms of licensing, owners must occupy the home during all stays by tourists. Licensees are allowed to rent up to three rooms, with three guests per room. Guests cannot stay more than seven days. The homes must meet other criteria, including being located 1,000 feet away from another tourist home. The city has licensed 18 tourist homes. Home-vacation or longer-term vacation rentals are allowed in commercial zones.

“In the last couple of years, this has become a hot issue. We’re really struggling with what to do,” said Russ Soyring, Traverse City’s planning director, noting officials have been looking at other Michigan communities for solutions.

Soyring and others hope the city Planning Commission, which is set to discuss the issue Tuesday, will provide some direction. The tourist-home regulation has been in place since 1999. The issue has been in discussion for more than a year.

“It’s not going to be resolved Tuesday night. It’s just too complicated,” Soyring said.

Among those pushing to loosen tourist-home regulations is Dave Durbin, who listed his 110-year-old home on Airbnb for two summers before being shut down with a cease-and-desist order. He created a Facebook page, Responsible Home Sharing - Traverse City, to encourage conversation and drum up support for relaxed regulations, including eliminating the 1,000-foot-distance requirement between tourist homes and allowing unhosted visits.

“We’re a world-class tourist town. We should embrace this and create something cool,” said Durbin, who lives in Old Town, about eight blocks from the city’s Front Street, a destination with its multitude of restaurants, bars, boutiques and movie theaters. “We can bring in more tourists and we don’t need to add infrastructure. There’s an economic impact not just for the hosts, but for the businesses — bars, restaurants, kayak rentals. We all benefit from this. If we do it responsibly, there are no negatives.”

According to Airbnb bookings, Traverse City, with a year-round population of 15,000, is the second most-popular destination in Michigan, behind only

Detroit. As a destination, Traverse City, which includes the surrounding townships, hosted 29,300 Airbnb guests in 2017, contributing \$4.38 million to the local hosts, the organization said.

Statewide, there were 364,000 Airbnb guests in 2017, a 90 percent increase over the previous year. There are just under 6,000 Michigan hosts who share their homes via Airbnb, typically earning about \$6,300 annually in supplemental income, according to the home-sharing service.

Last June, Airbnb began collecting Michigan state use-tax on behalf of its hosts in the Great Lakes State. Airbnb said \$1 million in tax revenue was delivered to the state during the first three months. The company is working to secure additional tax agreements with Michigan municipalities this year.

“The hardest part of this issue is finding balance,” said Michele Howard, a Traverse City commissioner. “Obviously, we’re a tourist town and tourism is highly important to us. We want people to come here. We need to do something.”

Although Howard said she is not personally in favor of expanding the short-term, home-stay regulation, she realizes something must be done. “The current system is causing a lot of heartache for people. If we can fix this somehow, that would be great.”

The issue has not gone unnoticed by state lawmakers. Separate bills have been introduced in the House and Senate that would prevent local governments from enacting zoning ordinances that ban or restrict owners from renting out homes or condominiums for short-term stays.

“We are very opposed to those bills as they’ve been introduced,” said Jennifer Rigterink, a legislative associate with the state affairs team of the Michigan Municipal League. “This is a very localized issue that needs to be discussed locally.”

“I applaud Traverse City for going through the process and having this conversation,” she said. “What going on in Traverse City is different than in Grand Haven, South Haven or Holland. There are a lot of different destination communities with a healthy tourism economy, but there are also full-time residents and full-time economies. There needs to be a balance.”

The Michigan Lodging and Tourism Association also opposes the legislation, introduced last year, and is part of a coalition of local officials, homeowners, beds-and-breakfasts and organizations lobbying against the measures.

The coalition argues the bills would give short-term rentals an unfair advantage over hotels and allow unregulated rentals to overrun neighborhoods. The group is also against prohibiting local governments from enacting zoning rules to meet a community's unique needs.

The dilemma that communities face isn't lost on Airbnb users either.

Molli Kiser, a Chicago architect who visited Traverse City for the first time last summer, enjoyed the serenity of the Boardman neighborhood. She and husband, Patrick, stayed at Gary Schilkey's studio apartment while taking sailing lessons on Grand Traverse Bay.

"It was a very quiet area. We didn't experience anything negative staying in the neighborhood. It looked like everybody lived there," said Kiser, adding the couple walked downtown to restaurants and local markets.

"On the one hand, you have people who want to preserve the communities and neighborhoods and not live in a transitional place," she said. "I understand that and it's something I struggle with. As a tourist, the experience is so much more pleasant staying in private residences."

Greg Tasker is a Michigan-based freelance writer.