

Village of Empire, MI
Seasonal Rental Committee
Final Report
March 24, 2020

Prepared for the residents of the Village of Empire, MI as requested by Village Council from
September, 2019 to March, 2020.

Committee Members:

Todd Avis, Chair, Village Resident, Short term rental property owner

Diane Aylsworth, Village Resident

Chris Grobbel, Village Zoning Officer

Ranae Ihme, Glen Arbor Township resident, Owner of seasonal rental company and realtor

Sue Palmer, Village Resident, Planning Commission Chair, Short term rental property owner

Mae Stier, Village Resident, Village Council member

Village of Empire
Seasonal Rental Committee
Table of Contents/Assignment
March 24, 2020

SECTION ONE:

Purpose: To provide the reader with an easy to use visual/graphic of the location of current seasonal rental residences within the Village of Empire.

Methodology: Using various resources, including internet inventory, surveying, and personal anecdotal evidence, gather data to provide an accurate accounting of the number and location of seasonal rentals. Develop a way to identify various housing segments such as seasonal, full-time rental, short term rental, full time housing, etc.

Members: Diane Aylsworth and Ranae Ihme and Judy Granger

Final product: Create a scatter map with locations of housing segments.

SECTION TWO:

Purpose: To document the “charge” as directed by the Village of Empire Council and provide a historical overview of short term and seasonal rentals in the Village of Empire. Additional information will be provided to demonstrate the changing model of the short- term rental business.

Methodology: Capturing first-hand accounts of the short-term rental history in the Village of Empire and research the progression of the short-term rental business on a regional and state level to include rental management companies and internet bookings.

Members: Mae Stier and Todd Avis

Final product: Draft, proof, and write a two to three-page document.

SECTION THREE:

Purpose: To research, study, and present in a graphic form various regulations and legislative pieces currently utilized by local and regional government units.

Methodology: Create a table of definitions (short descriptions) of various regulations in place throughout the area. Create a chart of location (y axis) by regulation type (x axis) to present data and information. Research, cite and document a local government unit

comparable to the Village of Empire with an effective seasonal rental ordinance in place. (Munising, for example)

Members: Chris Grobbel and Sue Palmer

Final product: A chart with data and information to present local and regional ordinances enacted and a case study of a local community comparable to the Village of Empire that currently has an enacted seasonal rental ordinance.

SECTION FOUR

Purpose: Each committee member will contribute a brief overview of insight and opinion regarding seasonal rentals. The final report will include discussions on findings, goals and potential action steps. The goals will be actionable with timelines, resources, and measurable outcomes.

Methodology: Once sections one through three are complete, the Committee will meet discuss and debate recommendations and suggestions.

Members: All

SECTION FIVE

Final product: A four to five-page document with findings, goals, and recommendations. SECTION FIVE

Purpose: Provide the reader with current research pertaining to the relationship between Short Term Rentals and the local economy. Provide research articles to show the impact of Short-Term Rentals on the local housing market.

Methodology: Conduct an internet search to gather current local and national literature.

Members: Mae Stier

Final product: A sampling (4-5) articles.

SECTION SIX

Final product: A compilation of "observations," "knowns," and "recommendations."

Purpose: Provide the reader with a summation and overview of high-level observations regarding short term rentals, statements that can be considered as facts gained by the committee's general consensus, and recommendations for the Village Council to consider.

Methodology: Group discussion

Members: All

Final product: Listing of observations, knowns and recommendations.

SECTION ONE:

Purpose: To provide the reader with an easy to use visual/graphic of the location of current seasonal rental residences within the Village of Empire.

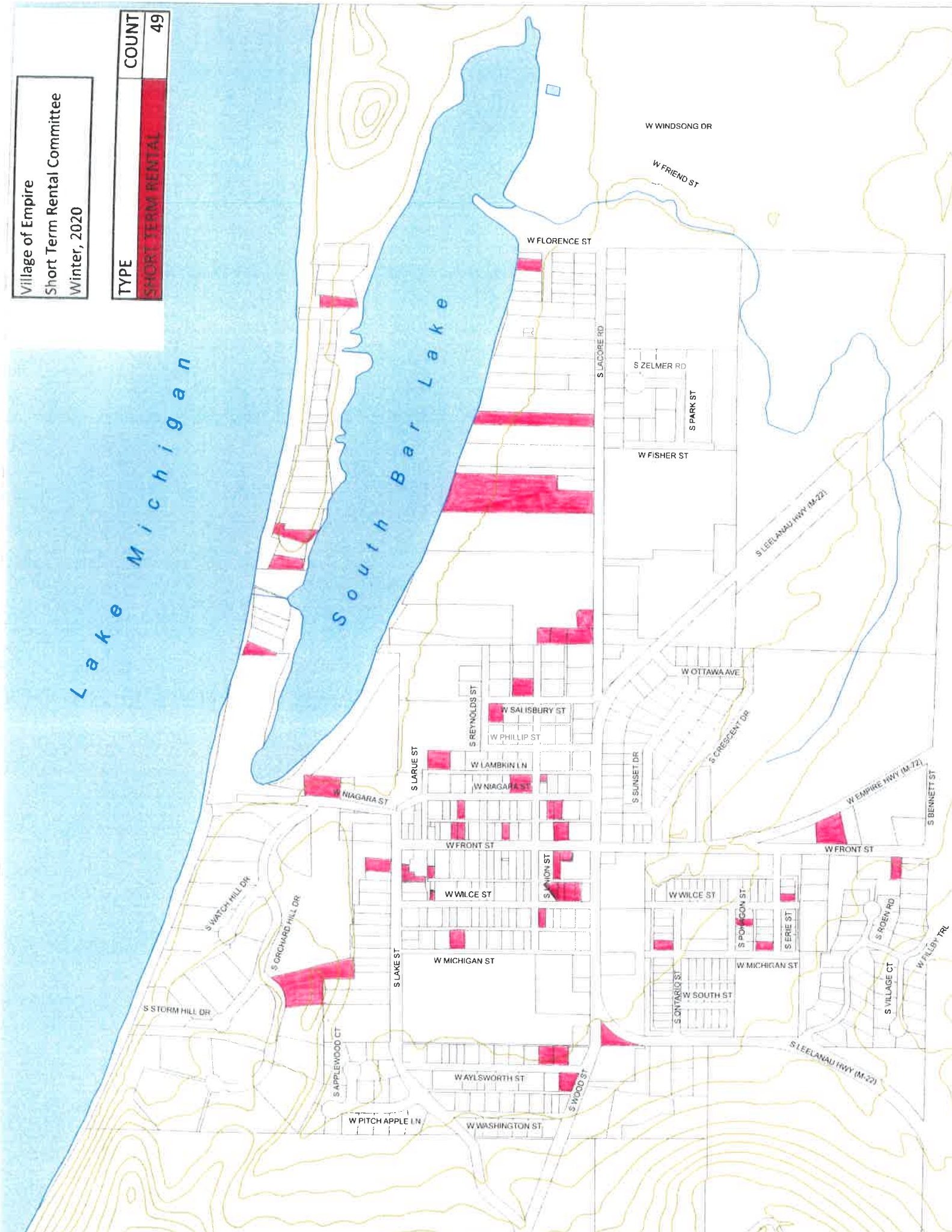
Methodology: Using various resources, including internet inventory, surveying, and personal anecdotal evidence, gather data to provide an accurate accounting of the number and location of seasonal rentals. Develop a way to identify various housing segments such as seasonal, full-time rental, short term rental, full time housing, etc.

Members: Diane Aylsworth and Sue Palmer and Judy Granger (resigned 12/2019)

Final product: Create a scatter map with locations of housing segments.

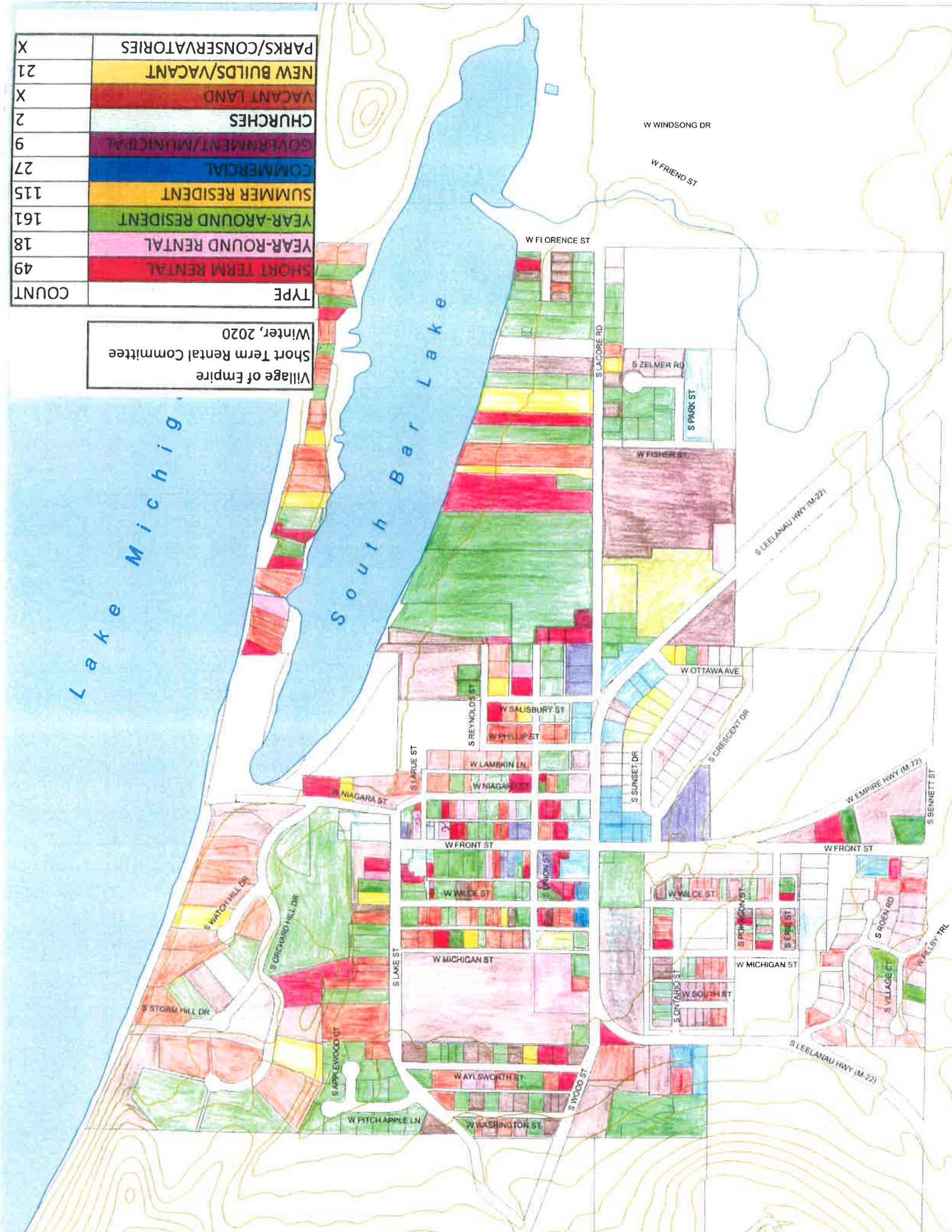
Village of Empire
 Short Term Rental Committee
 Winter, 2020

TYPE	COUNT
SHORT TERM RENTAL	49



TYPE	COUNT
SHORT TERM RENTAL	49
YEAR-ROUND RENTAL	18
YEAR-AROUND RESIDENT	161
SUMMER RESIDENT	115
COMMERCIAL	27
GOVERNMENT/MUNICIPAL	9
CHURCHES	2
VACANT LAND	X
NEW BUILDS/VACANT	21
PARKS/CONSERVATORIES	X

Village of Empire
Short Term Rental Committee
Winter, 2020



SECTION TWO:

Purpose: To document the “charge” as directed by the Village of Empire Council and provide a historical overview of short term and seasonal rentals in the Village of Empire. Additional information will be provided to demonstrate the changing model of the short- term rental business.

Methodology: Capturing first-hand accounts of the short-term rental history in the Village of Empire and research the progression of the short-term rental business on a regional and state level to include rental management companies and internet bookings.

Members: Mae Stier and Todd Avis and Ranae Ihme

Final product: Draft, proof, and write a two to three-page document.

Committee's Purpose

The Seasonal Housing Committee was created by the Empire Village Council in the fall of 2019 to examine the usage of housing in the Village of Empire and evaluate the relationship of short-term rentals to the community as a whole.

The committee was given four tasks to accomplish. They were tasked with defining short-term, long-term, and seasonal homes within the Village. They were also asked to create a housing inventory of the various types of homes and to plot those locations on a map. Additionally, they were to research and review ordinances and required management practices within other similar communities and to provide examples of specific procedures utilized by management companies and private renters alike within these communities. As a summation of these findings, the committee is asked to produce a report to the Village Council including an executive summary, maps, and documentation.

The committee consists of the following members:

Todd Avis, short term rental owner
Chris Grobbel, Village Zoning officer
Sue Palmer, Chair Planning Commission
Mae Stier, Village Council Trustee
Ranae Ihme, Rental Management Company
Judy Granger, Village resident

Each member brings a unique perspective on short term rentals in the village, and they each are volunteering their time to explore the ways that short term rentals impact the community. By evaluating the housing stock within the village while looking outside of the village for examples of short term rental management, the committee will present possible ways to address rentals moving forward.

To: Members of Village of Empire Seasonal Housing Committee
Wayne Aylsworth, President, Village of Empire

Fm: Todd Avis, Chair

Dt: August 1, 2019

Re: Kick-off

Thank you for volunteering to serve on the Seasonal Housing Committee. I look forward to working with you. We have an important task in front of us that will require research, writing, thinking, and collaborating. All of us will have an opportunity to contribute and present to the Village Council a robust, thoughtful, and comprehensive document.

Village President Soni Aylsworth, with support of the Village Council, have formed this committee to complete the following tasks:

- Define short-term, long-term, and seasonal homes;
- Create a housing inventory of long-term, short-term, and seasonal homes and plot locations on village map;
- Research and review best practices including ordinances, management practices, along with specific rules and procedures used by management companies and private renters; and,
- Produce a report with executive summary, maps, and documentation.

This Committee is not charged with creating or recommending an ordinance to regulate short- or long-term rentals.

Committee Members:

Village of Empire/Seasonal Housing Committee	
Members as of August 1, 2019	
Todd Avis, Chair, Short Term Rental Owner	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme, Rental Management Company	ranae@lvrentals.com
Mary Sharry, Village Resident	mryshry@aol.com

Timeline: The Village of Empire is experiencing a great deal of growth currently as evidenced by construction, updating the Master Plan, and Zoning Ordinance review. Several members of the Committee are involved in some of these developments. While our work is time sensitive to the community, I would like to propose we conclude our work by April 1, 2020. I believe this will give us ample time to gather data, review the data and best practices, and prepare and present a thoughtful and complete document.

Time commitment: I envision having one or two meetings to initially organize our efforts. After that, I think we could spend time as individuals or sub-committees gathering the data and best practices as individuals and bring it back to the Committee for discussion and study. From there, I think we will have the content for the report. This is an area that I would like to hear of your suggestions.

Next steps: By email and August 15, I would like you to take a moment or two to respond to the following questions. The purpose of this exercise is to gain a better understanding of your talents and learn more about how you think the Committee should operate. I will then compile your thoughts and share them with the rest of the Committee for consideration as this will help create a stronger, more cohesive team approach.

1. Let me know your thoughts: What ideas do you have to make this a successful project? What limitations/obstacles do you foresee the committee facing? What resources do you believe the Committee will require to complete the assignment?
2. Let me know your thoughts: How should we go about compiling the data? Should we solicit feedback from the community? Is that outside our charge?
3. Committee member talent and skills inventory: What specific talents can you bring to the Committee? Are you a good researcher? Are you a good writer? Can you edit? Do you have experience with Excel? Do you have access to data? Do you like running meetings? Can you help layout the document and prepare a presentation?

Freedom of Information Act (FOIA) and Open Meetings Act: Our work is to be conducted with compliance and adherence to FOIA laws/regulations and the Open Meetings Act. All correspondence and documentation are subject to FOIA. Notice of meetings will be posted in accordance with the Open Meetings Act. Be advised, a quorum, one over half of the Committee's membership, constitutes a meeting.

I look forward to working with you on this assignment.

Enjoy your day.

Village of Empire
Seasonal Rental Study Committee
September 17, 2019
Revised Agenda
5:30 pm
Empire Town Hall

CALL TO ORDER

ROLL CALL (Avis, Aylsworth, Granger, Grobbel, Ihme, Palmer, Stier)

ADDITIONS/CHANGES TO THE AGENDA

CORRESPONDENCE AND PUBLIC COMMENT

OLD BUSINESS

NEW BUSINESS

1. Introductions
2. Historical Perspective of Seasonal Rentals in Empire/Aylsworth
3. Review the "charge" of the Empire Village Council
 - Define short-term, long-term, and seasonal homes;
 - Create a housing inventory of long-term, short-term, and seasonal homes and plot locations on village map;
 - Research and review best practices including ordinances, management practices, along with specific rules and procedures used by management companies and private renters; and,
 - Produce a report with executive summary, maps, and documentation.
4. Discuss process and timelines (set future meeting dates)
5. Quick Strength, Weaknesses, Opportunity, and Threats of current seasonal housing in the Village. This exercise is to help us frame our individual thoughts regarding the issue.
6. Set Goals
6. Discuss format/organization of Report (if time permits)
7. Form Task Groups (if time permits)

SUB-COMMITTEE REPORTS

PUBLIC COMMENT

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS

ADJOURNMENT

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
November 6, 2019
Meeting Agenda
5:30 pm
Empire Town Hall

CALL TO ORDER:

ROLL CALL: (Avis, Aylsworth, Granger, Grobbel, Ihme, Palmer, Stier)

APPROVAL OF MINUTES:

ADDITIONS/CHANGES TO THE AGENDA:

CORRESPONDENCE AND PUBLIC COMMENT:

OLD BUSINESS:

1. Seasonal Rental and Law Enforcement Todd Avis

NEW BUSINESS:

1. Section One: Overall progress and update. Aylsworth, Ihme and Granger
2. Section Two: Overall progress and update. Avis, Stier
3. Section Three: Overall progress and update. Grobbel, Palmer
4. Section Four: Overall progress and update. All
5. Establish next meeting date and time

SUB-COMMITTEE REPORTS:

PUBLIC COMMENT:

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS:

ADJOURNMENT

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
December 3, 2019
Meeting Agenda
5:30 pm
Empire Town Hall

CALL TO ORDER:

ROLL CALL: Present: Avis, Aylsworth, Grobbel, Palmer, Stier Absent: Ihme, Granger

APPROVAL OF MINUTES:

ADDITIONS/CHANGES TO THE AGENDA:

CORRESPONDENCE AND PUBLIC COMMENT:

OLD BUSINESS: None

NEW BUSINESS:

1. Review Section 1: Aylsworth, Granger, Palmer
2. Review Section 2: Avis, Stier
3. Review Section 3, Grobbel
4. Review Section 4, All
5. Review SWOT analysis Avis, Grobbel
6. Tease out possible recommendations to Village Council

SUB-COMMITTEE REPORTS:

PUBLIC COMMENT:

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS:

ADJOURNMENT:

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
January 7, 2020
Meeting Agenda
5:30 pm
Empire Town Hall

CALL TO ORDER:

ROLL CALL: Present: Avis, Aylsworth, Grobbel, Ihme, Palmer, Stier

APPROVAL OF MINUTES:

ADDITIONS/CHANGES TO THE AGENDA:

CORRESPONDENCE AND PUBLIC COMMENT:

OLD BUSINESS:

NEW BUSINESS:

1. Review Section 1: Aylsworth, Granger, Palmer
2. Review Section 2: Avis, Stier
3. Review Section 3, Grobbel
4. Review Section 4 Discussion/Individual presentations
 1. Do you support a Village-wide ordinance regulating short term rentals? Why or why not?
 2. Any ordinance must contain rules, policies, and regulations. What are the top three rules, policies, and/or regulations needed for an effective STR ordinance.

SUB-COMMITTEE REPORTS:

PUBLIC COMMENT:

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS:

ADJOURNMENT:

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrentals.com
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
September 17, 2019
Meeting Minutes
5:30 pm
Empire Town Hall

CALL TO ORDER: Meeting called to order at 5:30 pm by Chairperson Todd Avis

ROLL CALL: All present (Avis, Aylsworth, Granger, Grobbel, Ihme, Palmer, Stier)

ADDITIONS/CHANGES TO THE AGENDA: None

CORRESPONDENCE AND PUBLIC COMMENT: None

OLD BUSINESS: None

NEW BUSINESS

1. Introductions: All members shared their names, length of residency, interest in committee, and good news.
2. Historical Perspective of Seasonal Rentals in Empire/Aylsworth
Ms Aylsworth presented an informal history of seasonal rentals in the Village of Empire. During the 60s and 70s, visitors contacted Dave Taghon who helped visitors make contact with local BnBs and rooms for rent. As the park moved from a state park to national park, Empire and Glen Lake became a vacation destination. Rental agencies were formed to address the short-term housing needs of visitors and year after year visitors became more frequent. As of late, the internet has changed the business model of short-term rentals. In summary, the short term rental business went from a very centralized activity (D. Taghon) to a more decentralized activity (AirBnb, VRBO, etc.)
3. Review the "charge" of the Empire Village Council: The "charge" was discussed by the committee. General consensus is our assignment is to collect and organize data and research best practices for short term rental industry in the Village of Empire.
 - Define short-term, long-term, and seasonal homes;
 - Create a housing inventory of long-term, short-term, and seasonal homes and plot locations on village map;
 - Research and review best practices including ordinances, management practices, along with specific rules and procedures used by management companies and private renters; and,
 - Produce a report with executive summary, maps, and documentation.

4. Discuss process and timelines (set future meeting dates): The next meeting was scheduled for Tuesday, October 1. (Need to move to Monday, October 7, 2019)
5. Quick Strength, Weaknesses, Opportunity, and Threats of current seasonal housing in the Village. This exercise is to help us frame our individual thoughts regarding the issue. A SWOT analysis was conducted. All committee members participated. Comments to be presented at next meeting.
6. Set Goals: N/A
6. Discuss format/organization of Report (if time permits): Chris Grobbel will research the various PUDs in the Village to ascertain if any HOAs preclude seasonal rentals.
7. Form Task Groups (if time permits): N/A

SUB-COMMITTEE REPORTS: None

PUBLIC COMMENT: None

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS: None

ADJOURNMENT

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
October 7, 2019
Meeting Minutes
5:30 pm
Empire Town Hall

CALL TO ORDER:

ROLL CALL: (Avis, Aylsworth, Granger, Grobbel, Ihme, Palmer, Stier)

APPROVAL OF MINUTES:

ADDITIONS/CHANGES TO THE AGENDA:

CORRESPONDENCE AND PUBLIC COMMENT:

OLD BUSINESS:

NEW BUSINESS:

1. Review SWOT analysis
2. Discuss and create Table of Contents for Report
3. Assign Chapter Leaders/Writers/Researchers
4. Create Timeline for Chapters/Tasks
5. Establish next meeting date and time

SUB-COMMITTEE REPORTS:

1. Report from Chris Grobbel regarding HOAs and PUDS in Empire
2. Preliminary research from Ranae Ihme regarding Seasonal Rental and Affordable Housing
3. Preliminary research from Todd Avis regarding complaints to Sherrif's department concerning Season Rentals

PUBLIC COMMENT:

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS:

ADJOURNMENT

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
November 6, 2019
Meeting Minutes
5:30 pm
Empire Town Hall

CALL TO ORDER:

ROLL CALL: (Avis: Yes, Aylsworth: Yes, Granger: Yes, Grobbel: Yes, Ihme: No, excused, Palmer: Yes, Stier: No, excused)

APPROVAL OF MINUTES: Motion to approved, and seconded. Approved

ADDITIONS/CHANGES TO THE AGENDA: None

CORRESPONDENCE AND PUBLIC COMMENT: Received invite from County Planning Commission to attend public information session regarding Short Term Rentals on Monday, December 2, 2019 at 6:30 pm. Avis, Aylsworth, Palmer, and perhaps Granger will attend. Carpooling is encouraged.

OLD BUSINESS:

1. Seasonal Rental and Law Enforcement Todd Avis
Todd reported that a follow-up call to the Leelanau County Sheriffs Office was needed.

NEW BUSINESS:

1. Section One: Overall progress and update. Aylsworth, Ihme and Granger
 - a. This committee presented a map of Empire with a color coded schematic for permanent, seasonal, short-term rental, and vacant property. Great progress has been made
2. Section Two: Overall progress and update. Avis, Stier
 - a. Avis has a rough draft of a history of seasonal rentals and overview of the project. Will work with Stier to complete.
3. Section Three: Overall progress and update. Grobbel
 - a. Grobbel provided a spreadsheet with three municipalities short term regulations and ordinances highlighted. Discussion ensued
4. Section Four: Overall progress and update. All
 - a. Discussion regarding Section 4. It will be in two parts: 1. Each committee members thoughts regarding seasonal rentals; 2. A whole group recommendation to Village Council
5. Establish next meeting date and time
 - a. Discussion ensued. Decided next meeting will be Tuesday, December 3, 2019 at 5:30 pm

SUB-COMMITTEE REPORTS: None

PUBLIC COMMENT: None

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS:

Chair Todd comment that overall good progress was being made on the project. The Village map and Chris Gobbel's work are particularly noteworthy.

ADJOURNMENT

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee
December 3, 2019
Meeting Minutes
5:30 pm
Empire Town Hall

CALL TO ORDER:

ROLL CALL: Present: Avis, Aylsworth, Grobbel, Ihme, Palmer, Stier Absent: Granger

APPROVAL OF MINUTES: Motion by Palmer, seconded by Aylsworth to approve minutes. Motion approved

ADDITIONS/CHANGES TO THE AGENDA: Chair Avis asked Judy Granger's resignation be added to the agenda.

CORRESPONDENCE AND PUBLIC COMMENT:

- Mr. Figura attended the recent seminar on Short Term Rentals hosted by the Leelanau County Planning Commission. He distributed samples of short term rental ordinances, and specifically directed attention to Suttons Bay's short term rental ordinance. This ordinance limits the number of rental units and requires owners to secure a license.

OLD BUSINESS: None

NEW BUSINESS:

1. Review Section 1: Aylsworth, Granger, Palmer
 - a. Aylsworth and Granger presented an update Seasonal Rental unit map. The final product will be two maps: 1. STR units, 2. All other parcels marked by use. THE COMMITTEE REQUESTS THE TOTAL NUMBER OF OCCUPIED (YEAR ROUND OR SEASONAL) HOMES IN THE VILLAGE.
2. Review Section 2: Avis, Stier
 - a. Avis and Stier present draft copies of Committee's Purpose, STR national research, History of STR in Empire, Conversation with Leelanau County Sherrif Borkovich
3. Review Section 3, Grobbel and Ihme:
 - a. Grobbel presented a review of local area ordinances in a chart he prepared.
 - b. Ihme present the business case of Leelanau Vacation Rentals
4. Review Section 4,
 - a. All discussed individual and group contributions of the report.
 - i. Grobbel suggested each committee member write a two to three paragraph response to the following questions.

1. Do you support a Village-wide ordinance regulating short term rentals? Why or why not?
2. Any ordinance must contain rules, policies, and regulations. What are the top three rules, policies, and/or regulations needed for an effective STR ordinance.
5. Review SWOT analysis Avis, Grobbel
6. Tease out possible recommendations to Village Council
 - a. This was discussed above.
7. The committee accepted with regret the resignation of Judy Granger. The committee agreed not to fill the position.

SUB-COMMITTEE REPORTS: None

PUBLIC COMMENT: None

COMMITTEE MEMBER AND CHAIRPERSON COMMENTS:

- A short discussion about the County conference on STR

ADJOURNMENT: Adjourned at 6:45 pm

Todd Avis, Chair	tavis@leelanauedgroup.com
Chris Grobbel, Village Zoning Officer	cgrobbel@grobbelenvironmental.com
Sue Palmer, Chair Planning Commission	sioux-palmer@gmail.com
Mae Stier, Village Council Trustee	m.stier@villageofempire.com
Ranae Ihme	ranae@lvrentals.com
Judy Granger	jgranger@mhc.net
Diane Aylsworth	dma-4@outlook.com

Village of Empire
Seasonal Rental Study Committee

S.W.O.T Analysis

(from September 17, 2019 meeting)

STRENGTHS: What are the current strengths of the Seasonal Rental industry in the Village of Empire?

- Guests become residents
- Few complaints/conflicts about renters
- Provides revenue to businesses to enable growth
- Provides base of local economy for property taxes
- Village Council appointed this committee to study issue
- Seasonal rentals provide entry investments leading to full-time residents
- Seasonal rentals allow families to keep cottages/homes in family
- Competition is good in that it keeps seasonal rental properties in good condition
- Yelp, Trip Advisor, AirBnb can provide useful information to renters
- Some seasonal rentals have on site or close by parties responsible for issues

WEAKNESSES: What are the current weaknesses of the Seasonal Rental industry in the Village of Empire?

- When a problem with renters arises, who is the contact person?
- The rub of affordable housing and seasonal rentals: What is the relationship?
- Shortage of housing stock is leading to speculation and as a result, rising prices
- Seasonal rental owners claiming homestead exemption on state property taxes
- No regulatory structure
- Septic systems burdened with large number of renters per household
- Impact of "sense of community" on neighborhoods
- Vacant housing stock in winter and its cascading effect on local businesses
- No regional or state-wide studies or coordination

THREATS: What could happen (threats) if the Seasonal Rental industry is not addressed?

- Without a unified and proactive approach, Seasonal Rental industry could pose a risk to various segments of the community
- There could be liability if not addressed
- Michigan legislators could prohibit or impede local control of the issue

OPPORTUNITIES: What are opportunities regarding the Seasonal Rental industry in the Village of Empire?

- Bring findings and facts to the Village of Empire Council

- Identify numbers of homes and rental homes/units in the Village
- Create a formula that includes good communication and control of Season Rentals
- Special small town character could be promoted/enhanced/maintained with a practical Seasonal Rental regulatory approach
- Bring Village together regarding the issue of Season Rentals
- Promote a sense of respect between neighbors and renters

Opportunity:

- ① Bring findings/facts to VC.
- ② #s - homes/rental units
- ③ Create formula - good comm → control
- ④ Special small town character to could be promoted/enhanced w/ STR approaches
- ⑤ Bring Village together & educate on the STR issue
- ⑥ Renters respect neighbors
Neighbors respect renters

STRs - Village of Empire

STRENGTHS: There for short time / problems / short

- Guests become residents
- Few complaints / conflicts
- w/o businesses ≠ able to grow
- \$ base - comm. economy - prop taxes
- Good to research & discuss
- Entre to investment & fulltime residents
- Keep cottage / home in the family
- Competition good to keep Rental properties nice (Yelp / Travel Advisor)
- Onsite Rentals - nearby

Weaknesses:

- ① Problem - who do you call?
accountability - directory
- ② Affordable housing v.s. STR
- ③ Housing stock, leads to speculation
- ④ Claiming homestead exemption
- ⑤ No regulatory structure
currently - no limit on #s [land]
- ⑥ Hard on septic systems w/
STRs
- ⑦ ≠ Build community, generally
- ⑧ Vacant housing stock
in winter, cascading effect
- ⑨ No regional studies or
coordination

Threats:

- ① w/o an approach
could have problems
w/ STRs
- ② Liability for \neq addressing
- ③ Mich legislation
prohibiting local
control
- ④ Comm v.s. Res use

Leelanau County in general, and specifically the Village of Empire, have long been destinations for tourists and visitors. At the turn of the 20th century, Empire had inns and boarding houses to satisfy the temporary and long-term housing needs of guests and local area workers. As the new century evolved, a significant number of cottages on the shoreline of Lake Michigan and the inland lakes were built as retreats for downstate families. These cottages were often not winterized, were shared between families, and were often “handed down” from generation to generation. It is understood that some local families now in their third or fourth generation as Village residents initially visited the area as tourists.

Prior to the advent of Airbnb, VRBO and other web-based platforms, the ability to rent summer homes for short or long-term was primarily a “word of mouth” effort. According to Diane Aylsworth, lifetime Empire resident, tourists often arrived in the Village with no reservations for accommodations. If a tourist arrived without a reservation, the family was often referred to Mr. Dave Taghon. Mr. Taghon held an informal network of rentable rooms and houses available to tourists for rental. Many of these accommodations were on Big and Little Glen Lakes. Once the tourist made contact with the owner of the cottages, the families often returned year after year.

Another historical option for tourists seeking accommodations in the Empire area was the rental of spare/extra rooms in Village residential homes. This was a popular option that led some residents to establish bed and breakfast facilities for visitors. Various licensing issues and regulatory requirements have diminished the number of bed and breakfasts in the Village, though at least two currently exist.

Today, many tourists and vacationers use web-based programs to seek and rent short term rentals. (Ranae needs to add to this section)

CONVERSATION WITH Mr. Michael Borkovich, Sheriff of Leelanau County

Todd Avis, chair of the Village of Empire seasonal rental committee, spoke with Leelanau County’s Sheriff Michael Borkovich regarding seasonal rental houses/cottages in the Empire area

Mr. Borkovich was very clear that the Department is unable to specifically delineate calls for service to seasonal rentals. Calls for service are categorized by location (village/township) and type (burglary, robbery, assault, etc.) and not by “type” of location (residence, commercial, public location).

Mr. Borkovich offered the following comments/thoughts regarding seasonal rentals.

- During the summer season, when many of the seasonal rentals are occupied, a large number of calls for service involve fireworks, though there is no direct correlation between permanent residential homes or seasonal rentals.
- Most calls in the summer, when seasonal rentals are occupied along with permanent residential homes, are related to noise, speeding, and parking.
- Mr. Borkovich resides on the east side of the Leelanau Peninsula and lives on a street that includes two rentals. On several occasions, he has had to become involved in unruly

behavior on the rental properties during his off hours. Noise and speeding seem to be the two major complaints expressed by his neighbors and observed first-hand.

- As a law enforcement officer, he endorses a short-term rental registry as an effort to keep and hold short term rental homeowners accountable. He is particularly supportive of the villages of Northport and Suttons Bay's short-term rental ordinances.
- He also commented on the State's legislatures effort on the issue of short-term rentals. He believes that local interests should be safeguarded and that a state-wide approach to short term regulations would usurp the zoning authority of local units of government.

SECTION THREE:

Purpose: To research, study, and present in a graphic form various regulations and legislative pieces currently utilized by local and regional government units.

Methodology: Create a table of definitions (short descriptions) of various regulations in place throughout the area. Create a chart of location (y axis) by regulation type (x axis) to present data and information. Research, cite and document a local government unit

comparable to the Village of Empire with an effective seasonal rental ordinance in place. (Munising, for example)

Members: Chris Grobbel

Final product: A chart with data and information to present local and regional ordinances enacted and a case study of a local community comparable to the Village of Empire that currently has an enacted seasonal rental ordinance.

Short Term Rental Regulation Summary
 11-1-19
 C. Grobbel
 Village of Empire STR Committee

	Suttons Bay Township (P/P)	Bingham Township (P/P)	Traverse City (P/P)
STR Definition	< 30 consecutive calendar days	< 30 consecutive calendar days	Regs apply to "tourist homes" and "vacation homes" Single-family dwellings only. Not defined. License required.
# of Units	1 dwelling/parcel used for STR	1 STR/parcel, lodging must be within the unit	Rental unit can not be in the basement
Permits/Parcel	STR permit required for each parcel, even if common ownership	STR permit required for each parcel, even if common ownership	City inspects prior to permit issuance and every 3 years. Renter fills out self-inspection check list.
Rentals/year	--	180 rental nights/year, or less	--
Rentals/week	--	1 rental/6 night period	--
# of Permits Issued	#100/year	#86/year	--
Local contact person	Required during rental season, 24hrs/day within 45 min drive time	Required during rental season, 24hrs/day within 30 min drive time	Owners must occupy/reside the single family dwelling offering rentals
Contact #	Township provided to all properties w/in 300 ft	Township provided to all properties w/in 300 ft	City notifies all properties w/in 300 ft. City posts license on website, owner must post license at rental unit/advertisements
Occupancy	2 persons/bedroom; parcels <10 acres up to 10 persons; > 10 acres = 14 persons max	2 persons/bedroom; 10 renters max (5 yrs and older and overnight)	--
Parking	Off-street	2 spaces min; 4 spaces for 6 renters or more; 5 spaces for 10 renters or more	--

Suttons Bay Township (P/P)

Bingham Township (P/P)

Traverse City (P/P)

	Suttons Bay Township (P/P)	Bingham Township (P/P)	Traverse City (P/P)
Events	Not allowed	Not allowed for more than the permitted # of renters/occupants	Can not be used for receptions, private parties, etc.
Fires	In designated locations, must be attended, clean wood only	In designated locations, must be attended, clean wood only	Fire escape plan must be posted in each rental room
Septic	Must comply with BLDHD regs	Must comply with BLDHD regs; must inspect/report every 3 years demonstrating "properly functioning" "Failure" = automatic revocation of STR permit	N/A
Trash	Sealed; no overflow vermin attraction allowed, must be "provided."	Sealed; no overflow vermin attraction allowed, must be "provided." Recycle bins required.	---
Noise standard	"Reasonable person of normal sensibilities"	"Reasonable person of normal sensibilities" Can't "prevent sleep of neighbors."	Must post TC noise ordinance in rental rooms
Quiet hours	10 pm to 8 am; P/P Noise Ord also applies	10 pm to 8 am; P/P Noise Ord also applies	---
Owners	Responsible for compliance with all standards	Responsible for compliance with all standards	Responsible for compliance with all standards
Permits	STRs <2 weeks/year are exempt	---	---
Permit info	1) Local contact; 2) floor plan; 3) max # of occupants (< or equal to 10 persons at any time); and 4) proof of ownership	1) Local contact; 2) site plan w/ all parked vehicles/boats ; 3) max # of occupants (< or equal to 10 persons at any time); 4) any deed restrictions/master deed ; and 5) proof of ownership/ operatorship	Owner contact information

	Suttons Bay Township (P/P)	Bingham Township (P/P)	Traverse City (P/P)
Enforcement/Penalty	Twp civil infraction ordinance	Twp civil infraction ordinance; private enforcement actions are not precluded	City civil infraction ordinance. Clerk revokes for violations, and appeal to City Manager
Fireworks	Must comply with Twp Ord	Must comply with Twp Ord	Must post TC fireworks ordinance in rental rooms
Other	<i>Considered and deleted requiring a copy of homeowner's insurance</i>	B&Bs, Inns, hotel/motel, waterfront resorts are exempt	Guest list may be requested by the City, and self-inspection check list is required with application
		Annual \$ fee to be set by Twp Board	Proof of insurance may be requested.

HOUSE BILL No. 4554

May 2, 2019, Introduced by Rep. Lilly and referred to the Committee on Commerce and Tourism.

A bill relating to the promotion of convention business and tourism in this state; to provide for collection of certain data, promotion, and regulation of certain short-term rentals at certain short-term transient facilities; to create certain databases; to provide for collection of certain taxes and assessments on the owners of certain short-term transient facilities; to establish the functions and duties of certain state departments and employees; and to prescribe certain fines, penalties, and remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan short-term rental promotion act".

3 Sec. 2. As used in this act:

4 (a) "Department" means the department of licensing and

1 regulatory affairs.

2 (b) "Director" means the director of the department.

3 (c) "Hosting platform" means a service through a digital
4 platform, third-party website, software, online-enabled
5 application, mobile phone application, or some other similar
6 electronic process that allows:

7 (i) An owner or owner agent to advertise, list, or offer the
8 short-term rental of short-term transient facilities under this
9 act.

10 (ii) An owner or owner agent to collect the payment of a
11 short-term rental of a short-term transient facility under this
12 act.

13 (iii) A person to arrange, book, reserve, or rent a short-term
14 rental of a short-term transient facility under this act.

15 (d) "Owner" means the owner of a short-term transient facility
16 located within this state or, if the short-term transient facility
17 is operated or managed by an owner agent, then the owner agent of
18 that short-term transient facility, that provides short-term
19 rentals.

20 (e) "Owner agent" means a person who on behalf of an owner of
21 a short-term rental of a short-term transient facility, including,
22 but not limited to, a property manager, property management
23 company, or real estate agent that does 1 or more of the following:

24 (i) Manages the operation or upkeep of a short-term transient
25 facility offered for rent.

26 (ii) Books reservation at a short-term transient facility
27 offered for rent.

1 (f) "Room" means a room or other space provided for sleeping,
2 including the furnishings and other accessories in the room.

3 (g) "Short-term rental" means, except as otherwise provided in
4 this subdivision, a rental of a short-term transient facility of
5 not more than 30 consecutive days. A short-term rental does not
6 include the rental of a short-term transient facility if that
7 property is rented out for 14 days or less in a calendar year.

8 (h) "Short-term transient facility" means an apartment, house,
9 cottage, condominium, or other occupied property where 1 or more
10 rooms are rented by an owner through the use of advanced
11 reservations. A short-term transient facility does not include a
12 hotel or a motel.

13 (i) "Short-term transient facility database" means the short-
14 term transient facility database created in section 3.

15 (j) "Transient guest" means a person who occupies a room in a
16 short-term transient facility for less than 30 consecutive days
17 regardless of who pays the room charge for the room.

18 (k) "Use tax" means the tax imposed under the use tax act,
19 1937 PA 94, MCL 205.91 to 205.111.

20 Sec. 3. The department shall create and operate a short-term
21 transient facility database and that database shall be updated by
22 the department each year. The short-term transient facility
23 database shall also include all of the following:

24 (a) A description of the short-term transient facility.

25 (b) Number and type of rooms at the short-term transient
26 facility.

27 Sec. 4. (1) Each year the owner or the owner agent of a short-

1 term transient facility shall file with the department a
2 certificate that provides all of the following:

3 (a) Name and address of the owner of the short-term transient
4 facility.

5 (b) Address of the short-term transient facility.

6 (c) Number and types of rooms at the short-term transient
7 facility.

8 (d) Certification that the owner has \$1,000,000.00 or more
9 liability insurance on the short-term transient facility.

10 (e) Certification that all use taxes, local excise taxes, and
11 assessments levied, imposed, and assessed have been paid by the
12 owner or owner agent for the immediately preceding tax year.

13 (2) The director shall prescribe the forms necessary for the
14 administration of this act and may promulgate necessary rules under
15 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
16 to 24.328.

17 Sec. 5. An owner of a short-term transient facility shall
18 maintain liability insurance of \$1,000,000.00 or more on the short-
19 term transient facility for each short-term rental while it is
20 being offered for rent to transient guests unless such short-term
21 rental is offered through a hosting platform that maintains equal
22 or greater insurance coverage. Insurance coverage described in this
23 section must defend and indemnify the operator and any tenants or
24 owners in the short-term transient facility for bodily injury and
25 property damage arising from the short-term rental.

26 Sec. 6. An owner of a short-term transient facility shall not
27 operate that short-term transient facility if that owner fails to

1 pay any use tax, local excise tax, or assessment imposed by law,
2 when due, as determined by the department.

3 Sec. 7. An owner may elect to have an owner agent, hosting
4 platform, or other intermediary collect room charges, use taxes,
5 local excise taxes, and assessments described in this act through a
6 written agreement. The written agreement shall clearly provide each
7 party's responsibility to remit those use taxes, local excise
8 taxes, and assessments described in this act.

9 Sec. 8. An owner or owner agent who violates this act is
10 responsible for a civil fine and may be ordered by the department
11 to pay a civil fine of not more than \$15,000.00 for each violation.

12 Sec. 9. (1) Zoning of short-term transient facilities and
13 short-term rentals is subject to the Michigan zoning enabling act,
14 2006 PA 110, MCL 125.3101 to 125.3702.

15 (2) A local unit of government shall not have a zoning
16 ordinance or a zoning decision that has the effect of totally
17 prohibiting short-term rentals of short-term transient facilities
18 in compliance of section 207 of the Michigan zoning enabling act,
19 2006 PA 110, MCL 125.3207.

20 (3) The department shall create a workgroup of stakeholders
21 composed of representatives of local units of government,
22 representatives of the tourism industry, and representatives of
23 real estate professionals to assist the department in developing
24 best practices and model short-term rental zoning.

Short Term Rental Ordinance Considerations

The topic of Short Term Rentals ("STR") is one being discussed in almost every community: big, small, local, regional, state, national and international. The growth of STRs in Michigan has been exponential. From 2016 to 2018 the number of listings on the Internet in Michigan has grown by more than 233%, and from 2017 to 2018 with no signs of slowing down. In Leelanau County they grew by another 49% from 2018 to 2019.

Each community has to decide if an STR Ordinance is right for them and if now is the right time to enact an ordinance. It is good to keep in mind, however, that communities have found it easier, and less contentious, to enact an ordinance before it becomes a local crisis.

Start with:

1. Articulate the regulatory goals

Why are you considering this?

- Impact on neighborhood/community character
- Noise, parking and other nuisances – party towns
- Preserving year-round housing options for local residents

2. Understand the marketplace

What activity is currently taking place?

- Renting entire houses, bedrooms, and what are people paying
- Weigh the local government's goals with that of neighborhoods, motels, realtors, B&Bs, Chamber of Commerce or EDC, and others

3. Enforcement considerations

Know that the more complex the regulations the higher the cost for enforcement

- Have to be able and willing to enforce
- Have to regulate equally and fairly

4. Regulation options

Local government can determine how many and by what method

- Each community has different goals
- Can be regulated as a police power ordinance or through the zoning ordinance
- May want to determine the maximum number of STRs allowed, or
 - Not have a limit on the number of STRs
 - Restrict to certain zoning districts
 - Allow a specific number in each zoning district or neighborhood
 - Separate by a specific distance (example: 200' distance between STRs)

More Information

www.hostcompliance.com

Host Compliance is a private firm that offers services in implementing and enforcing short-term rental ordinances. They do have a collection of worthwhile articles, webinars, and guides under their "Resources" tab on the website.

www.nar.org

For information supporting STRs search this National Association of Realtor website for a host of articles and blogs on the subject

Definitions and Applicability

Close attention should be paid to defining the terms in the ordinance. Defining a short-term rental as a “commercial” strengthens the ability to have regulatory differences between a short-term rental and long-term residential uses.

You may want to exclude other types of temporary lodging types in your Zoning Ordinance from these regulations - such as Bed and Breakfasts. They have their own set of standards and requirements for a permit.

Make sure the definition of “dwelling” works with the Zoning Ordinance definition.

Most often STR Ordinances are police power ordinances because they are regulating an activity. Regulating them through the Zoning Ordinance is an option that would grandfather any existing STR activity.

As always consult your municipal attorney on all matters when considering a new ordinance.

Standards to Consider

Each community will have different needs. Consider which of the following apply to your community and whether there are the personnel available to monitor and enforce the standards:

- **License or permit:** issue the license/permit to property owner or to the property?
- **How many permits per person:** may want to limit the number of permits a single entity can obtain as a way to control the influence of outside investors.
- **Type of structure:**
 - could require that only permanent structures may be used (no tents, RVs, etc.).
 - may limit rentals to a single-family residence, or may include all dwelling units including apartment, duplexes, and condos.
 - decide if regulations apply when owner lives on site or if they apply to the renting of the entire dwelling unit with the owner absent.
- **How many per parcel:** may state that no more than one dwelling unit per parcel may be rented out or decide not to limit the number per parcel.
- **How many per district:** some communities limit the number of permits they issue, either by zoning district or community-wide.
- **Minimum length of rental period:** ordinance may require 7 days so that the house may be rented to only one party per week – regardless of whether the length of stay is one week or just a weekend.
- **Maximum number of days that may be rented annually:** may limit the number of overnights in a calendar year. This is an approach to allow for the cottage owner to get some extra income while discouraging absentee investors from buying up available housing stock.
- **Local contact person required:** may require owner or agent be available to respond to calls or come to the site within a certain time period (usually a response time of 45 minutes or one hour is required).
- **Notify the neighbors:**
 - may require that neighbors within a certain distance would be given notice that the home will be rented out, along with the name and contact information of local contact person.
 - will have to determine if applicant or township is responsible for notifying the neighbors.

- **Maximum occupancy:** may limit the number of people allowed to stay overnight. Factors used to determine maximum may include size of septic, number of bedrooms, or other input.
- **Maximum number of people on site:** this would include daytime visitors.
- **No events:** may prohibit events such as weddings, parties, or any group gatherings.
- **Septic system:**
 - could require a letter from the region's health department stating the maximum number of people that can be served by the septic system on site.
 - may also require that the system is kept in sound working order.
- **Signage:** good idea to follow the local sign ordinance.
- **Post the standards:**
 - may require the standards to be posted and made available to renters.
 - may include requirement that the rental's address be posted in case they need to call 911.
- **Maintain a log:** may be required for administration purposes.
- **Parking:**
 - may require it to be off roadways. Could require it to not be in the yard/lawn.
 - may require a certain number of spaces that increases as maximum occupancy increases.
- **Pets:** could allow, disallow, or leave the decision to STR operator.
- **Fireworks:** if allowed, cite the days and times they are allowed. If there is a local ordinance, refer to it.
- **Noise:** may have designated Quiet Hours.
- **Campfires:** may regulate where, when, frequency, and what can be burned.
- **Trash:** may require that it is kept in a closed receptacle to avoid problems with vermin. May require that operator provide trash services.
- **Watercraft:** may limit the number of (motorized) watercraft that can be brought to the site.
- **Advertising:** it is a good idea to state that any advertising a property for rental without a permit is a violation. This allows the ordinance to apply even to those who claim they haven't rented it out...yet.
- **Violations:**
 - consider it a violation to advertise for rental prior to getting a permit. This allows the ordinance to apply even to those who claim they haven't rented it out...yet.
 - could include that violations of other township ordinances such as campfires/fireworks/noise/animal control is a violation of the STR ordinance as well.
- **Administration and Enforcement:** determine who will administer the program and who the enforcement officer(s) will be. There are firms that can be hired to help with some enforcement duties. Consider sharing expenses with surrounding municipalities.
- **Ordinance policy is needed:** the policy will spell out the application, renewal and fee processes.
- **Ordinance timing:** consider that most STR operators already have bookings for the next summer when implementing the new ordinance.

Kathy Egan, Manager of Community Planning
kathy.egan@networksnorthwest.org
 (231) 929-5057



Short-Term Rental Checklist

All short-term rentals:

- Proof of Ownership: Examples of acceptable documentation are a copy of your deed or a copy of your property tax bill.
- Sketch of dwelling unit, including number of bedrooms, and location of windows/doors.
- Sketch of premises showing where the dwelling is located, including any outbuildings, and where motor vehicles, boats, campers, and trailers will be parked on site.
- If needed or desired, affidavit of designation of authorized designee.
If you choose to authorize another individual to seek a short-term rental license in your behalf of a property you own, then this form is necessary and provided on the township's website for your convenience. (Affidavits require notarization.)
- Affidavit of Notification of Short-Term Rental to Neighboring Property Owners
Form is provided on the township's website for your convenience. (Affidavits require notarization.)
- Copy of emergency contact information provided to neighbors and renters.
The Notification of Short-Term Rental to Neighboring Property Owner form may be used and is provided on the township's website for your convenience.
- Photographs of the short-term rental property and structure.
Photograph should include a front exterior of the short-term rental and any additional photographs to show compliance with the Junk Ordinance.
- A copy of subdivision restrictions or condo bylaws indicating short-term rentals are not prohibited.

In addition, for short-term rentals with a septic waste system and/or a dry-well:

- Proof of properly functioning, maintained wastewater disposal system, documented at least once every three years. This may be receipt from a commercial septic hauler which shows payment for pumping and hauling or designates tank has been examined and pumping is not required at the time of examination.

In addition, for short-term rentals with a holding tank:

- Proof of properly functioning, maintained wastewater disposal system. This may be receipt from a commercial septic hauler which shows the holding tank is being pumped on a regular basis given the size of the holding tank.

Please note:

East Bay Charter Township has several Notaries Public on staff and available to notarize documents during regular township office hours of Monday through Thursday from 7 am to 5:30 pm. This service is free of charge.



Notification of Short-Term Rental to Neighboring Property Owner

Neighboring Property Owner:

This document serves to inform you that property located at _____ has applied for a short-term rental license under East Bay Charter Township's Ordinance 5 of 2019. As a property which abuts the above address and under the terms of the Short-Term Rental Licensing Ordinance, you must be supplied a 24-hour contact number for the owner or local agent of the short-term rental. Please familiarize yourself with this ordinance. It can be seen on the township's website at eastbaytwp.org or by visiting the township hall for a copy.

While rental property owners seek renters who behave responsibly and according to the township's ordinances, if an issue ever does occur, please use the following contact information to address the issue. Start with the first contact listed and graduate through the contacts if there is no resolution. Please understand the property owner or legal agent has two hours from the point of contact to mitigate any issue on-site.

1. Contact the property owner or local agent at the following 24-hour contacts:

Name: _____
Phone: (____) _____
Email: _____

2. Contact the Short-Term Rental hotline at (231) 222-6183.
3. Contact East Bay Charter Township Community Police Officers non-emergent line at (231) 947-3631.
4. Contact Grand Traverse County's non-emergent central dispatch line at (231) 922-4550.

As always, in cases of emergencies, call 911.

Again, please become familiar with Ordinance 5 of 2019, East Bay Charter Township's Short-Term Rental Licensing Ordinance, as there are ramifications for property owners, both short-term rental owners and year-round neighbors, for ordinance violations.

For any questions regarding this property, please refer to the property owner or local agent contacts. For any questions on the ordinance, please contact the township's Department of Planning & Zoning at (231) 947-8681.



**Affidavit of Notification of Short-Term Rental
to Neighboring Property Owner(s)**

Notarize upon completion

In compliance with East Bay Charter Township Short-Term Rental Licensing Ordinance 5-2019, I have notified immediate neighbors (including those across the street) of the following address which has applied for a short-term rental license.

Address: _____

Immediate neighbors have been supplied the following 24-hour contact information for any issues related to the above noted short-term rental:

Name: _____
Phone: () _____
Email address: _____

The following immediate neighbors were provided contact information for the local agent:

Name: _____
Address: _____
Method of Delivery: U.S. Mail Hand-delivered Date Provided: _____

Name: _____
Address: _____
Method of Delivery: U.S. Mail Hand-delivered Date Provided: _____

Name: _____
Address: _____
Method of Delivery: U.S. Mail Hand-delivered Date Provided: _____

Name: _____
Address: _____
Method of Delivery: U.S. Mail Hand-delivered Date Provided: _____

Please check to acknowledge the same 24-hour contact information must be provided to renters.

Signature of Owner/Designee/Local Agent Date

Notary:
State of _____, County of _____
The foregoing instrument was acknowledged before me this _____ day of _____, 20____,
by _____, who is personally known to me or who has provided satisfactory
evidence of identification.

Print Name (Notary):
Notary Signature:
My Commission Expires:
Affix seal/stamp to the right.



**Designation of Authority to Request an Application
of a Short-Term Rental License**

Notarize upon completion

In compliance with East Bay Charter Township Short-Term Rental Licensing Ordinance 5-2019,
I/we, _____, as owners of the below identified property, hereby
designate _____ to be the authorized designee for my/our short-term
rental located in East Bay Charter Township at the following address:

Property Tax ID Number: _____

Please check if designee will also be the Local Agent for the identified short-term rental
and will be notified in case of emergencies or disturbance calls.

Authorized Designee: _____
Address: _____
City, State Zip: _____
Phone: _____
Email: _____

Signature, Property Owner: _____
Printed Name: _____

Signature, Property Owner:
(if additional owners): _____
Printed Name: _____

Signature, Property Owner:
(if additional owners): _____
Printed Name: _____

Notary:
State of _____, County of _____
The foregoing instrument was acknowledged before me this _____ day of _____, 20____,
by _____, who is personally known to me or who has provided satisfactory
evidence of identification.

Print Name (Notary):
Notary Signature:
My Commission Expires:
Affix seal/stamp to the right.



Welcome, you have just booked a short-term rental located in Michigan's East Bay Charter Township. The township contains a wide variety of scenic northern Michigan land forms from the East Arm of Grand Traverse Bay to State-forested areas to wetlands to agricultural lands to inland lakes. With a population over 11,000 residents, East Bay Township enjoys a healthy mix of residential neighborhoods, tourist districts, and commercial, agricultural, and industrial land uses.

While residents and officials hope you enjoy your visit to East Bay Charter Township, this notice provides you information on the current ordinance related to short-term rentals. East Bay Charter Township licenses short-term rentals under Ordinance 5 of 2019 which can be found on the township's website at eastbaytwp.org. The Short-Term Rental Licensing Ordinance requires prior notification to your stay of the following information:

- ✓ You have reserved a short-term rental located at:

And the license number is:

This rental has a maximum occupancy of _____ overnight guests.

- ✓ If you have any issues when you are visiting the rental, please contact the responsible party listed below:

Name: _____

Phone: _____

Email: _____

- ✓ Guests or occupants of a short-term rental must comply with the East Bay Charter Township's Noise Ordinance and Fireworks Ordinance and understand behavior at the rental may affect the license issued through the Short-Term Rental Ordinance. These ordinances can be found in their entirety on the township's website at eastbaytwp.org and any person deemed in violation of the ordinance may be cited. In planning your visit, please realize that under these ordinances:

No person shall ignite, discharge, or use consumer fireworks within East Bay Charter Township at any time, except during any of the following days and times:

- After 11 a.m. on December 31 and until 1 a.m. on January 1.
- After 11 a.m. and until 11:45 p.m. on the Saturday & Sunday immediately preceding Memorial Day.
- After 11 a.m. and until 11:45 p.m. on June 29 through July 4.
- If July 5 falls on a Friday or Saturday, then after 11:00 a.m. and until 11:45 p.m. on July 5.
- After 11 a.m. and until 11:45 p.m. on the Saturday and Sunday immediately preceding Labor Day.

Acts defined in the Noise Ordinance are declared to be noise disturbances and prohibited. Please visit this ordinance at eastbaytwp.org to learn how playing loud music, boisterous behavior, or the constant bark of dog, as examples, to an audible level which disturbs the quiet, comfort, or repose of the persons in the vicinity may be an ordinance violation.

- ✓ All pets must always be secured on the premises or on a leash.
- ✓ Trash, refuse, recycling must not be left within public view and should be placed in a proper waste or recycling container for the purpose of collection or disposal or removed from the property. Make sure you or your rental owner/manager have a plan for refuse disposal.

Enjoy your time spent in East Bay Township alongside year-round residents
and have a great time 'Up North'!

FIRE WORKS ORDINANCE

Ordinance 4 of 2019

Section 4. Prohibited Acts

No person shall ignite, discharge, or use consumer fireworks within East Bay Charter Township at any time, except during any of the following days and times:

- (a) After 11 a.m. on December 31 and until 1 a.m. on January 1.
- (b) After 11 a.m. and until 11:45 p.m. on the Saturday and Sunday immediately preceding Memorial Day.
- (c) After 11 a.m. and until 11:45 p.m. on June 29 through July 4.
- (d) If July 5 falls on a Friday or Saturday, then after 11:00 a.m. and until 11:45 p.m. on July 5.
- (e) After 11 a.m. and until 11:45 p.m. on the Saturday and Sunday immediately preceding Labor Day.

The entire Fireworks Ordinance can be found by visiting the township's website at eastbaytwp.org and any individual in violation of the ordinance may be cited.

NOISE ORDINANCE

Ordinance 3 of 2005

Section 2. Prohibited Acts

The following acts and activities are declared to be noise disturbances and are prohibited. This enumeration shall not be deemed exclusive:

- A. The playing of any radio, television, phonograph, other sound reproduction device, or musical instrument in such a manner or at such a volume as to be sufficiently audible to annoy or disturb the quiet, comfort, or repose of persons in the vicinity.
- B. The keeping of any animal or bird which, by causing frequent or long continued noise, shall disturb the quiet, comfort, or repose of persons in the vicinity.
- C. The use of any motor vehicle, including motorcycles, in such a manner as to create a disturbing noise, including, but not limited to, the screeching of tires and discharge into the open air of exhaust from the engine without a sufficient muffler.
- D. Shouting or other raucous or boisterous behavior for and unreasonable length of time.

The entire Noise Ordinance can be found by visiting the township's website at eastbaytwp.org.

PARKING

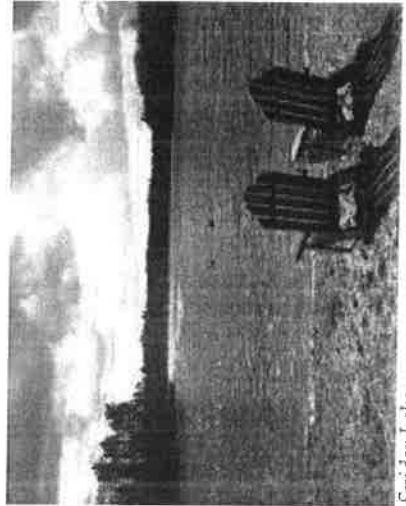
Please be mindful of where you park. Motor vehicles, boats, campers and trailers shall be parked on the short-term rental property and not parked along any public or private roadway. Any parked along the roadway may be ticketed or towed.

PETS

All pets must always be secured in the premises or on a leash.

TRASH

Trash, rubbish, refuse, or garbage may not be left within public view, except in proper waste or recycling containers for the purpose of collection or disposal. No commercial dumpsters shall be allowed on the property containing the short-term rental.



Spider Lake



City of Frankfort A Guide for Short Term Renters



City of Frankfort
412 Main Street | Frankfort, MI 49635 | 231-352-7117 | www.frankfortmich.com

Welcome to the City of Frankfort on the shores of beautiful Lake Michigan

We hope you enjoy our lovely and friendly Up-North community! Frankfort offers a spectacular beach, unique shops, wonderful restaurants & bars, and many nearby opportunities for site-seeing, biking, hiking, water activities and visits to Sleeping Bear Dunes National Park. During your visit please remember that the vacation rental you are staying in is within a residential neighborhood.

To help you ensure our residents' peaceful enjoyment of their neighborhood, we have established a "Good Neighbor Guide." Please respect our residents and our city by following these guidelines.



Noise, Disturbances, Fires & Fireworks

Keep noise to a level that is considerate of neighbors. Fires and fireworks are regulated in Frankfort. Quiet time is 11:00 p.m. to 7:00 a.m. Visit frankfortmich.com for ordinance info.



Pets

Please keep all pets on leashes whenever they are in an un-enclosed area, including parks, the beach, and on public streets.

Please pick up and dispose of their waste. ~



Parking

Please use your rental's off-street parking spaces or off-site Municipal parking (see map on reverse) before parking in the street. Note that on-street parking is only allowed between April 1 and November 1.



Beach

Please enjoy our beautiful beach and remove any trash you accumulate during your visit. Trash receptacles are located at all the beach entrances. "Mutt Mitts" are provided for use in disposal of your pets' waste.



Garbage

Garbage in public view must be in proper containers. The trash collection day for this property is:



Public Restrooms

Public restrooms are available at the beach parking lot, City Hall, and at Mineral Springs Park (see map on reverse).



Recycling

Frankfort maintains single-stream recycling collection bins on 10th street south of Main. Please feel free to take your recycle material there.



Occupancy

The occupancy limit for this property is:

Vacation Rental Address _____

24-hour Contact Name _____

Contact Phone _____ Contact email _____

Emergency or Urgent Care – 911

Paul Oliver Memorial Hospital 231-352-2200 | Police Department (non-emergency) 231-352-4212 | Benzie County Sheriff 231-882-4484

PUBLIC RESTROOMS

PARKING

PARKS

MARINA

POLICE

BEACH TO BEACH HIKING TRAIL

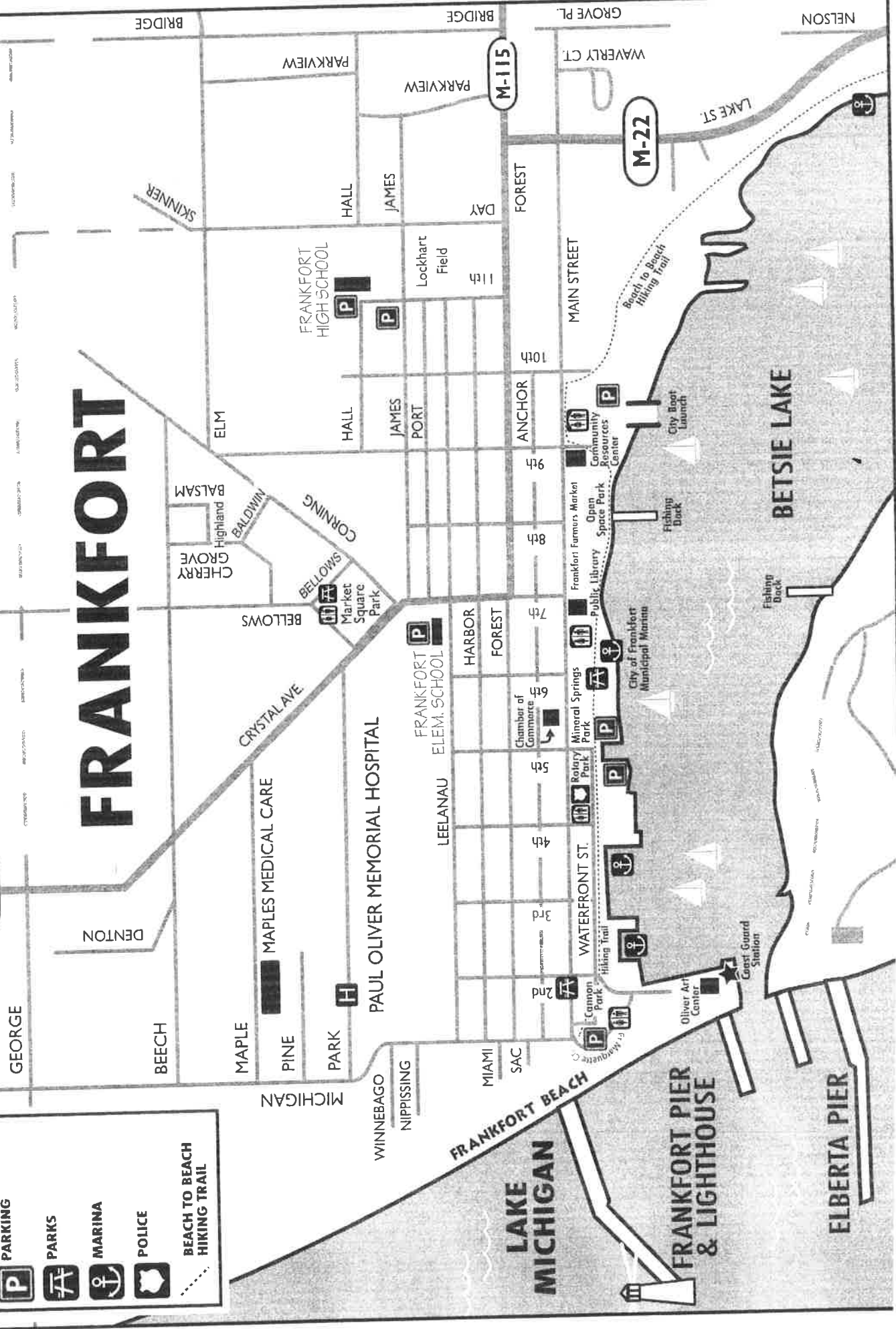
ON STREET PARKING IS ENCOURAGED ON MAIN STREET EAST OF 7TH STREET

▲ To Bellows Park Beach on Crystal Lake
GRAVES RD

▲ To Point Betsie
M-22

▲ To M-22

FRANKFORT



LAKE MICHIGAN

FRANKFORT PIER & LIGHTHOUSE

ELBERTA PIER

BETSIE LAKE

FRANKFORT BEACH

PAUL OLIVER MEMORIAL HOSPITAL

FRANKFORT ELEM. SCHOOL

FRANKFORT HIGH SCHOOL

MAPLES MEDICAL CARE

CHERRY GROVE

BALSAM

DENTON

GEORGE

SKINNER

PARKVIEW

PARKVIEW

M-115

M-22

MAIN STREET

FOREST

DAY

JAMES

HALL

ELM

CORNING

BELLOWS

BELLOWS

CRYSTAL AVE

FRANKFORT ELEM. SCHOOL

FRANKFORT P

LEELANAU

FOREST

HARBOR

7th

8th

9th

10th

ANCHOR

Public Library

Frankfort Farmers Market

Open Spaces Park

Community Resources Center

City of Frankfort Municipal Marina

Fishing Dock

City Boat Launch

Beach to Beach Hiking Trail

Public Restrooms

Parking

Park

Marina

Police

Beach to Beach Hiking Trail

Public Restrooms

Parking

Park

Marina

Police

Beach to Beach Hiking Trail

Public Restrooms

Parking

Park

Marina

Police

Beach to Beach Hiking Trail



CITY OF FRANKFORT, MICHIGAN Registration Form Short Term Rental (STR)

For City Official use only:

Registration # _____

Date of registration: _____

Registered by: _____

Signature: _____

Short-Term Rental (STR). The renting of a dwelling unit for a period of time less than thirty (30) consecutive days. STR does not include a bed and breakfast permitted and operated in accordance with the City of Frankfort Zoning Ordinance; or units rented for less than 2 weeks per calendar year.

All housing units rented for periods shorter than 30 days should be registered with the City of Frankfort by December 31, 2019. A \$100 fee will be imposed on Registrations occurring after December 31, 2019. Registration forms are available at City Hall, 412 Main Street.

Property Address of STR: _____

Owner Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Alternate Phone: _____

Email: _____

Local Contact Person: (Owner or local contact person must be available 24 hours a day and be able to respond to complaints within one [1] hour.)

Name: _____

Address: _____ City: _____ Zip: _____

Phone: _____ Alternate Phone: _____

Email: _____

How many on-site parking spaces are available for this STR? _____

What is the maximum occupancy for this STR? _____

Please check applicable boxes below:

- This STR has working (and not expired) "Class ABC" fire extinguishers on each floor.
- This STR has functioning smoke detectors on each floor and outside each bedroom.
- This STR has functioning carbon monoxide detectors on each floor in the vicinity of the bedrooms.
- This STR has egress from each bedroom to the exterior of the dwelling unit.
- This STR has a portable fire pit or permitted fire pit.
- This STR is insured for use as a rental unit
- This STR is registered with a vacation rental company.

Company name/website: _____

- This STR is **not registered** with a vacation rental company.
- Owner agrees to provide "Good Neighbor Guidelines" to all renters.

Owner Signature _____ **Date** _____

Local Contact Person Signature _____ **Date** _____

LONG LAKE TOWNSHIP
SHORT-TERM RENTAL ORDINANCE
Ordinance No. 178 of 2019

AN ORDINANCE TO REGULATE SHORT-TERM RENTAL OF RESIDENTIAL
PROPERTY WITHIN LONG LAKE AND TO PROVIDE PENALTIES FOR VIOLATIONS
THEREOF

THE TOWNSHIP OF LONG LAKE ORDAINS:

Section 1 – PURPOSE

This Ordinance is intended to protect and promote the health, safety, and general welfare of all the citizens of Long Lake Township by requiring the registration and certification of short-term rentals within the Township. It is also the intent of the ordinance to protect the integrity of residential neighborhoods while allowing property owners to receive remuneration from rental of a dwelling to help maintain the dwelling.

Section 2 – DEFINITIONS

Caretaker -- As used in this ordinance, a caretaker is an individual, other than the certificate holder, who is responsible for the oversight and care of the short-term rental.

Certificate – As used in this ordinance, a certificate is an annual short-term rental certificate duly issued by Long Lake Township.

Dwelling Unit – As used in this ordinance, a dwelling or dwelling unit is a building or portion thereof that is used exclusively or primarily for human habitation and which provides complete living facilities, including permanent provisions for sleeping, eating, cooking, and sanitation.

Renter – As used in this Ordinance, a renter is an occupant or renter of a short-term rental pursuant to a rental agreement. The term "renter" as used herein does not include guests of the occupant or renter who are visiting between the hours of 7:00 am and 11:00 pm.

Septic Inspection Report, Current – As used in this ordinance, a Septic Inspection Report is a report prepared pursuant to Long Lake Township Ordinance No. 107, the Septic System Time of Transfer Ordinance, as amended. Such report is current when it was completed within no less than 36 months, on forms prepared by the Township, and performed by a qualified individual approved by the Township and in receipt of a Township-issued inspector number.

Short-Term Rental – As used in this ordinance, a short-term rental means a dwelling unit, or a portion thereof, that is available for use or is used for accommodations or lodging of guests, paying a fee or other compensation, for a period of less than 30 nights at a time.

Section 3 – APPLICABILITY

Long Lake Township
Short-term Rental Ordinance No. 178
Page 2 of 7

An owner of any dwelling unit located anywhere within Long Lake Township shall not rent or allow to be rented, a dwelling unit or a portion thereof to another person for less than 30 nights at a time, unless the owner or the owner's authorized agent has obtained a short-term rental certificate for that dwelling unit in accordance with the requirements of this ordinance.

1. Certificate Required. A certificate issued by the Township Zoning Administrator or other authorized personnel is required prior to the rental of any dwelling for a period of less than 30 days.
 - a. A certificate shall be valid for a period of 1 year or until the dwelling is sold.
 - b. A certificate is required for each dwelling to be rented on a short-term basis.
 - c. A certificate will be issued within 30 days of receipt of a complete application.
 - d. The certificate shall indicate the maximum number of guests that can be accommodated at the rental in accordance with the standards listed in Section 4.3.
 - e. A certificate and certificate holder shall be subject to all of the standards and penalties of this Ordinance.
 - f. Certificates will expire on December 31st of each calendar year. Applicants may apply for a certificate anytime for a certificate effective in the same calendar year. Applicants may apply for a certificate beginning no sooner than October 1st for the upcoming calendar year.
2. Application. An application provided by the Township for a short-term rental certificate shall include the following at a minimum:
 - a. Address of property
 - b. Property owner name(s)
 - c. Signature(s) of property owner(s) and caretaker
 - d. Number of bedrooms in the dwelling. In the event that the rental is not a whole house rental, the total number of bedrooms in the dwelling and the number that are part of the short-term rental.
 - e. Contact information including: name, address, and 24-hour contact phone number for the owner of the property and the caretaker.
 - i. This information must be kept up to date in the Township's records.
 - ii. It is the certificate holder's responsibility to inform the Township of any change in caretaker or contact information for the certificate holder or caretaker.

Long Lake Township
Short-term Rental Ordinance No. 178
Page 3 of 7

- f. On-site Septic Capacity as determined under Section 4.3 and based on number of bedrooms verified by
 - i. A Septic and Well Status Report issued by the Grand Traverse County Health Department, when there is a permit for an on-site disposal system issued and inspected by the Grand Traverse County Health Department.
 - ii. Copy of a current Septic Inspection Report as defined in this ordinance.

Section 4 – Short Term Rental Standards A short-term rental certificate shall be issued by the Long Lake Township Zoning Administrator or other designated personnel when the applicant demonstrates that policies and procedures are in place for continuing compliance with all of the following standards and regulations:

1. Parking. No on-street parking of any motor vehicles or any trailered vehicles (including by way of example but not limited to boats, jetskis, and snowmobiles) on any public or private roadways shall be permitted in association with a short-term rental.
2. Trash. Refuse and recyclables shall be stored in appropriate containers with tight-fitting lids and shall be regularly picked up by a licensed waste hauler.
3. Capacity Limit. The maximum number of renters to be accommodated shall be equal to the number of bedrooms the septic system is designed to accommodate multiplied by a factor of 2.
 - a. The Septic and Well Status Report from the Grand Traverse County Health Department shall clearly indicate the number of bedrooms the system was designed to accommodate.
 - b. In the event that there is no septic disposal permit on file with the Grand Traverse County Health Department, a current Septic Inspection Report as defined in this ordinance will be used to determine the bedroom capacity of the on-site septic system provided that the inspector has made a Conclusion 1 finding that the system meets all current standards of the Grand Traverse County Health Department's Environmental Health Regulations and the system is in good operational status.
 - c. The certificate issued by the township shall indicate the maximum number of renters that may be accommodated as calculated under these standards.
4. Contact and Response. The certificate holder or a caretaker representing the property owner must be available by telephone at all times and must be physically located within 30-minute travel distance of the property in the event of an emergency or an issue that requires immediate attention. When notified of an issue of immediate concern, (such issues may include, but are not limited to, noise or quiet hour violations) the certificate holder or a caretaker shall resolve the issue immediately. Issues of a non-immediate concern (such

Long Lake Township
Short-term Rental Ordinance No. 178
Page 4 of 7

issues may include, but are not limited to, failure to post the certificate number or incorrect guest capacity included in advertisements) shall be satisfactorily addressed within 2 business days.

5. Identification.

- a. The unique short-term rental certificate number issued by the Township shall be included in any advertisement for the rental.
- b. The street address for the short-term rental shall be signed in accordance with the Grand Traverse County Street and Road Numbering Ordinance and clearly visible from the street.

6. Quiet Hours. Short-term rentals shall observe quiet hours between 11:00 pm and 7:00 am.

7. Pets. Pets shall be secured on the premises or on a leash at all times.

8. Applicable Rules.

- a. The certificate holder or caretaker shall provide written notification that an occupant and/or a guest of an occupant may be cited for a violation of this ordinance, the Township Noise Ordinance No. 80, and/or the Township Use of Consumer Fireworks Ordinance No. 133, as amended, in addition to any other remedies available to the Township.
- b. The certificate holder or caretaker shall provide to an occupant a copy of the Good Neighbor Guidelines as provided by Long Lake Township

9. Campfires. Any campfires at a short-term rental property shall

- a. Be contained within a fire ring or other comparable container
- b. Be located no less than 10 feet from any structure or any combustible material and be located away from overhanging tree branches.
- c. Be under the direct supervision of an adult at all times.
- d. Be fully extinguished prior to leaving the fire.

Section 5 – Suspensions and Revocation of Certificate

1. Violation notice. If Long Lake Township Ordinance Enforcement Officer has reason to believe the application material on which a certificate was issued contained false, incorrect, or misleading information and/or statements or that the short-term rental no longer complies with the standards contained in Section 4 of this ordinance, then Long Lake Township Ordinance Enforcement Officer may, but is not required to, prepare or cause to be prepared a written notice specifying the false, incorrect, or misleading information and/or statements in the application material or specifying the violations of Section 4 that are being alleged, including the factual basis for these beliefs.

Long Lake Township
Short-term Rental Ordinance No. 178
Page 5 of 7

2. Service of notice. The written notice, along with the time, date, and place of the hearing before the Long Lake Township Board, shall be served on the certificate holder either personally or by certified mail, restricted delivery and return receipt requested, no less than twenty-one (21) days before the hearing.
3. Violation hearing. If such a violation notice is prepared and served, the Township board shall hold a hearing at which time the certificate holder shall be given an opportunity to show cause why the short-term rental certificate issued under this ordinance should not be suspended or revoked. At the hearing before the Township Board the certificate holder shall be given an opportunity to confront adverse witnesses and present evidence and legal arguments. The certificate holder may also be represented by an attorney. The Township Board's decision shall be in writing and shall specify the factual evidence upon which it is based. A copy of the Township Board's written decision shall then be provided to the certificate holder.
4. Subsequent violations. After a short-term rental certificate has been suspended, any additional violation(s) committed by the certificate holder within two (2) years of the expiration of the last suspension shall be grounds for a second suspension. If it has been more than two (2) years since the expiration of an initial suspension of a short-term rental certificate, a subsequent violation shall be deemed to be a first suspension. Upon a determination that the short-term rental certificate holder has committed a total of three (3) or more violations of this ordinance within five (5) years, the Township Board may permanently revoke the short-term rental certificate.
5. Length and timing of suspensions and/or revocations. Suspensions and revocations shall generally be effective immediately. Provided, however, if any portion of the suspension time falls outside the primary tourist season of May through September, then the balance of the suspension time shall carry over to the next primary tourist season.
Suspensions/revocations shall be for the following periods:
 - (a) First suspension – three (3) months.
 - (b) Second suspension – six (6) months.
 - (c) Revocation – permanent.
6. Existing contracts. Existing short-term rental contracts up to 60 nights beyond the beginning date of any suspension/revocation may be honored by the license holder with approval by the Township Board. Those existing contracts beyond 60 nights shall be canceled. The time period approved to honor existing contracts shall be added to the end of any suspension period.
7. Fraudulent complaints. Any person who knowingly files a fraudulent, false, or fictitious complaint about a short-term rental shall be deemed to be in violation of this ordinance and may be subject to court enforcement proceedings and the penalties under Section 6.2 of this ordinance.

Section 6. Violations

1. Violations. Any of the following will be considered a violation of this Ordinance:

Long Lake Township
Short-term Rental Ordinance No. 178
Page 6 of 7

- a. Failure to update information with the Township such as the caretaker's or owner's contact information in a timely manner.
 - b. Advertising a short-term rental for a capacity in excess of that allowed under the certificate issued by the Township.
 - c. Failure of the certificate holder or his/her designated caretaker to be available at any time during the tenure of an active short-term rental
 - d. Providing false or misleading information on the application for a short-term rental certificate.
 - e. Failure to obtain a short-term rental certificate when operating a short-term rental.
 - f. Failure to comply with any of the standards under Section 4.
2. Any person, certificate holder, or caretaker who violates any provision of this Ordinance, including section 6.1 above, 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 Five Hundred and 00/100 (\$500.00) Dollars. Each day this Ordinance is violated shall be considered a separate violation.

Section 7. Enforcement Official.

The township ordinance enforcement officer is hereby designated as the authorized official to issue municipal civil infractions directing alleged violators of this Ordinance to appear in court.

Section 8. Civil Action

In addition to enforcing this Ordinance through the use of 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 9. Validity.

If any section, provision or clause of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect any remaining portions or application of this Ordinance which can be given effect without the invalid portion or application.

Long Lake Township
Short-term Rental Ordinance No. 178
Page 7 of 7

Section 10. Effective Date.

This Ordinance shall become effective thirty (30) days after its publication in a newspaper of general circulation within the township.

Ordinance No. 178 was adopted on the 13th of August, 2019 by the Long Lake Township Board as follows:

Motion by: LEMCOOL
Seconded by: HOFFMAN
Yeas: SCHAUB, LEMCOOL, ROSA, MEHNEY, GARVIN
WHEELOCK, HOFFMAN
Nays: 0
Absent: 0

Carol Hoffman
Carol Hoffman, Clerk

Karen Rosa
Karen Rosa, Supervisor

I certify that this is a true copy of Ordinance No.178 that was adopted at a regular meeting of the Long Lake Township Board on August 13, 2019 and published in the Record Eagle on _____, 2019.

_____ Carol Hoffman, Clerk

Effective: _____

Reservation #

<Reservation_Number>

<Unit_FriendlyName>

Unit Phone # - <Unit_Phone1>

<Customer_Fullname>

<Customer_Address1>

<Customer_CityStateZip>



6546 South State

Street

P.O. Box #407

Glen Arbor, MI

49636

(231) 334 - 6100 -

Phone

(800) 309-5045 Toll

Free

(231) 334-6877 -

Fax

www.lvrrentals.com

<CurrentDate>

Dear <Customer_First>,

Thank you for choosing Leelanau Vacation Rentals as your gateway to a wonderful vacation!

Sincerely,

<Business_Name>

www.lvrrentals.com

PLEASE CONTINUE READING! THE INFORMATION BELOW IS VERY IMPORTANT FOR YOU TO KNOW FOR YOUR STAY!

<Unit_FriendlyName> - <Unit_LongDescription>

<Reservation_BookingDetail>

<Reservation_ChargesPayments>

Approximately two weeks prior to your arrival, we will send a reminder of your balance due. In order to expedite the check-in process, we strongly suggest you finalize your balance due at that time with a credit card payment, as we are very busy during the check-in hours. However, if you would like to pay with cash or a check, please feel free to do so at check-in, as this is a faster process. Thank you!

Policies and Procedures...

Leelanau Vacation Rentals is a rental management company for privately owned properties. Due to the nature of this relationship, accommodations and rates are subject to change up to and including the dates of arrival.

Check in and Check Out

You need to check in at our office located in the Village of Glen Arbor at 6546 State St, unless noted differently in your confirmation. We are located directly across from the town park tennis courts, on the corner of S. Ray St (M22) and State St.

Check in is at 4pm, and check out is at 10am.

If you will be arriving after 5:00 P.M. your keys, along with directions to your unit, will be in our unlocked key box that is located just outside our office front door. Your name will be on an envelope, and all that we ask you to do is sign the attached damage waiver and return it to the key box. If you arrive after 5:00 P.M. your balance will be charged to your credit card. There are a limited amount of automobiles and parking spaces allowed at each property. If you are going to exceed four vehicles, please communicate this with our office, and we can make suggestions for alternative parking.

Rebooking

If you enjoyed your stay and would like to book the same week for the following year, you have the first opportunity to do so any time during your stay. Please contact our office and we will re-book it for you. After 10:00am the day of your checkout, the property becomes available to all other potential renters. One caveat: If the owner chooses to use their property for themselves at that time, we do have to honor their request.

Keys

Please return all keys to our office upon departure, unless noted on your confirmation. If keys are not returned, you will be charged a \$100 re-keying charge.

Cancellation Policy

For the months of June, July, and August we require a 90-day cancellation notice. For September through May, we require a 30-day cancellation notice. Funds will be refunded, less a \$100.00 cancellation fee if the cancellation is made prior to the required cancellation dates. All other cancellations will result in forfeiture of your funds. If we are able to re-rent the property for the full period of time at the original rate, you will be refunded your deposit, less the \$100.00 cancellation fee.

Property Acceptance

Tenant agrees to accept the rental property upon arrival, provided it meets the basic description as listed on the confirmation. In addition, Tenant will not be entitled to a refund of rent money, nor relocation to another property and will have no claim or recourse against Owner/Agent due to Tenant's unwillingness to accept the property.

Use of Property/Occupancy

Property is to be used only as a place of vacation. Please respect the neighbors' property, privacy, peace and quiet. Any use of unlawful, improper or offensive activity on or about the premises is not permitted. Excessive noise may qualify as an offensive activity. Quiet Time is 10:00pm - 7:00am. Occupancy of our properties is for the number of people stated on your confirmation. This number includes children. Parties and gatherings of people in excess of the number specified are not permitted. Violations will subject all guests to immediate eviction and forfeiture of all monies.

Maintenance

Please report any maintenance or housekeeping problems immediately. Even the best appliances, TV's etc. occasionally malfunction and we cannot guarantee them to perform 100% of the time. We will respond and attempt to replace or repair anything that may break down in your vacation home as soon as possible (during business hours). As in any area, power outages occasionally occur. Internet can occasionally go down in our area. We will do our best to trouble shoot your issue; however, it is out of our control and therefore no refunds will be issued. There will be no refunds due to such inconveniences.

Pets

Pets are not allowed in any of our properties unless noted on our website. No cats are allowed on the premises, due to resulting allergic reactions of many tenants.

Dogs are allowed on the property only if noted on your confirmation, and our properties do have a one dog maximum. These rules also apply to service dogs. Tenant must assure minimal barking, no nuisance to neighbors and disposal of all dog waste in a closed outside trash can. Tenant is responsible for all damages caused by pets.

If an unauthorized pet is discovered, the pet must be removed immediately to a boarding facility at your expense and you will be charged a \$200.00 pet fee. If the pet is not removed immediately, you will be asked to leave and you will forfeit all monies.

If you are bringing a service dog of any kind, whether for physical OR emotional support, we need to have the documentation on file from your physician and/or mental health provider to avoid fees and/or removal from the property.

Housekeeping

Leelanau Vacation Rentals does not provide daily or mid-week housekeeping service. Your property will be clean when you arrive and we will clean it when you depart. If you will be requiring any special cleaning during your stay, please contact our office, in advance, to receive rates and have a cleaning scheduled. Please contact our office to schedule. If a property requires excessive cleaning when you depart, you could be charged a minimum of \$50.00.

Homestead Condominiums- Each unit is supplied with linens and one set of towels for each person the unit accommodates (body towel, hand towel, and wash cloth). It is a good idea to bring beach towels for your use during your stay, as well as additional bath towels if you feel you will need more than we supply.

Homes and Cottages- Each unit is supplied with linens and one set of towels for each person the unit accommodates (body towel, hand towel, and wash cloth). It is a good idea to bring beach towels for your use during your stay, as well as additional bath towels if you feel you will need more than we supply.

Supplies - All properties are supplied with a starter kit of toilet paper, Kleenex, paper towel, garbage bags, dishsoap, dishwasher detergent and small hand soaps. However, unlike a hotel, supplies are not replenished during your stay, and we recommend that you bring more with you. We also recommend that you bring laundry detergent, shampoo, conditioner, bath soap, a hair dryer, and all other personal hygiene products. Properties with full kitchens will have all basic supplies necessary to prepare and serve meals (pots, pans, bakeware, silverware, dishes, etc), but any specialty equipment (crock pots, etc), spices, and food, shall all be supplied by the renter. We also suggest bringing coffee filters! Most properties have irons and ironing boards, but not all do. This also applies to hair dryers. Please let us know if you will be needing one.

Fireworks, Fireplaces, Bonfires & Grills

Fireworks are not permitted at any of our properties. Bonfires are only permitted if a property has a designated bonfire pit. If you have an unapproved bonfire or use fireworks at any property, you will be charged \$250.00 plus damages. If the property you are staying in has a grill available for use, it will be stated in the property description. However, grills are not available for use in the winter season. **BRINGING YOUR OWN GRILL IS NOT ALLOWED.**

If a fireplace is available to use in a property, it will be listed in its description. Use the fireplace at your own risk. Though they are safe to use, you must be sure to open the flue, close the flue, and properly dispose of ashes once they have thoroughly cooled. Leelanau Vacation Rentals will not be responsible for any damage incurred by a renter's use of the fireplace. The damage waiver will also not cover any damage caused by a renter's use of the fireplace.

Miscellaneous

Our properties DO NOT have air conditioning unless it is listed in the unit description.

If you are renting a unit at the Homestead, as an outside rental agency we cannot offer you access to the Beach Club or tennis courts that are owned by the Homestead (which includes the pools at the Beach Club and at the Reception Center). You do, however, have access to the beach, river, Lake Michigan, and may pay to use the spa and golf course.

There is no boat, trailer, or motorcycle parking at the Homestead. If you are bringing a boat or trailer, acquiring parking for it is entirely your responsibility.

THERE ARE NO RV'S, CAMPERS, OR TENTS ALLOWED AT ANY OF OUR PROPERTIES, WHETHER HOMES, COTTAGES, OR HOMESTEAD CONDOMINIUMS.

There is no public parking down by the beach or Crystal River at The Homestead.

Local phone calls are free. All long distance calls must be made with a credit card or by calling collect.

Internet service is not provided in all properties; your confirmation will let you know if you have it available in your rental. Service is never guaranteed due to unpredictable circumstances. If you have difficulty during your vacation, we are happy to assist you to the best of our ability during business hours. PLEASE NOTE THAT IT IS ILLEGAL TO DOWNLOAD COPYRIGHTED MATERIAL. YOU WILL BE CALLED AND CHARGED A FEE IF THIS TAKES PLACE DURING YOUR STAY AND YOU DOWNLOAD THESE MATERIALS ON THE WIFI IN THE PROPERTY.

5. As with any vacation destination, Leelanau County has many wonderful, positive points, and like all others, can have its challenges. In spring, we sometimes have something called a "midge," that likes to visit our beaches. It looks a lot like a mosquito, but doesn't bite. Many times, spraying bug spray around yourself will help to keep them away. In the summer, like almost any destination, we have mosquitoes. Again, we suggest bug spray and citronella candles! In the fall, we can often have fruit flies, due to the large amount of fruit trees and vineyards we have in our area. There are fly traps that can be home made or purchased if this becomes an issue. Additionally, in the summertime, some of our inland lakes can have what is called "Swimmers Itch." Though many people are not susceptible to it, sometimes others are, and it's more common in shallow, warm water where birds tend to migrate. There are several over the counter products that can be purchased to help prevent swimmer's itch, and there are precautions you can take at the time of swimming (toweling off right away). If you have any questions, we are happy to answer them!

Damages and Liability

The non-refundable damage waiver covers up to \$500.00 of accidental damage. You will be liable for malicious damage and any damage beyond \$500.00. The damage waiver does not cover damage or loss that is not disclosed. The damage waiver does not pay for any act of intentional or negligent destruction. Renter shall indemnify and hold Leelanau Vacation Rentals and all employees free and harmless, where such injury, property damage or death is caused or allegedly caused by any negligence or intentional act of renter or any guests of the renter. Leelanau Vacation Rentals and the owners of our vacation property are not responsible for personal property brought into our vacation rental properties.

If you have any questions or concerns contact our office. We are available for *emergencies* 24 hours a day. Our staff carries a rotating 24 hour emergency line. There is not a person who stays in the office answering phones throughout the night. While everyone is more than happy to assist in emergencies, please know that you are calling someone at home.

Please let us know if there is anything we can do to make your stay more enjoyable.

Reservation #



6546 South State Street

<Reservation_Number>

Glen Arbor, MI, 49636

<CurrentDate>

231-334-6100 www.lvrrentals.com

<Customer_FullName>

<Reservation_UnitNames>

<Customer_FullAddress>

Number of adults: <Booking_Adults>

<Customer_HomePhone>

Number of children: <Booking_Children>

<Customer_MobilePhone>

Number of vehicles:<Booking_CorrespondenceNote1>

Check-in:<Booking_CheckinDate>

Check-out:<Booking_CheckoutDate> - <Booking_CheckoutTime>

Property Acceptance: Tenant agrees to accept property upon arrival, provided it meets the basic description as listed in your confirmation. In addition, Tenant will not be entitled to a refund of rent money nor relocation to another property and will have no claim or recourse against Owner/Agent. Occupancy of this property is for the number of people specified above. Parties and gatherings of people in excess of the number specified is not permitted. Occupancy violation will subject all guests to immediate eviction and forfeiture of all rental money. There are a limited amount of automobiles and parking spaces allowed at each property. If you are going to exceed four vehicles, please communicate this with our office, and we will make suggestions for alternative parking.

Please report any maintenance or cleaning problems immediately. We work very hard to ensure that each unit is clean for your arrival. However, occasionally things are overlooked and even the best appliances occasionally malfunction. Internet in our area can be sporadic. We will attempt to correct all problems as soon as reasonably possible. THERE WILL BE NO DISCOUNTS OR REFUNDS DUE TO SUCH INCONVENIENCE. And, as in any area, we sometimes experience power outages. We have no control over the power company. THERE WILL BE NO DISCOUNTS OR REFUNDS DUE TO SUCH PROBLEMS.

Pets are not allowed in any of our properties unless noted on our website. If an unauthorized pet is discovered, the pet must be removed immediately to a boarding facility at your expense and you will be charged a \$200.00 pet fee. If the pet is not removed immediately, you will be asked to leave and you will forfeit all monies.

Fireworks are not permitted at any of our properties. Bonfires are permitted only if a property has a designated bonfire pit. If you have an unapproved bonfire or use fireworks at any property, you will be charged \$250.00 plus damages. Smoking is also not allowed IN any properties OR on their decks/patios.

Garbage- If you are renting a home or cottage, there will be a scheduled day for garbage pick-up. The information for this will be on the refrigerator of the rental. We recommend that you pull the garbage to the end of the driveway the night before pick-up, and ask that you pull the container back in after the garbage is emptied. If we find this did not happen and have to schedule a separate pick-up, you will be charged an additional \$50.00 fee.

If you are staying at the Homestead, as an outside rental agency we cannot offer you access to the Beach Club or tennis courts that are owned by the Homestead (which includes the pools at the Beach Club and Reception Center). You do, however, have access to the beach, Lake Michigan, the Crystal River, and can pay to use the on site golf course and spa. There is no grilling on the decks at The Homestead, nor are trailers, boats, or motorcycles allowed on property. No RV's, campers, or tents are allowed at any of our properties, including cottages and homes.

*CHECK OUT IS 10:00 A.M.

OUR PROPERTIES DO NOT HAVE AIR CONDITIONING OR INTERNET UNLESS LISTED IN THE PROPERTY DESCRIPTION. MOST PROPERTIES ARE HEATED, BUT IT WILL BE NOTED IN THEIR DESCRIPTION IF THEY ARE NOT.

*FIREPLACES THAT ARE AVAILABLE TO BE USED IN ANY GIVEN PROPERTY WILL BE USED AT YOUR OWN RISK. THIS DAMAGE WAIVER WILL NOT COVER ANY EXPENSES PERTAINED TO FIREPLACE USAGE.

LIABILITY AND DAMAGE: Renter shall indemnify and hold Leelanau Vacation Rentals and all employees free and harmless, where such injury, property damage or death is caused or allegedly caused by any negligence or intentional act of renter or any guests of the renter. We ask that you treat the unit with the same care and respect you show your own home. The non-refundable damage waiver covers up to \$500.00 of accidental damage. You will be liable for all malicious damage and any accidental damage beyond \$500.00.

THE UNDERSIGNED ACKNOWLEDGES HAVING READ AND AGREES TO THE TERMS AND CONDITIONS OF RENTAL AS LISTED ABOVE ON THIS RENTAL AGREEMENT.

Signature: _____

Date: _____

Welcome to Empire, Michigan and the Lucky Pig. We hope you enjoy your stay!

The Lucky Pig was built in 2003 as one of the first homes in the New Neighborhood. It's built of timber frame construction with SIP panels and radiant floor heat. The house has been featured in *Cooking Light*, *Cottage Living* and *Midwest Living*.

Contact Information: Todd's cell: 616-915-7049; Sandy's cell: 616-308-0564. Call anytime for emergencies, otherwise please call between 8:00 a.m. and 10:00 p.m. or text us with questions.

Things to Do: Any visit to the Leelanau Peninsula should start with a trip to the NPS Sleeping Bear Dunes National Lakeshore Visitors Center right across the street on M-72. Here you can view a relief map of the area, check out events in the park, or speak with a NPS Ranger. Maps, books, park passes are available in the bookstore. Going north on M-22 you will find the towns of Glen Arbor, Leland, and Northport. Once you arrive in Northport, head south to Suttons Bay and in to Traverse City. You can spend a whole day doing this. Many shops, sights, and restaurants along the way.

- Empire Beach: Bike, drive or walk.
- Dune Climb: M 22 North to M 109.
- Pierce Stocking Scenic Drive: M22 North to M 109.
- Heritage Trail: Hiking, biking, cross country skiing trail from Empire to Glen Arbor
- Manitou Islands: Daily ferry service to South Manitou. Don't miss this trip!
- Vineyards: Mostly on the east side of the Leelanau Peninsula. For more, check out Old Mission Peninsula.

Places to Eat:

- Arts Tavern: Glen Arbor Burgers, bar food, shotski
- Funistrada: Burdickville Excellent Italian food Visit Open Table on the web for reservations; Call 231-334-3900
- Cherry Republic Public House: Good eats and beer
- Village Inn: In Empire. Good pizza
- Ship Wreck: Located on M22 next to BP station. Excellent sandwiches.

- Blue Heron Mercantile: Midtown Empire next to Library. Essential staples, sandwiches, and meals to go.

Recommendation for groceries:

- Anderson's IGA in Glen Arbor has everything you need along with higher prices than Meijer in Traverse City.
- Blue Heron Mercantile: Midtown Empire next to Library. Essential staples, sandwiches, and meals to go.

House Rules:

This cottage is not "child-proof." Parents are advised to survey the property for potential safety issues such as chemical cleaners, uneven stairs, and poison ivy.

- Check out is at 10:00 am sharp. Our cleaning crew arrives at 10:05 and needs to keep to a schedule. If you need a late check out, please let us know and we will try to arrange.
- No smoking on property including front porch and back patio.
- The first aid kit is in the bathroom; the fire extinguisher is located by the washer and dryer in the basement and under the kitchen sink.
- Call 911 for emergencies. Leelanau County Sheriff, NPS Rangers, or Glen Lake Fire and Rescue will respond. Munson Hospital is in Traverse City. Take M 72 East toward Traverse City and follow the signs.
- Garbage bags, dish dishwasher soap, toilet paper, and paper towels are for your use.
- Call/text us if your need garbage removal.
- The outdoor grill is for your use. Turn on the propane gas tank before use, and turn off when the grill has cooled. Please re-cover the grill after it has cooled.
- Red wine stains furniture if spilled. Guests will be charged a fee to clean upholstery and carpets.
- Please refrain from eating on living room furniture or in the basement.
- We are a dog friendly neighborhood with strict leash laws. If a dog should enter our yard unattended, please contact us immediately.
- All cars should be parked off the alley in back.
- Internet is for you to use. Network: Belkin.8bd Password is [REDACTED]

- To turn on the TV, use Charter remote. To access Netflix, use Fire Stick remote for app and volume.
- During the summer each Wednesday I will water the gardens and lawn. I will be on the property after 10:00 am and will return around 3:00 pm. Thank you for understanding.
- Tread lightly on the spiral staircase.
- The New Neighborhood is pet friendly. At times, a stray dog may end up in our yard. If this is the case, please call Todd or Sandy immediately.
- If you feel the need to move furniture around, please be very careful and put it back where you found it before you leave.
- The front door is finicky in the wintertime. To securely close it, simply bump it with your hip. Make sure the screen door latches during windy weather.
- Washer and dryer and supplies are for your use. Please use them as your own. . .gently. Detergent and Bounce sheets are provided.
- Bird feeders: Please do not put food in the birdfeeders. Filled birdfeeders are attracting bees in the New Neighborhood.
- Fireworks: No fireworks, including sparklers, on the property.

A Note About Visiting Guests

We limit the number of occupants to 4 during the season to limit wear and tear on the cottage, keep septic tanks in check, and to keep it in good condition for our guests. Additional guests may be allowed with prior permission and a surcharge of \$30.00 per guest each night. Thank you for understanding.

A Note About Our Neighbors

We have very friendly neighbors who work during the day and enjoy the New Neighborhood as families do during the evening. Please respect the property of our next door neighbors. Children should not play in their yard or use their play equipment such as bikes, sandbox and swings.

Our neighbor has a dog and should not be in our yard. If the dog should frequent the yard, please notify me immediately.

A Note About Bears and Coyotes

There have been multiple bear sightings in Leelanau County and at least two incidents of bears being in the New Neighborhood. Please do not leave food outside at night. Be certain to read the literature posted on NPS trailhead kiosks regarding bears in the Park. Report any bear sightings to the National Park Service headquarters.

You will hear coyotes at night out in the woods. Occasionally, the coyotes will venture into the neighborhood. While they are generally just passing through, they may startle you. Be prepared to see them. Unless injured or ill, they are not aggressive. Do not approach them. They will quickly glance at you, size you up, and then move on. If they challenge you, make yourself big by extending your arms above your head and yell at them. They should retreat. Report any aggressive coyote behavior to the National Park Service headquarters.

Grand Canyon

The grand canyon behind the house is undergoing restoration. Please do not allow children to climb on the banks of the grand canyon. Always use the stairs. Thank you.

Firepit

Please only burn wood purchased from approved vendors in the area. The BP station has wood available during the summer months.

Front Garden

The front garden is undergoing restoration. Please use the pathways.

Conserve Energy

Please help conserve energy. Please turn off lights and appliances when you are away from the cottage. There is no need to keep the front door light on during the evening. People around here enjoy dark skies. Light pollution is a real problem. Do your part to help diminish it!

Carbon Monoxide and Smoke Detectors: Detector batteries are changed bi-annually. Please notify Todd or Sandy if alarm is sounded or “chirp” is heard. DO NOT DISCONNECT SMOKE DETECTORS.

Septic System

Out here in the country, we have septic systems. The long term needs of the system are different than a city sewer system. Human waste and toilet paper should only be flushed in the toilet. We do not have a garbage disposal. Dispose of food waste in the garbage. The water is provided by the Village of Empire.

Recycling

There is a small container next to the stove marked for recycling. Please return bottles and cans for deposit. The recycling center is located off Lacore Street by Shalda Park.

Speed Limits.

Please watch your speed. Roadways are posted at 25 mph and alleys are posted at 15 mph. Thanks.

End of Stay:

We do not charge a house cleaning fee, but do ask our guests to help get the place ready for our next guests. So, before you leave please:

- Strip beds of sheets and pillow cases only and place sheets and cases at foot of spiral staircase in wire basket.
- Place used bath towels, wash clothes and dish towels at foot of spiral staircase.
- Wipe down counter tops and dining room table.
- Sweep the floors in the living room, kitchen and dining room.
- Leave us a note if we run out of any supplies or call our attention to a needed repair.
- Please do not leave any food.
- Place garbage outside on back porch the day of your departure.

AirBnB

Please take the time to write a review of the Lucky Pig after your stay. We rely on AirBnB for honest feedback from our guests just as we provide honest feedback about you being a guest with us. Achieving and retaining our Super Host status is

important to us. If you aren't able to mark us with 5 stars in the Overall Experience category, we want to know why so that we can correct any problems or concerns early in your visit. Again, please let us know if we can make your stay more enjoyable. We like hearing from our guests.

We are now taking reservations for Summer, 2019. We are booked by March. If you are interested in staying with us for a week in the summer, please log on to AirBnb.

Enjoy your stay. Please let us know if there is anything we can do to make your stay more enjoyable.

Smoke Detectors Batteries:

Date: 10/3/18 By: TFA

Date: 4/1/19 By: TFA

Date: 9/22/19 By: TFA

Date: _____ By: _____

Date: _____ By: _____

Date: _____ By: _____

Date: _____ By: _____

Carbon Monoxide Detectors Batteries:

Date: 10/3/18 By: TFA

Date: 4/1/19 By: TFA

Date: 9/22/19 By: TFA

Date: _____ By: _____

Date: _____ By: _____

Date: _____ By: _____

Date: _____ By: _____

SECTION FOUR

Purpose: Each committee member will contribute a brief overview of insight and opinion regarding seasonal rentals. The final report will include discussions on findings, goals and potential action steps. The goals will be actionable with timelines, resources, and measurable outcomes.

Methodology: Once sections one through three are complete, the Committee will meet discuss and debate recommendations and suggestions.

Members: All

Final product: A four to five-page document with findings, goals, and recommendations.

Section
4.

Todd Avis, Seasonal Rental owner

By research and discussion, I have concluded a Village would draft and regulate Short Term Rentals for two reasons:

#1. Villages/Cities will institute ordinances to regulate Short Term rentals because of the condition of the rental dwellings or the behaviors of the rental's guests. In conversation with the Sheriff Browkowski, he cannot specifically attribute any service calls to the Village of Empire for unruly rental guests. Speaking broadly, he finds most service calls to the Village as being noise related (music, fireworks, parties, etc.) I am not convinced, through the work of our committee, that the short-term rental properties in the Village constitute the need for an ordinance solely to reign in renter behavior. Empire residents have had an opportunity to address the committee and have not raise such an issue.

#2 Villages/Cities institute ordinances to regulate Short Term rentals in an attempt to "equalize" or "stabilize" the ratio between permanent residences and short term rentals. The discussion of this issue is regional and national in scope particularly with the advent of short-term sites such as VRBO and AirBnB. I am not sure the Village of Empire needs to regulate short-term rentals to keep the ratio in congruence with the long-term economic needs of the community. My question would be, what effect would the reduction of short-term rentals have on the overall economic health of the Village if short-term rentals were limited? I am not sure anyone is in a position to answer that question on a local, regional, or even national level. The research goes both ways as with any controversial topic.

Therefore, if the Village of Empire Council deems it necessary to create an ordinance to regulate short term rentals, I would recommend these four components:

1. Annual registration to include local contact person;
2. A uniform "rental guidelines" document be prepared by Village residents to address potential issues in the area. For instance, remind renters of Village parking rules, speed laws, and noise ordinances, etc.
3. Create a small citizens committee to report annually to Village Council on the issue of short-rentals by providing updated research, trends, and approaches to the short-term rental industry.
4. Annually update the short-term rental map created as part of this committee's work.

Sue Palmer, Seasonal Rental owner

1. This is a tough question. Part of me says no. We are not experiencing any issues with short term rentals in Empire. Many of the people in Empire have vocalized that we don't need any ordinances.

The other part of me is yes. I am extremely sensitive to being able to grow our community. We need to maintain the landscape of our Village. We need to ensure enrollment so in our schools.

Empire's year round population is aging. They, or their heirs, are making decisions to sell or rent short term. Selling has been, in most cases, to investors marketing the homes as short term rentals. As long as Empire has a booming seasonal presence, this will be the case.

Empire will no longer have a community of residents.

2. My top 3 Rules (OK 2), based on the fact that no issues have been seen in our community. Limit the number of short term rentals in the Village. Register, without fee, all short term rentals.

Ranae Ihme, Leelanau Vacation Rentals, CEO

Todd- I do not feel Empire needs an ordinance, as it appears you have very little issues with short term rentals. When you look at the number of vacation rentals and the number of complaints they seem few and far between. An ordinance will require enforcement and will create a job when in all reality there simply doesn't seem to be a problem.

If, however the village decides to have an ordinance I would recommend very little rules and regulations to keep it manageable. I would recommend the following guidelines...

1. Limit the people per home- (2-4) per bedroom. This will cover overcrowding and septic issues.
2. Limit the amount of cars permitted with each rental- an issues that is easily overlooked and can create issues.
3. Most importantly an local 24-7 emergency contact. A contact that will always answer the phone and be ready to handle an issue.

Diane Aylsworth, Village of Empire resident

I support a Village wide ordinance for short term rentals.

We are becoming a summer resort rather than a viable year-round Village.

1. Control the number of short term rentals (STR) allowed in our 1sq. mile boundary.
 - Charge a fee for permits
2. Control the number of occupants per dwelling
 - Number of bedrooms
 - +Number of bathrooms
 - =Number of occupants
3. Septic inspections every year in order to determine proper operation

Mae Stier, Village of Empire Council Member

1. *Do you support a Village-wide ordinance regulating short term rentals? Why or why not?*

Yes, I do support a village-wide ordinance regulating short-term rentals. I believe that there should be minimal regulations in place for short-term landlords to follow, and that they should be required to obtain a permit to operate. I also believe there should be a limited number of vacation rentals allowed within the village limits. Currently the village has nearly 50 active vacation rentals, which is more than 10% of our housing stock. Having such a large percentage of homes operating as short-term rentals is potentially reducing the availability of long-term rental options while also potentially assisting in driving up the cost of the housing market, making it more difficult for working families to live in the village. Because running a vacation rental involves commerce, it should be regulated as all other business enterprises are in the village, even if only by requiring the owners to register with the village office for a short-term rental permit.

2. *Any ordinance must contain rules, policies, and regulations. What are the top three rules, policies, and/or regulations needed for an effective STR ordinance?*

I believe that the most important regulation would be to require short-term rental landlords to apply for a permit through the village, and that the village should limit the number of permits issued each year. This will help to keep the number of rentals from exceeding a set limit, and would allow the village to gain additional revenue from the revenue the homeowners are collecting from their rentals. A yearly fee of \$250 required from all 40+ vacation rentals currently in existence would result in \$10,000+ additional revenue in the village each year.

Additionally, I think an ordinance should require an on-site manager to manage the rental, and that the manager must be required to be reached 24 hours a day. This could be through a second-party management service (such as Leelanau Vacation Rentals) or an individual who is within a specific mileage from the property. This will ensure that any issues the tenants face can be promptly managed by someone nearby.

I also believe that an ordinance should address maximum occupancy and whether or not events are allowed on-site. This will help to ensure the safety of visitors while also requiring that homeowners ensure noise be kept to a minimum.

SECTION FIVE

Purpose: Provide the reader with current research pertaining to the relationship between Short Term Rentals and the local economy. Provide research articles to show the impact of Short Term Rentals on the local housing market.

Methodology: Conduct an internet search to gather current local and national literature.

Members: Mae Stier

Final product: A sampling (4-5) articles.

Articles on Relationship between Short term rentals and long term rentals:

<https://www.traverseticker.com/news/local-experts-weigh-in-on-hou>

“Is Home Sharing Driving Up Rents?” from University of Massachu:

http://repec.umb.edu/RePEc/files/2016_03.pdf

*See also
Research
Article*

The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3006832

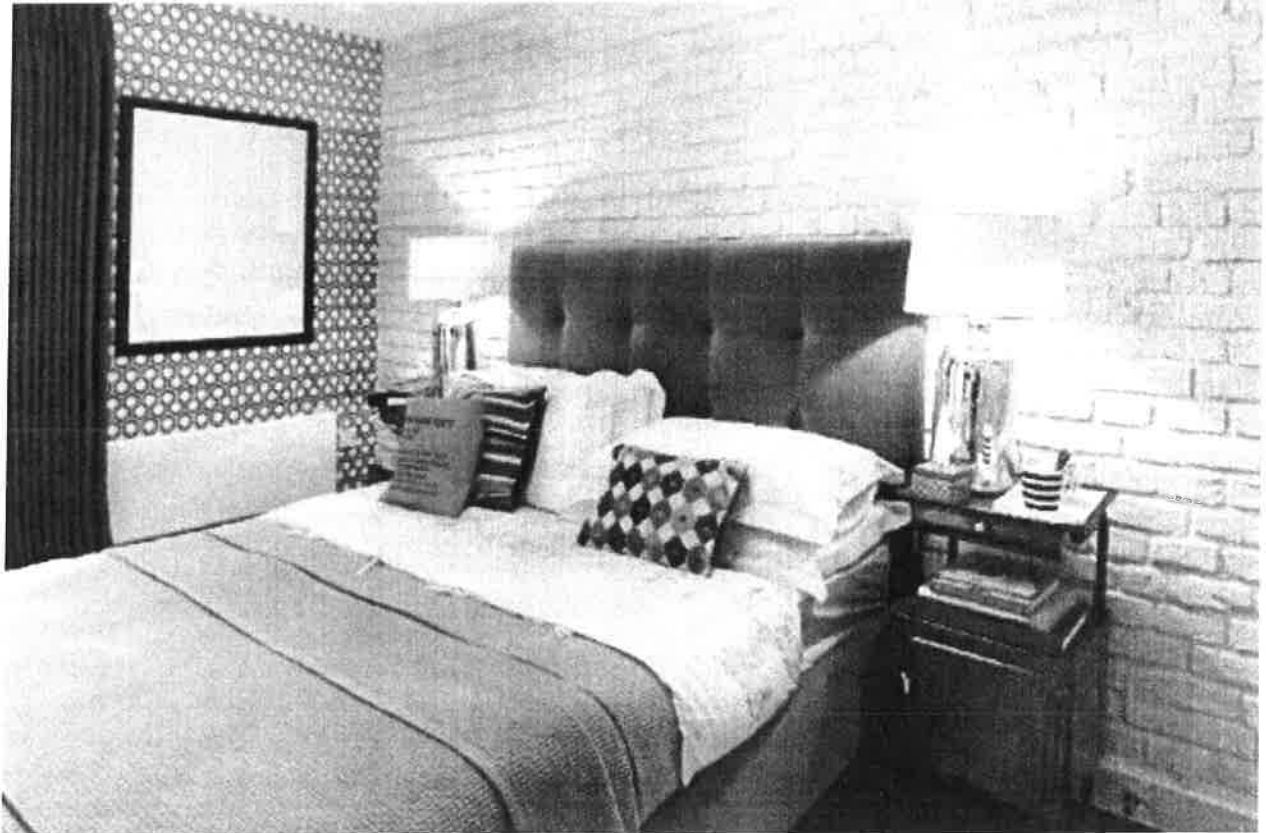
<https://www.biggerpockets.com/blog/short-term-rentals-unsustainable>

6 Reasons Short-Term Rentals Aren't a Sustainable Investment Strategy



Sterling White

Expertise: Commercial Real Estate, Personal Finance, Real Estate Marketing, Business Management, Landlording & Rental Properties, Real Estate Investing Basics, Personal Development, Real Estate News & Commentary, Mortgages & Creative Financing
227 Articles Written



The links to third-party products and services on this page are affiliate links, meaning that BiggerPockets may earn a commission (at no additional cost to you) if you click through and make a purchase.



Want more articles like this?

Create an account today to get BiggerPocket's best blog articles delivered to your inbox

[Sign up for free](#)

Short term, Airbnb-style rentals may be popular, but that doesn't make them a sustainable real estate investment strategy.

Airbnb may wind up winning the legal battle for short-term rental landlords in many areas. Still, that won't ensure the sustainability of this strategy for buy and hold or retirement investing. The high rents may be alluring to investors, and the destinations can be attractive. However, I see at least six flaws that could cause Airbnb investors a lot of pain down the road.

6 Reasons Short-Term Rentals Aren't a Sustainable Investment Strategy

1. Short-term rentals depend on the tourism industry.

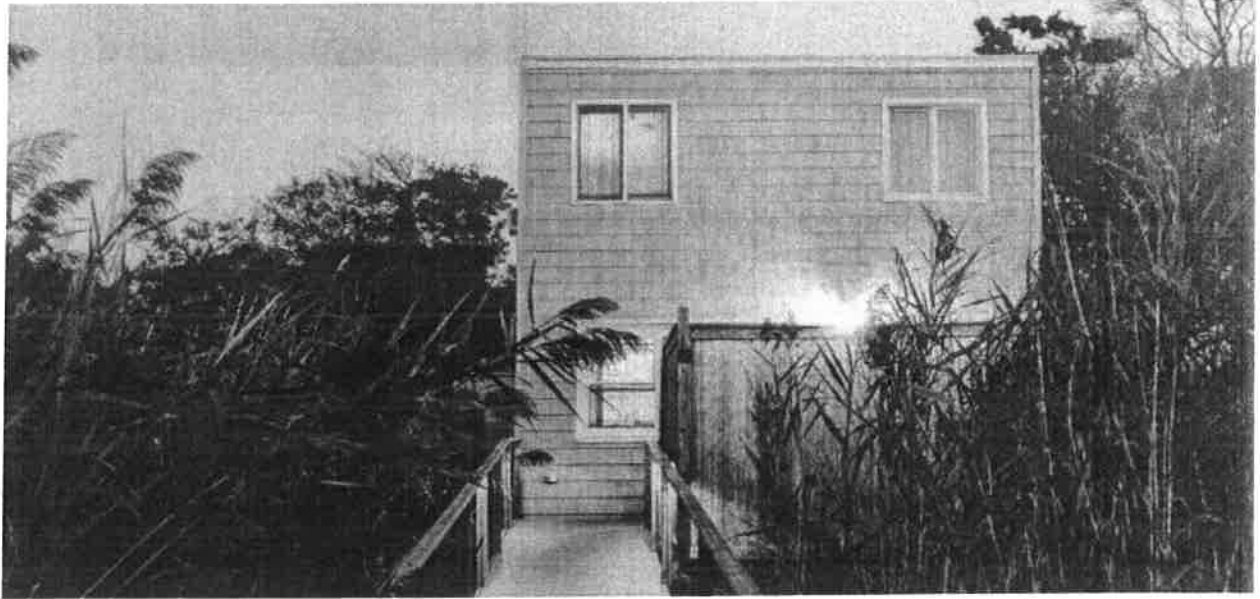
These rentals and their high rates rely on tourists and some business travelers. We've been through plenty of fluctuations before, where when the economy winces, tourism grinds to a halt. This could be due to terrorism, a natural disaster like a hurricane, or simply the economy tightening. That can evaporate demand for these units fast.

Related: [How to Use Airbnb to Travel & Live for Free in Retirement](#)

2. Short-term rentals create artificially high rental rates.

These types of rentals are often marketed at two to three times annual rental rates. Those rates simply aren't affordable for local workers. This causes two issues. First, it drives out key workers like good teachers, law enforcement, service workers, and entrepreneurs, who just can't afford to live there. This

can have a long-term negative impact on a location. Secondly, these rates cause buyers and sellers to trade properties based on these artificial and often temporarily inflated incomes. When that income dries up or pauses, many landlords will find themselves underwater and in negative cash flow on an asset that is far overpriced.



3. Short-term rentals increase landlord competition.

Now that everyone can be a landlord, many are. That's an enormous amount of competition. When things get tougher, it will be a race to the bottom of who can charge the least.

4. Short-term rental gain are often offset by high fees.

Higher rents on short-term rentals are often offset by higher management fees as well. Airbnb, VRBO (to learn more about how to rent your place and list for free on VRBO, [click here](#)), and HomeAway (click here to list your place for free on HomeAway—only pay when you get a booking) all charge fees. Professional managers can sometimes charge as much as 30% on short-term rentals.

5. Short-term rentals don't support reliable, long-term tenants.

Savvy buy and hold investors prize long-term tenants. Investors who have tenants who stay for years save money on marketing, screening, cleanup, and turnover costs. When you rent to people only staying for a week or a month at a time, who have no vested interest in taking care of your property, that can lead to high costs for cleanup and repairs between tenants.



Related: With the First Airbnb Landlord Conviction, Should Vacation Owners Be Worried?

6. Short-term rentals provide inconsistent cash flow.

In some popular vacation destinations, it is possible to have your unit booked out for 12 to 18 months in advance. However, most landlords will struggle to piece together the occupancy puzzle—with some tenants staying for days, others for weeks, and a few for months. Will you still be profitable if you only manage 30% occupancy for the year?

Summary

Short-term rentals are alluring. Having one in your favorite vacation destination that you may go and use for 3-6 months of the year yourself may not be a terrible idea. You'll enjoy using it. Those can be your best returns. However, those looking for long-term, consistent passive income and optimal returns may be best served sticking with annual rentals.

Real Estate Investment Calculators

Analyze a potential real estate investment for profitability.

Start a new report

[\(https://www.ssrn.com/\)](https://www.ssrn.com/)

Browse

Subscriptions

Rankings

a

Submit

My

Library

Blog ↗



Create account

<https://hq.ssrn.com/login/pubs><https://papers.ssrn.com/sol3/ShoppingCart.cfm>[Download This Paper \(Delivery.cfm/SSRN_ID3497850_code2171934.pdf?abstractid=3006832&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN_ID3497850_code2171934.pdf?abstractid=3006832&mirid=1&type=2\)](#)[Add Paper to My Library](#)

Share:



The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb

72 Pages

Posted: 25 Jul 2017

Last revised: 5 Dec 2019

Kyle Barron (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=1760106)

National Bureau of Economic Research

Edward Kung (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=2435860)

California State University, Northridge - David Nazarian College of Business and Economics

Davide Proserpio (https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=2171934)

Marshall School of Business, University of Southern California

Date Written: March 29, 2018

Abstract

We assess the impact of home-sharing on residential house prices and rents. Using a dataset of Airbnb listings from the entire United States and an instrumental variables estimation strategy, we show that Airbnb has a positive impact on house prices and rents. This effect is stronger in zipcodes with a lower share of owner-occupiers, consistent with non-owner-occupiers being more likely to reallocate their homes from the long- to the short-term rental market. At the median owner-occupancy rate zipcode, we find that a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices. Finally, we formally test whether the Airbnb effect is due to the reallocation of the housing supply. Consistent with this hypothesis, we find that, while the total supply of housing is not affected by the entry of Airbnb, Airbnb listings increase the supply of short-term rental units and decrease the supply of long-term rental units.

Keywords: Sharing Economy, Peer-To-Peer Markets, Housing Markets, Airbnb**JEL Classification:** R31, L86[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID3497850_code2171934.pdf?abstractid=3006832&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN_ID3497850_code2171934.pdf?abstractid=3006832&mirid=1&type=2\)](#)

Register to save articles to your library

Register (<https://hq.ssrn.com/login/pubsiginjoin.cfm>)

Paper statistics

DOWNLOADS	6,820
ABSTRACT VIEWS	27,688
RANK	910

23 Citations

PlumX Metrics



(https://plu.mx/ssrn/a?ssrn_id=3006832)
Related eJournals

Real Estate eJournal (https://papers.ssrn.com/sol3/EJ/JOUR_Results.cfm?form_name=journalBrowse&journal_id=1492470)

Follow ⓘ

IO: Theory eJournal (https://papers.ssrn.com/sol3/EJ/JOUR_Results.cfm?form_name=journalBrowse&journal_id=1475445)

Follow ⓘ

View more >

Feedback ↻




Submit a Paper > (<https://hq.ssrn.com/submissions/CreateNewAbstract.cfm>)

SSRN Quick Links

SSRN Rankings

About SSRN



 (<https://www.facebook.com/SSRNcommunity/>)
 (https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A0)
 (<https://twitter.com/SSRN>)

(<https://www.elsevier.com/>)

Copyright (<https://www.ssrn.com/index.cfm/en/dmca-notice-policy/>)

Terms and Conditions (<https://www.ssrn.com/index.cfm/en/terms-of-use/>)

Privacy Policy (<https://www.elsevier.com/legal/privacy-policy>)

We use cookies to help provide and enhance our service and tailor content.

By continuing, you agree to the use of cookies. To learn more, visit our Cookies page (<https://www.ssrn.com/index.cfm/en/ssrn-faq/#cookies>).

(<http://www.relx.com/>)

(<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>)

The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb*

Kyle Barron[†]

Edward Kung[‡]

Davide Proserpio[§]

Abstract

We assess the impact of home-sharing on residential house prices and rents. Using a dataset of Airbnb listings from the entire United States and an instrumental variables estimation strategy, we show that Airbnb has a positive impact on house prices and rents. This effect is stronger in zipcodes with a lower share of owner-occupiers, consistent with non-owner-occupiers being more likely to reallocate their homes from the long- to the short-term rental market. At the median owner-occupancy rate zipcode, we find that a 1% increase in Airbnb listings leads to a 0.018% increase in rents and a 0.026% increase in house prices. Finally, we formally test whether the Airbnb effect is due to the reallocation of the housing supply. Consistent with this hypothesis, we find that, while the total supply of housing is not affected by the entry of Airbnb, Airbnb listings increase the supply of short-term rental units and decrease the supply of long-term rental units.

Keywords: Sharing economy, peer-to-peer markets, housing markets, Airbnb

*We thank Don Davis, Richard Green, Chun Kuang, Aske Egsgaard, Tom Chang, and seminar participants at the AREUA National Conference, the RSAI Annual Meetings, the Federal Reserve Bank of San Francisco, the UCI-UCLA-USC Urban Research Symposium, and the PSI Conference for helpful comments and suggestions. All errors are our own.

[†]NBER; barronk@nber.org.

[‡]Department of Economics, UCLA; ekung@econ.ucla.edu.

[§]Marshall School of Business, USC; proserpi@marshall.usc.edu.

1 Introduction

The sharing economy represents a set of peer-to-peer online marketplaces that facilitate matching between demanders and suppliers of various goods and services. The suppliers in these markets are often small (mostly individuals), and they often share excess capacity that might otherwise go unutilized—hence the term “sharing economy.” Economic theory would suggest that the sharing economy improves economic efficiency by reducing frictions that cause capacity to go underutilized, and the explosive growth of sharing platforms (such as Uber for ride-sharing and Airbnb for home-sharing) testifies to the underlying demand for such markets.¹ The growth of the sharing economy has also come at the cost of great disruption to traditional markets (Zervas et al., 2017) as well as new regulatory challenges, leading to contentious policy debates about how best to balance individual participants’ rights to freely transact, the efficiency gains from sharing economies, the disruption caused to traditional markets, and the role of the platforms themselves in the regulatory process.

Home-sharing, in particular, has been the subject of intense criticism. Namely, critics argue that home-sharing platforms like Airbnb raise the cost of living for local renters while mainly benefitting local landlords and non-resident tourists.² It is easy to see the economic argument. By reducing frictions in the peer-to-peer market for short-term rentals, home-sharing platforms cause some landlords to switch from supplying the market for long-term rentals—in which residents are more likely to participate—to supplying the short-term market—in which non-residents are more likely to participate. Because the total supply of housing is fixed or inelastic in the short run, this drives up the rental rate in the long-term market. Concern over home-sharing’s impact on housing affordability has garnered significant attention from policymakers and has motivated many cities to impose stricter regulations on home-sharing.³

¹These frictions could include search frictions in matching demanders with suppliers and information frictions associated with the quality of the good being transacted or with the trustworthiness of the buyer or seller. See Einav et al. (2016) for an overview of the economics of peer-to-peer markets including the specific technological innovations that have facilitated their growth.

²Another criticism of Airbnb is that the company does not do enough to combat racial discrimination on its platform (Edelman and Luca, 2014; Edelman et al., 2017) or that it generates negative externalities for neighbors (Filippas and Horton, 2018) though we will not directly address these issues in this paper.

³For example, Santa Monica outlaws short-term, non-owner-occupied rentals of fewer than 30 days as does New York State for apartments in buildings with three or more residences. San Francisco passed a 60-day annual hard cap on short-term rentals (which was subsequently vetoed by the mayor). It is unclear, however, to what degree to which these regulations are enforced.

Whether or not home-sharing increases housing costs for local residents is an empirical question. There are a few reasons why it might not. The market for short-term rentals may be very small compared to the market for long-term rentals. In this case, even large changes to the short-term market might not have a measurable effect on the long-term market. The short-term market could be small—even if the short-term rental rate is high relative to the long-term rate—if landlords prefer more reliable long-term tenants and a more stable income stream. Alternatively, it is possible that home-sharing simply does not cause much reallocation from the long-term rental stock to the short-term rental stock. Owner-occupiers—those who own the home in which they live—may supply the short-term rental market with spare rooms and cohabit with guests or they may supply their entire home during temporary absences,⁴ but either way, the participation of owner-occupiers in the short-term rental market may not cause a reallocation from the long-term rental stock if these housing units are still primarily used as long-term rentals in the sense that the owners are renting long-term to themselves. Another type of participation in the short-term rental market that would not result in reallocation is vacation homes that would not have been rented to long-term tenants anyway, perhaps due to the restrictiveness of long-term leases causing vacation home-owners to not want to rent to long-term tenants. In this case, the vacation home units were never part of the long-term rental stock to begin with. In either case, whether owner-occupiers or vacation-home owners, these homes would not be made available to long-term tenants independently of the existence of a home-sharing platform. Instead, home-sharing provides these owners with an income stream for times when their housing capacity would otherwise be underutilized.

In this paper, we study the effect of home-sharing on residential house prices and rents using a comprehensive dataset of all U.S. properties listed on Airbnb, the world’s largest home-sharing platform. The data are collected from public-facing pages on the Airbnb website between 2012 and the end of 2016, covering the entire United States. From this data, we construct a panel dataset of Airbnb listings at the zipcode-year-month level. From Zillow, a website specializing in residential real estate transactions, we obtain a panel of house price and rental rate indices, also at the zipcode-year-month level. Zillow provides a platform for matching buyers and sellers in the housing market and landlords with tenants in the long-term rental market; thus, their price measures reflect sale

⁴A frequently cited example is that of the flight attendant who rents out his or her home on Airbnb while traveling for work.

prices and rental rates in the market for long-term housing. Finally, we supplement this data with a rich set of time-varying zipcode characteristics collected from the Census Bureau’s American Community Survey (ACS) and a set of variables correlated with tourism demand such as hotel occupancy rates from STR, airport travelers from the Bureau of Transportation Statistics (BTS), and hotels’ online reviews from TripAdvisor.

In the raw correlations, we find that the number of Airbnb listings in zipcode i in year-month t is positively associated with both house prices and rental rates. In a baseline OLS regression with no controls, we find that a 1% increase in Airbnb listings is associated with a 0.1% increase in rental rates and a 0.18% increase in house prices. Of course, these estimates should not be interpreted as causal and may instead be picking up spurious correlations. For example, cities that are growing in population likely have rising rents, house prices, and numbers of Airbnb listings at the same time. We therefore exploit the panel nature of our dataset to control for unobserved zipcode level effects and arbitrary city level time trends. We include zipcode fixed effects to absorb any permanent differences between zipcodes while fixed effects at the Core Based Statistical Area (CBSA)-year-month level control for any shocks to housing market conditions that are common across zipcodes within a CBSA.⁵

We further control for unobserved *zipcode-specific, time-varying* factors using an instrumental variable that is plausibly exogenous to local zipcode level shocks to the housing market. To construct the instrument, we exploit the fact that Airbnb is a young company that has experienced explosive growth over the past five years. Figure 1 shows worldwide Google search interest in Airbnb from 2008 to 2016. Demand fundamentals for short-term housing are unlikely to have changed so drastically from 2008 to 2016 as to fully explain the spike in interest, so most of the growth in Airbnb search interest is likely driven by information diffusion and technological improvements to Airbnb’s platform as it matures as a company. Neither of these should be correlated with local zipcode level unobserved shocks to the housing market. By itself, global search interest is not enough for an instrument because we already control for arbitrary CBSA level time trends. We therefore interact the Google search index for Airbnb with a measure of how “touristy” a zipcode is in a base year, 2010. We define “touristy” to be a measure of a zipcode’s attractiveness for tourists and

⁵The CBSA is a geographic unit defined by the U.S. Office of Management and Budget that roughly corresponds to an urban center and the counties that commute to it.

proxy for it using the number of establishments in the food service and accommodations industry.⁶ These include eating and drinking places as well as hotels, bed and breakfasts, and other forms of short-term lodging. The identifying assumptions of our specification are that: 1) Landlords in more touristy zipcodes are more likely to switch into the short-term rental market in response to learning about Airbnb than landlords in less touristy zipcodes and 2) ex-ante levels of touristiness are not systematically correlated with ex-post unobserved shocks to the housing market at the zipcode level *that are also correlated in time with Google search interest for Airbnb*. We discuss the instrument, its construction, and exercises supporting the exclusion restriction in more detail in Sections 5, 5.1, and in the Appendix B.

Using this instrumental variable, we estimate that for zipcodes with the median owner-occupancy rate (72%), a 1% increase in Airbnb listings leads to a 0.018% increase in the rental rate and a 0.026% increase in house prices. We also find that the effect of Airbnb listings on rental rates and house prices is decreasing in the owner-occupancy rate. For zipcodes with a 56% owner-occupancy rate (the 25th percentile), the effect of a 1% increase in Airbnb listings is 0.024% for rents and 0.037% for house prices. For zipcodes with an 82% owner-occupancy rate (the 75th percentile), the effect of a 1% increase in Airbnb listings is only 0.014% for rents and 0.019% for house prices. These results are robust to a number of sensitivity and robustness checks that we discuss in detail in Sections 5.1 and 6.2.

The fact that the effect of Airbnb is moderated by the owner-occupancy rate suggests that the effect of Airbnb could be driven by non-owner occupiers being more likely (because of Airbnb) to reallocate their housing units from the long- to the short-term rental market. We directly test this hypothesis using the same instrumental strategy described above and data on various measures of housing supply that we collected from the American Community Survey. We find that: (i) the total housing stock (which is the sum of all renter-occupied, owner-occupied, and vacant units) is not affected by the entry of Airbnb, (ii) an increase in Airbnb listings leads to an increase in the number of units held vacant for recreational or seasonal use,⁷ (iii) an increase in Airbnb listings leads to a decrease in the number of units available to long-term renters, and (iv) the above effects on supply

⁶We focus on tourism because Airbnb has historically been frequented more by tourists than business travelers. Airbnb has said that 90% of its customers are vacationers but is attempting to gain market share in the business travel sector.

⁷According to Census methodology, units without a usual tenant but rented occasionally to Airbnb guests would be classified as vacant for recreational or seasonal use. We describe the data in more detail in Section 6.4.

are smaller for zipcodes with a higher owner-occupancy rate. These results are consistent with the hypothesis that Airbnb increases rents and house prices by causing a reallocation of housing supply from the long-term rental market to the short-term rental market. Moreover, the size of the reallocation is greater in zipcodes with fewer owner-occupiers because, intuitively, non-owner-occupiers may be more likely to reallocate. Finally, it is worth mentioning that we cannot rule out the possibility of other effects of Airbnb such as any of the positive or negative externalities; thus, our results should be interpreted as the estimated net effect with evidence for the presence of a reallocation channel.

2 Related literature

We are aware of only two other academic papers that directly study the effect of home-sharing on housing costs, and both of them focus on a specific U.S. market. Lee (2016) provides a descriptive analysis of Airbnb in the Los Angeles housing market while Horn and Merante (2017) use Airbnb listings data from Boston in 2015 and 2016 to study the effect of Airbnb on rental rates. Using a fixed effect model, they find that a one standard deviation increase in Airbnb listings at the census tract level leads to a 0.4% increase in asking rents. In our data, we find that a one standard deviation increase in listings at the within-CBSA zipcode level in 2015-2016 implies a 0.54% increase in rents.

We contribute—and differentiate from previous work—to the literature concerning the effect of home-sharing on housing costs in several important ways. First, we present the first estimates of the effect of home-sharing on house prices and rents that use comprehensive data from across the United States. Second, we are able to exploit the panel structure of our dataset to control for unobserved neighborhood heterogeneity as well as arbitrary city-level time trends. Moreover, we identify a plausible instrument for Airbnb supply and conduct several exercises to support its validity. These exercises reassure us that the measured association between Airbnb and house prices and rents is likely causal. Third, we show that the effect of Airbnb is strongly moderated by the rate of owner-occupiers, a finding consistent with the hypothesis that the Airbnb effect operates through the reallocation of housing supply from the long- to the short-term rental market. Fourth, we provide direct evidence in support of this hypothesis by showing that Airbnb is associated with

a decrease in long-term rentals supply and an increase in short-term rentals supply while having no association with changes in the total housing supply. Fifth, by showing that the effects of Airbnb are moderated by the owner-occupancy rate, our results highlight the importance of the marginal homeowner in terms of reallocation (since owner-occupiers are much less likely to reallocate their housing to the permanent short-term rental stock). Thus, the marginal propensity of homeowners to reallocate housing from the long- to the short-term rental market is a key elasticity determining the overall effect of home-sharing.

Our paper also contributes to the growing literature on peer-to-peer markets. Such literature covers a wide array of topics, from the effect of the sharing economy on labor market outcomes (Chen et al., 2017; Hall and Krueger, 2017; Angrist et al., 2017), to entry and competition (Gong et al., 2017; Horton and Zeckhauser, 2016; Li and Srinivasan, 2019; Zervas et al., 2017), to trust and reputation (Fradkin et al., 2017; Proserpio et al., 2017; Zervas et al., 2015). Because the literature on the topic is quite vast, here we focus only on papers that are closely related to ours and refer the reader to Einav et al. (2016) for an overview of the economics of peer-to-peer markets and to Proserpio and Tellis (2017) for a complete review of the literature on the sharing economy.

Closely related to the marketing literature and this work we find papers that study the effects of the entry of peer-to-peer markets and the competition that they generate. Gong et al. (2017), for example, provide evidence that the entry of Uber in China increased the demand for new cars; Farronato and Fradkin (2018), Li and Srinivasan (2019), and Zervas et al. (2017) study the effect of Airbnb on the hotel industry; however, each one of them focuses on a different question. Zervas et al. (2017) focus on the substitution patterns between Airbnb and hotels, and show that, after Airbnb entry in Texas, hotel revenue dropped. Moreover, the authors show that this negative effect is stronger in periods of peak demand. Farronato and Fradkin (2018) focus instead on the gains in consumer welfare generated by the entry of Airbnb in 50 U.S. markets. Finally, Li and Srinivasan (2019) study how the flexible nature of Airbnb listings affects hotel demand in different markets. The authors show that, in response to the entry of Airbnb, some hotels may benefit from moving away from seasonal pricing. Our paper looks at a somewhat unique context in this literature because we focus on the effect of the sharing economy on the reallocation of goods from one purpose to another, which may cause local externalities. Local externalities are present here because the suppliers are local and the demanders are non-local; transactions in the home-sharing

market, therefore, involve a reallocation of resources from locals to non-locals.⁸ Our contribution is therefore to study this unique type of sharing economy in which public policy may be especially salient.

Finally, our work is related to papers studying the consequences of what happens when a online platform lowers the cost to entry for suppliers. For example, both Kroft and Pope (2014) and Seamans and Zhu (2013) study the impact of Craigslist on the newspaper industry and find a substantial substitution effect between the two.

The rest of the paper is organized as follows. In Section 3, we discuss the economics of home-sharing and how home-sharing might be expected to affect housing markets. In Section 4, we describe the data we collected from Airbnb and present some basic statistics. In Section 5, we describe our methodology and present exercises in support of the exclusion restriction of our instrument. In Section 6, we discuss the results and present several robustness checks to reinforce the validity of our results. Section 7 discusses our findings, the limitations of our work, and provides concluding remarks.

3 Theory

The market for long and short-term rentals is traditionally viewed as segmented on both the supply and demand side. On the demand side, the demanders for short-term rentals are tourists, visitors, and business travelers while the demanders for long-term rentals are local residents. On the supply side, the suppliers of short-term rentals are traditionally hotels and bed and breakfasts while the suppliers of long-term rentals are local landlords. Local residents who own their own homes (owner-occupiers) are on both the demand and the supply side for long-term rentals (they rent to themselves.)

Segmentation exists between the long- and short-term markets despite the fundamental similarity in the product being offered (i.e., space and shelter). The segmentation may exist for a few reasons. First, short-term demanders may have very different needs than long-term demanders. Short-term demanders may only require a bed and a bathroom while long-term demanders may

⁸This may not be seen as a real economic cost, though a shift of welfare from locals to non-locals is important for public policy because policy is set locally. Some have also argued that home-sharing can create a real negative spillover for neighbors (Filippas and Horton, 2018).

-
-
-
-
-
-
-

GO



Traverse City News and Events



Local Experts Weigh In On Housing Crisis, Solutions

By Beth Milligan | Nov. 26, 2019

A panel of local experts convened in front of Traverse City planning commissioners to weigh in on the region’s housing crisis and potential impacts

from short-term rentals, sharing new market data that illustrates the scope of the housing shortage and potential solutions for addressing it.

City staff assembled the panel as planning commissioners consider limiting or banning short-term rentals in certain commercial districts of the city – part of a larger planned discussion on a range of options for encouraging more housing and long-term rentals in Traverse City. Executive Director Sarah Lucas of Housing North, a 10-county nonprofit that works with communities and developers on housing solutions, told planning commissioners a new study shows Grand Traverse County needs at least 1,160 more rental units and 260 new ownership units in 2020 to keep up with local demand.

“For rentals, the demand is more in the lower end of the rental spectrum,” she said, saying the target range for rent was \$700-\$800 per month. “(That) seems to be the biggest demand. I don’t think that’s really a surprise to anybody.”

Lucas continued that new construction is “significantly below average” both locally and nationwide, for reasons ranging from construction costs to zoning barriers to population growth that is outpacing development. Northern Michigan trends show that during a recent six-year period, the number of seasonal housing units in the area increased by 15 percent, while the overall housing stock remained flat. “What that tells us is that a lot of our year-round housing stock is coming off the market and being converted into use as a seasonal housing unit,” Lucas said, adding there’s also been a “dramatic increase” in short-term vacation rentals in northern Michigan.

The 10-county region hosts just three percent of the state’s population, but roughly a quarter of Michigan’s short-term rentals – or 6,235 of the 24,869 listings statewide – according to data compiled by Host Compliance, a company that scrapes data from vacation rental sites to track individual community listings. Three local counties are in the top 10 of Michigan’s 83 counties for short-term rentals: Leelanau County is no. 2, Charlevoix County is no. 4, and Grand Traverse County is no. 8. Lucas said the number of short-term rentals in the region is the equivalent room-wise to 15 Grand Traverse Resort & Spa hotels.

Trevor Tkach of Traverse City Tourism said that figure was a pain point for local hoteliers, with 388 vacation rental listings within Traverse City limits now competing with the city's 1,050 hotel rooms. Short-term rentals are seeing double-digit year-to-year growth, Tkach said, while hotel growth has been almost nonexistent. Tkach said some hoteliers are growing savvy to trends of families wanting to stay in accommodations where they can sleep, visit, and cook together in centralized rooms; as part of its multi-million dollar makeover, West Bay Beach A Holiday Inn Resort is converting several rooms to larger suites, he said. But even with those adaptations, Tkach said a more level playing field is needed between hotels and short-term rentals, ensuring there's a "fair and equitable business practice when it comes to (regulating) transient facilities."

While proponents of short-term rentals have said they allow homeowners to pay down taxes or mortgages, invest in home improvements, and keep lakefront cottages in their families, Tkach said hoteliers are not as concerned about competing with those owners as corporate-run short-term rentals, which are increasingly becoming the norm. "What (the situation is) becoming in many markets now is a corporate investment, and I think because most hotels are working in a corporate space, that is the unfair practice I think they're most concerned about," said Tkach.

CEO Kim Pontius of Traverse Area Association of Realtors (TAAR) and Community Development Department Manager Kathy Egan of Networks Northwest also shared data with planning commissioners illustrating how investors are increasingly competing with local homeowners for property – another factor contributing to the housing shortage. According to Egan, investors purchased 11 percent of homes nationwide in 2018 – a rate almost double pre-recession investment levels. Nearly half of those homes were purchased for rental income; in 2017, 24 percent were used specifically as short-term rentals, a figure that increased to 32 percent in 2018. Egan also noted that 42 percent of investors paid cash for their purchases, a major advantage in scooping out properties from underneath potential home buyers.

“The sellers will take a cash offer that’s above the asking price any day over someone who has to wait six to eight week to get all the paperwork and mortgage lined up,” Egan said. Pontius added he recently attended a national real estate conference in which a representative from Park City, Utah – another major tourist destination – shared that the median home price in that community has hit \$2.2 million. In Grand Traverse County, it’s \$226,950 – a figure still considered costly for many homeowners, but a relative steal for investors. “I share this data with you because by comparison, our market represents a veritable bargain to investors, both local and from afar,” Pontius said.

While panelists outlined other potential impacts of short-term rentals besides affecting the local housing stock – such as shifting population trends in a way that decreases school enrollment and undercuts year-round businesses – they also noted there are ways to curb those impacts. Egan said some communities limit the number of nights short-term units can be rented out – for example, to 90-100 per year – which still allows homeowners to collect extra income, but makes the properties less appealing to investors. Other cities have limited individuals or companies to operating only one short-term rental property per entity. Traverse City could consider some of those options for its existing legal short-term rentals in commercial districts, rather than an outright ban – a move John Socks of Socks Construction said would be unfair to developers who are already planning and pre-selling building projects based on the city’s existing ordinance.

Experts also encouraged planning commissioners to consider other options beyond regulating short-term rentals as they look for ways to address the housing shortage. TAAR Government Affairs Director Connor Miller said Traverse City needs a “multitude of creative housing options,” which could include loosening restrictions on accessory dwelling units, using more public land for affordable housing development, updating housing rehab codes, changing parking requirements, and working with local banks to increase lending for housing development. City Planning Director Russ Soyring agreed there are ways the city’s zoning code could be changed to allow for more

housing, while Lucas reiterated it will take a combination of factors to move the needle on the region's shortage.

"The reason that we're having so many conversations about housing needs and solutions is because it's such a complex issue," she said. "There are so many factors that affect housing demand.

Is Home Sharing Driving up Rents? Evidence from Airbnb in Boston

Mark Merante and Keren Mertens Horn

WORKING PAPER 2016-03

DEPARTMENT OF ECONOMICS

UNIVERSITY OF MASSACHUSETTS BOSTON



Is Home Sharing Driving Up Rents?

Evidence from Airbnb in Boston

Mark Merante

UMass Boston, MA Economics 2016

Keren Mertens Horn

UMass Boston, Assistant Professor of Economics

Introduction

The growth of the sharing economy has received increasing attention from economists. Some researchers have examined how these new business models shape market mechanisms (Einav, Farronato and Levin, 2015) and, in the case of home sharing, economists have begun to examine how the sharing economy affects the hotel industry (Zervas, Proserpio and Byers, 2016). However, economists have not yet empirically tested whether home sharing affects the housing market, despite the obvious overlap between these two markets. As a result, policy makers grappling with the effects of the rapid growth of home sharing have inadequate information on which to make reasoned policy decisions. In this paper, we add to the small but growing body of knowledge on how the sharing economy is shaping the housing market by focusing on how the growth of Airbnb in Boston neighborhoods affects the rental market.¹ We examine whether the increasing presence of Airbnb raises asking rents and, then, examine whether the change in rents may be driven by a decline in the supply of housing offered for rent.

¹ We distinguish the “rental housing market,” housing occupied by or offered for rent only for more than 30 consecutive days, from the “home sharing market,” housing offered for rent for as little as one day.

Supporters of Airbnb argue that home sharing allows residents to earn extra income, enabling some to continue to live in rapidly appreciating housing markets and defray other costs of living.² Critics of Airbnb claim that in large cities where the majority of residents are renters, home sharing is increasing rents for tenants.³ In a recent curated debate on this issue hosted by the New York Times, Nicole Gelinas of the Manhattan Institute argues that once landlords become aware that tenants use Airbnb to earn additional income they can quickly ‘cut out the middleman’ and directly rent out units on a short term basis.⁴ Both sides of the argument are lacking unbiased empirical evidence on this new market phenomenon, a gap that we propose to fill.

This paper makes three primary contributions to the existing economic literature. First, we provide the first rigorous empirical investigation of how Airbnb is affecting the rental market, focusing on Boston, a city where rents have been growing recently at an average of 5% annually and are among the highest in the nation.⁵ Second, we conduct this investigation by combining two new sources of big data: weekly rental listings, available only recently as a result of the shift of rental listings to the internet, and data on Airbnb listings made available through web scraping technology. Third, we take advantage of the frequency of the observations available from these large data sets to use a fixed

² <https://www.airbnbaction.com/wp-content/uploads/2015/10/Middle-Class-Economic-Report-FINAL.pdf>

³ “San Francisco is ground zero for an Airbnb freakout,” Davey Alba, Wired.com, November 2, 2015

⁴ <http://www.nytimes.com/roomfordebate/2015/06/16/san-francisco-and-new-york-weigh-airbnbs-effect-on-rent/airbnb-is-a-problem-for-cities-like-new-york-and-san-francisco>

⁵ <http://www.bostonmagazine.com/property/article/2016/02/21/boston-expensive/>

effects model to control for unobserved variables allowing for the calculation of precise estimates of the impacts of Airbnb on rents.

The characteristics of Airbnb listings in Boston provide some evidence supporting both sides of the Airbnb debate. For instance, our analysis shows that in Boston on October 5, 2015, 82% of hosts had only one simultaneous listing on Airbnb, suggesting that most Airbnb hosts are occupants seeking extra income by occasionally renting out their own homes. On the other hand, though only 18% of hosts had multiple properties listed simultaneously, their properties represented almost half of those listed on Airbnb (46%), suggesting that a large proportion of Airbnb's properties in Boston are leased by commercial operators listing properties that would, presumably, otherwise be occupied by residents. Ultimately, our analysis supports the contention that home sharing is increasing rents by decreasing the supply of units available to potential residents. Using a hedonic estimation, we show that a one standard deviation increase in Airbnb listings relative to the total number of housing units in a census tract, at the mean 12 Airbnb listings per tract, is associated with an increase in asking rents of 0.4%. For those census tracts in the highest decile of Airbnb listings relative to total housing units, this increase in asking rents ranges from 1.3% to 3.1%, which equates at the citywide mean monthly asking rent to an increase of as much as \$93. If Airbnb's growth rate in 2015, 24%, continues for the next three years, assuming constant mean rents and total number of housing units, Boston's mean asking rents in January 2019 would be as much as \$178/month higher than in the absence of Airbnb activity. We further find evidence that Airbnb is increasing asking rents through its suppression of the supply of rental units

offered for rent. Specifically, a one standard deviation increase in Airbnb listings relative to total housing units is correlated with a 5.9% decrease in the number of rental units offered for rent. At the mean number of rental units offered for rent in a given census tract, 75.8, this equates to 4 fewer units offered for rent.

This paper proceeds as follows. The following section provides background on home sharing and reviews the relevant economic literature on rental markets to provide a theoretical basis for this paper's model and method. We then discuss theoretical models that illustrate home sharing's potential effect on the rental housing supply and on asking rents. Next we describe the method we use to estimate these effects on rental housing supply and rents. In the following section we present the data on Airbnb in Boston and provide descriptive statistics of our rental housing data. We then present results. Finally, we conclude and provide thoughts on some of the policy implications of this research.

Background and Literature Review

The internet has enabled the creation of what has become known as the sharing economy, a host of firms based on the peer-to-peer business model (Einav, Farronato and Levin, 2015). This model is one form of a two-sided market, a term coined to describe businesses which provide a platform to connect market participants. Unlike some two-sided markets, such as credit card companies, sharing economy platforms are intended for nonprofessional users (Li, Moreno and Zhang, 2015). One of the most visible components of the sharing economy in the popular press is home sharing, web-based firms that provide a platform that charges both those seeking to lease and those seeking to

rent housing for periods as short as one night.

Founded in August 2008, Airbnb.com (“Airbnb”) is the largest home sharing enterprise in the world, having hosted more than 60 million guests to date; it currently features over 2 million properties for rent in 191 countries.⁶ It is growing rapidly; in New York City, for example, the number of Airbnb listings expanded tenfold from 2010 to 2014 (Schneiderman, 2014) and increased by 24% in Boston between January 2015 and January 2016. Airbnb markets itself to potential tenants as a way for visitors to have a more authentic travel experience by staying with local residents and to potential landlords as a way for local residents to earn extra income by renting out some or all of their home when they’re not using it.⁷ The speed with which this and similar “home sharing” businesses have changed consumer behavior has left researchers—as well as competitors in the traditional hospitality industry, government regulators,⁸ and courts—racing to understand its effects.⁹

Researchers have modeled how the existence of a sharing platform for a good changes both the demand for and the supply of that good (Muller, 2014; Horton and Zeckhauser,

⁶ “About us”, Airbnb.com, <http://www.airbnb.com/about/about-us>, last visited April 20, 2016.

⁷ “Airbnb Launches First Global Ad Campaign in Nine Markets,” Advertising Age, <http://adage.com/article/digital/airbnb-launches-global-ad-campaign-markets/293108/>, last visited April 20, 2016.

⁸ Pending legislation to regulate home sharing in MA include H 2618, An Act Regulating Short-Term Residential Rentals.

⁹ Home sharing’s legality varies between jurisdictions and relevant contractual obligations vary between buildings, and even within buildings from unit to unit (Lazarow, 2015). In Boston, some condominium documents forbid leasing units for less than a certain term, often one month, and the Greater Boston Real Estate Board’s Standard Form Apartment Lease (Fixed Term) forbids subletting. Despite these legal hurdles, both owners and tenants engage in home sharing, as evidenced by the many websites that offer advice to owners and tenants seeking permission to list on Airbnb, including Airbnb’s own site: <https://www.airbnb.com/help/article/806/how-should-i-talk-to-my-neighbors--homeowners-association--or-landlord-about-airbnb>.

2016). This body of research posits that some utility maximizing consumers who previously chose to own the good in the absence of the sharing marketplace, will choose instead not to own the good, but simply to rent it as needed, when given that option. On the other hand, some consumers that had chosen not to own the good will now buy it, given the opportunity to rent out a portion of it through the sharing marketplace. The net effect on demand is indeterminate and dependent on participants' utility functions for these goods. The demand in the newly created sharing market creates its own supply, as existing goods, either previously unutilized or utilized for other purposes, are offered into the newly created sharing marketplace. In the case of home sharing, to the extent that some of the housing offered in the home sharing market would have been offered instead in the housing market, the existence of the home sharing market will affect both the demand for and the supply of housing. Therefore, while these models of the effect of the sharing economy on the target market do not model the specific effects of home sharing on the housing market, they inform how home sharing might affect the demand for and supply of housing. A visitor looking for a room for a night or two in a city she'd like to visit may choose a home share rather than a hotel, thereby impacting the visiting city's hotel market. In addition, that demand for a home share may cause some owners of housing in that location to shift units from the housing market to the home sharing market, thereby reducing the supply of housing.

There has been little empirical research on the effect of home sharing on the housing market. A few researchers have attempted to test this effect indirectly. Partly relying on Airbnb data that is uniquely available for New York City as a result of a New York

Attorney General’s investigation, researchers looked for simple correlations between Airbnb use and neighborhood mean rents, finding that those neighborhoods with the highest number of Airbnb listings were often those where rents were increasing fastest.¹⁰ Municipal officials in San Francisco estimated the number of housing units that they believed had been shifted from the housing market to the home sharing market by calculating which market offered the best return for each unit, disregarding the non-monetary considerations homeowners face when choosing between the two markets, such as personal convenience, risk of damage, legal risks, etc.¹¹ This analysis found a rough correlation between neighborhoods with high Airbnb use and those with tight housing markets. We hope to contribute to the literature by directly estimating the effect of home sharing listings on nearby rents.

Though there is little empirical research on the home sharing market, there is a broad literature in real estate and urban economics examining determinants of housing price, both purchase prices (Glaeser, Gyourko and Saks, 2005; Quigley, J. M., & Rosenthal, L. A. (2005); Ihlanfeldt, 2007) and rents (Pagliari, Webb and Lieblich, 1996; Ambrose, Coulson and Yoshida, 2015; Verbrugge, Dorfman, Johnson, Marsh, Poole and Shoemaker, 2016). Researchers typically use hedonic regressions to compare the predictive effect on rents of a variety of unit characteristics, from location to unit age. They have found evidence that though the ownership and rental markets are connected (Kashiwagi, 2014), home values adjust slowly to changes in market conditions (Riddel,

¹⁰ “Airbnb in NYC Housing Report, 2015,” New York Communities for Change. Real Affordability for All, nycommunities.org.

¹¹ *Policy Analysis Report*, Budget and Legislative Analyst’s Office, Board of Supervisors, City and County of San Francisco, May 23, 2015, <http://www.sfbos.org/index.aspx?page=3703>.

2004), while rental data provide a more timely estimate of the flow price of housing (Ambrose, Coulson and Yoshida, 2015). High quality data on rents has historically been difficult to obtain, but with new sources of big data on rental markets it is easier to learn about this market segment. Researchers have further improved the timeliness of this measure of the flow price of housing by surveying only newly signed lease contracts, rather than the traditional surveys of all existing renters (Glaeser and Gyourko, 2007). Ambrose, Coulson and Yoshida (2015) found that movements in the widely used Bureau of Labor Statistics' rent index, which is based on a survey of all renters, trailed a rent index based solely on new leases with new tenants by about one year. We build on this approach and use asking rents, which were available at weekly intervals and with precise geographic coordinates.

Theory

Utility maximization theory dictates that if the utility of the owner of a residential housing unit is greater as a result of listing the unit in the home sharing market than as a result of renting in the long-term rental market or leaving the unit unrented, the owner will rent the property in the home sharing market (Muller, 2014).¹² If so, it can be assumed that some portion of the housing stock listed on Airbnb would otherwise have been occupied by tenants, thereby decreasing the supply and increasing the price of the rental housing units listed for rent. Similarly, this theory suggests that owners' or tenants' expectations of being able to earn income by subletting their unit through home

¹²Along with rent, relative market values of these two options would take into account transaction and operating costs such as cleaning the unit, depreciation from extra use, resolving disputes, etc., as well as the fee charged by a rental broker or by the marketplace, in this case, Airbnb. We call the residential real estate a housing unit, even though some spaces listed on Airbnb are rooms, not whole units.

sharing¹³ will increase the demand for long term rental housing.¹⁴ Some owners or tenants will obtain housing in excess of the amount that would have maximized their utility in the absence of the home sharing market and will value units based on the units' perceived marketability in the home sharing market.

Our hypothesis is that the existence of the home sharing market operates either through changes in the demand for or in the supply of housing, or likely both, to decrease the supply of rental units listed for rent and, thereby, to increase the asking rents of available units.¹⁵ In a partial equilibrium competitive model of rental housing, either the rightward shift of the demand curve for rental housing caused by the potential to earn income from listing a unit with a home sharing site or the leftward shift of the supply curve for rental housing caused by owners' removal of some units from the rental housing market for rent in the home sharing market increases the price of housing, *ceteris paribus*.

Modeling the effect of home sharing on mean residential asking rents, therefore, requires changing one of the assumptions commonly used by housing economists to study the effects of demand variation on price: that housing supply changes so slowly that it can be assumed to be static when studying short-term effects (Blank and Winnick, 1953). The emergence of the home sharing market represents a significant new source of short-term

¹³ In the case of tenants, they would be considering either listing a portion of the unit, or listing all of the unit when they are away.

¹⁴ This potential demand effect is not trivial: in New York City, for instance, Airbnb estimates that a typical host's annual earnings from using the service is equivalent to 21% of the rent due for the unit listed (Lazarow, 2015).

¹⁵ An increase in the demand for rental housing may decrease the number of rental units offered for rent by decreasing or eliminating the period a unit remains on the market. Where, as here, the number of units offered for rent is measured weekly, a shorter time on the market reduces the total multi-week count of units offered for rent.

housing supply variation, at least in some local markets. In fact, the velocity of the aggregate supply variation resulting from the decision of owners to list units for home share rather than rent may exceed that of the standard housing demand variation that results from changes in mean income, family size, etc. In this empirical study, we do not create a model to separately quantify the demand and supply effects of home sharing on the rental market. Instead, we briefly review vacancy rate and search-and-matching models of the housing market to illustrate the assumptions upon which our research is based and to suggest how the new market mechanisms represented by home sharing might fit into existing scholarship.

Models of the effects of changes in excess rental housing demand on mean rents, first developed by David Blank and Louis Winnick (1953) and refined by others (Rosen and Smith, 1983; Gabriel and Nothhaft, 2001; Hagen and Hansen, 2010), argue that the mechanism for this effect is the movement of the actual vacancy rate of rental housing relative to the equilibrium vacancy rate. This vacancy rate model relies on the assumption of static supply to derive the actual vacancy rate, AVR, solely from the housing demand function:

$$AVR_t = 1 - \frac{(d_t(R, U, Y, P, Z))}{S}$$

Where demand for rental housing is a function of the price of housing per unit, R; the user cost of homeownership, U; real income per household, Y; the general price level, P; and demographic variables, Z, all at time t, and S is the supply of rental housing, assumed fixed.

We assume instead that both supply and demand are affected by home sharing:

$$AVR_t = 1 - \frac{(d_t(R, U, Y, P, Z + \theta \text{Airbnb}))}{(S_{t-1} + NC_t - \delta \text{Airbnb}_t)}$$

where θ is a proportion of Airbnb listings, reflecting the demand effects in the rental market of changes in demand in the home sharing market; δ is the proportion of Airbnb units offered in the home sharing market that would have been offered instead in the rental housing market; and Airbnb is the number of units listed with Airbnb at time t . With the addition of short-term supply variation to the model, we also believe it is necessary to account for changes in housing supply as a result of demolition or new construction since time $t-1$, represented in the model as NC .

Modeling the effect of home sharing on mean residential asking rents also requires accounting for market imperfections, so-called search frictions. The application of search theory, first developed by, among others, Diamond (1982), Mortensen (1982) and Pissarides (1985), to housing provided a theoretical basis for estimating the effect of market changes on price, which some considered insufficiently specified in the vacancy rate model (Wheaton, 1990). Researchers have used search theory to model the sensitivity of housing prices and sales volume to demand and/or supply conditions given imperfect information (Head, Lloyd-Ellis and Sun, 2014), as well as to account for the role of brokers (Yavas, 1994). Researchers have also extended this model to rental housing (McBreen, Goffette-Nagot and Jensen, 2009). Typically, this research suggests that market tightness, the ratio of vacant homes offered for sale/rent to those seeking to

buy/rent, is one of the mechanisms through which demand or supply changes affect price (Novy-Marx, 2009). A decrease in the number of homes offered for sale/rent, relative to the number of individuals seeking to buy/rent, for example, increases the rate of matching for sellers/landlords and decreases the rate of matching for buyers/renters. In this way, an increase in market tightness puts upward pressure on price. Again, we believe home sharing increases market tightness both by decreasing the number of homes offered for rent, as units are shifted from the rental to the home sharing market, and by increasing the housing demanded as a result of the income opportunity offered by home sharing.

Methodology

We are interested in estimating the impacts of Airbnb on both rents and the number of rental units available for rent, to see whether if Airbnb affects rents, might it do so by constraining the supply of available rental units. We create a measure of Airbnb ‘density’ for each census tract in Boston, by dividing the number of Airbnb listings in a census tract by the total number of housing units in that census tract. This approach follows that of Susin (2002) and Sinai and Waldfoegel (2005) as they examine the impacts of public rental housing subsidies on the private rental market. In this way we are controlling for differences between tracts in both population and the rental housing market.

Researchers examining both housing supply and price changes have utilized many different geographies. While some researchers looking at the effect of vacancy rates on rents between cities rely on citywide data, those examining intracity effects often

compare neighborhoods, and define ‘neighborhoods’ to match available demographic, price, vacancy or other data (Dow, 2011; Fujii, Hozumi, Iida and Tsutsumi, 2012).

Though some have argued that neighborhoods, as measured by census tracts, maybe be too small a geography at which to measure the full market response to a supply constraint (Glaeser and Ward, 2009; Sinai and Waldfoegel, 2005) we choose to focus on the census tract to better identify the immediate impacts of Airbnb, understanding that it may not capture the full impact. In addition, recent researchers have found price impacts of housing demand or supply changes at relatively small geographies such as census tracts and have ascribed this to the now widespread use of the internet for home search (Piazzesi, Schneider and Stroebel, 2015). They believe internet home search allows buyers or renters to more narrowly tailor searches to desired geographies.

Research examining the effect of changes in the demand for or supply of housing on residential rents had traditionally used a one year lag between demand/supply changes and changes in rent (Rosen and Smith, 1983; Saiz, 2007). More recently, researchers have examined shorter time frames, given the increased availability of rental data. For instance, Edelstein and Tsang (2007) used quarterly data, while Hagen and Hansen (2010) examined the effect of changes in vacancy rates on rents with a six-month lag. In the years since that research, however, the widespread adoption of the internet by landlords to advertise vacant apartments and by potential tenants to search for homes to lease¹⁶ has increased match efficiency, leading to shorter times on the market (Carillo, 2008), and may have shortened the time necessary for rents to adjust to changes in

¹⁶ Piazzesi, Schneider and Stroebel (2015) cite the National Association of Realtors in stating that 90% of homebuyers reported using the internet in 2013, a figure that seems likely to hold for renters as well and has likely continued to increase since that time.

housing supply. For example, Kashiwagi's (2014) recent model of U.S. housing market dynamics assumes rents adjust substantially in the month following a change in housing supply. With potential landlords widely determining market prices from on-line sites which continuously add new rental listings, we will test the effect of Airbnb use on the asking rents of units listed for rent since our last Airbnb measurement, one month on average.

To estimate the effect of home sharing on mean asking rents we use a hedonic estimation. Further, we include fixed effects at the census tract level to control for unobserved neighborhood effects, such as location and demographic characteristics. We estimate the following regression:

$$\text{LnR}_{it+1c} = b_1\text{Airbnb}_{tc} + b_2\text{Bed}_{it+1c} + b_3\text{Bath}_{it+1c} + b_4\text{Sqft}_{it+1c} + b_5\text{NC}_{tc} + \text{Month}_{itc} + u_{itc} \quad (1)$$

Where i indexes each unit, t represents the period between Airbnb measurements and c the census tract. LnR_{it+1c} represents the natural log of the asking rent of the unit, in the period after the observed Airbnb listing. Airbnb_{tc} is the Airbnb density, calculated as the number of units listed on Airbnb divided by the total number of housing units in the given census tract. Bed_{it+1c} is the listing's number of bedrooms and Bath_{it+1c} is the listing's number of bathrooms. NC_{tc} is the number of newly constructed rental units which received their certificate of occupancy from the City of Boston in the same time period in which Airbnb units are measured. Month_{itc} represents dummy variables for each of the time periods between Airbnb measurements.

To estimate whether increases in rents were driven by constraints in the supply of rental housing, we test for a correlation between the mean weekly number of units listed for rent in a given Airbnb measurement period and the Airbnb density measured at the end of that period. The term of residential lease agreements in Boston generally end on the last day of the month and, therefore, require landlords to advertise their units weeks before the day the landlord desires to start a new tenancy. But the term of Airbnb rentals is daily, allowing owners to list their units much closer to the day the landlords' desire an Airbnb customer to occupy the unit. As a result, we anticipate that a landlord's decision to list her unit on Airbnb rather than in the rental market will likely affect the number of units listed for rent in the weeks leading up to listing the unit on Airbnb, not afterward.

Therefore, to estimate the effect of home sharing on the quantity of rental housing offered for rent, we employ the following tract level fixed effects model:

$$\text{LnCountR}_{tc} = b_1 \text{Airbnb}_{tc} + b_2 \text{NC}_{tc} + b_5 \text{Month}_{tc} + u_{tc} \quad (2)$$

where LnCountR_{t-1c} represents the mean weekly number of units in a census tract offered for rent in the same time period in which we observe Airbnb listings, and all other variables are as described above.

Our fixed effects model removes the effect of static rent differentials between census tracts. In addition, our use of asking rents from the period immediately following each measure of Airbnb density minimizes the risk of reverse causation that could result from simultaneity of Airbnb listings and rents. While relative changes across census tracts in

the net revenue differentials between renting and Airbnb listing are assumed to affect owners' decisions whether to rent or list on Airbnb, and thereby affect Airbnb density, this effect should appear in the subsequent Airbnb measure rather than the preceding Airbnb measure.

Data

We obtained rental data from Rainmaker Insights, Inc., a service that aggregates listings of housing for rent. These data include a weekly count of each housing unit offered for rent in Boston from September 2015 through January 2016. The dataset includes asking price, square footage, number of bedrooms and bathrooms, location and, in some cases, additional unit characteristics and is obtained from over 5,000 sources including websites that list homes for rent in the U.S. The total number of listings over the period was 265,241 (Table 1). Given the importance of including square footage in our regression, we have limited our sample to those observations where this information was available, which total 114,527 listings.¹⁷

To more accurately measure changes in housing supply we use data on new construction, specifically the number of new housing units, which we obtained from the Boston Redevelopment Authority ("BRA"). The BRA data records the date that the City of Boston issued a certificate of occupancy¹⁸ for a new housing unit or that an existing housing unit was deemed no longer available for occupancy as a result of construction.

¹⁷ The regression results remain substantively unchanged when run without this control variable.

¹⁸ Required prior to occupancy by Section 111.1 of the Massachusetts Building Code.

We use the 2010-2014 American Community Survey (ACS) to obtain the total number of housing units per census tract.¹⁹

We obtained data on Airbnb listings in Boston from September 2014 to January 2016 using web scrapes of Airbnb.com, some that we conducted ourselves and some conducted by InsideAirbnb.com and its researchers, who obtain and provide data to the public for research purposes and who provided the data for the San Francisco Board of Supervisors' 2015 report. These web scrapes provided the following data: the price and the type of real estate listed (either a room or an entire apartment/home), locational data, in the form of longitude and latitude coordinates, and the Airbnb-assigned identification code for the property and for the lessor. The October 2015 web scrape also provides additional details about listings and hosts. We have limited our regressions to the web scrapes conducted on July 7, August 22, September 25, October 3, November 31 and December 14, 2015 and January 21, 2016. Table 2 summarizes these data by census tract. We see that the average tract in our sample has 1,600 housing units, 74 rental units and 12 Airbnb listings, with an average daily asking price of \$161.

Airbnb entered the Boston market in 2009²⁰ and by the second half of 2015 it averaged over 2,000 listings. Table 3 provides monthly totals for Airbnb listings, measured on a single day each month, and the weekly averages of each month's housing units offered

¹⁹ We exclude from our analysis those census tracts within the 9800 code range, which the Census Bureau uses to designate areas with little or no residential population, mostly parks or open water. U.S. Census Bureau, 2010 Census Redistricting Data (Public Law 94-171) Summary File, http://www2.census.gov/geo/pdfs/reference/GTC_10.pdf.

²⁰ Airbnb.com. http://blog.airbnb.com/airbnbs-positive-impact-boston/?_ga=1.15, accessed on 11/9/2015.

for rent.²¹ As of January 2016, Airbnb listings were growing in Boston by 24%, year on year. Figure 1 shows that with the exception of outer neighborhoods, such as West Roxbury, listings were common across the city.

Airbnb listings, however, are unevenly distributed across census tracts, both in absolute terms and as measured in relation to total rental units.²² To illustrate this point, we present Airbnb density by decile in Table 4. We measure Airbnb density by dividing the number of Airbnb units listed by the total number of housing units in the tract. Across Boston, Airbnb listings by census tract ranged from zero listings to a maximum of 5% of all housing units.

Using the more detailed October 2015 data, Tables 5-7 describe the units and hosts for Airbnb listings in Boston, averaged across neighborhoods. Table 5 shows that most (58%) of the units listed on Airbnb in Boston that month offered the entire home for rent, either free standing house, apartment or condominium, while 39% offered a private room in a home and a mere 2% offered shared space, such as sleeping on a fold out couch in a living room. Even partial unit listings have some potential to impact the City's rental market, as a fraction of a unit might have been occupied by a tenant (an additional roommate) had it not been switched to the home sharing market.

²¹ We present weekly averages as November includes 5 weeks, whereas all other months include only 4 weeks.

²² Because the number of total rental units is surveyed between 2010 and 2014, a period of some renewed growth of residential housing in Boston after the 2008 recession, these ratios may be slightly overstated.

One of the most contentious points in the debate over home sharing's effect on housing has been whether these companies merely offer residents a chance to earn extra income by renting out all or a portion of their home that they would not otherwise rent to residential tenants or whether they offer residents a chance to earn more money than they would by leasing to residential tenants, thereby reducing the supply of rental housing. Table 6 shows that in Boston in October 2015, almost 82% of Airbnb hosts had only a single listing and a mere 3% of hosts had four or more listings. On the other hand, Table 7 shows that non-resident owners, some would call them commercial hosts, though they comprise a small share of all hosts listed nearly half, 46%, of all the units listed for rent on Airbnb. While the data cannot prove the point, it seems likely that a host with two homes for rent on Airbnb in the same city is listing at least some space which would otherwise be rented to residential tenants.

Results

We begin by presenting results for equation (1), estimating the impacts of Airbnb density on asking rents, in Table 8. Using the natural log of rental prices, we find that a one standard deviation increase in Airbnb density in a given census tract is correlated with a 0.4% increase in asking rents. For those census tracts in the highest decile of Airbnb listings relative to total housing units, this increase in asking rents ranges from 1.3% to 3.1%, which equates at the citywide mean monthly asking rent of \$2,972 to an increase of as much as \$93 in mean monthly asking rent. As expected, unit characteristics have large effects on asking rents, with each additional bedroom increasing asking rents by 17% and each additional bathroom increasing asking rents by 11%. We include both time and

tract fixed effects, in order to control for any time trends or tract level unobservable characteristics.

Next, we test the hypothesis that this direct correlation between Airbnb listings and asking rents is the result of a correlation between Airbnb listings and the supply of rental housing offered for rent. We regress Airbnb density on the natural log of the total number of rental units offered for rent in the period since the previous Airbnb measurement, again incorporating both time and tract fixed effects. We present results in Table 9. We find that a one standard deviation increase in Airbnb density is correlated with a 5.9% decrease in the number of rental units offered for rent. At the mean weekly number of units offered for rent per census tract, this represents a reduction of 4.3 units. This matches the reduction in rental units caused by Airbnb use that our breakdown of Airbnb units predicts. There, we found that 46.3% of the units on Airbnb are listed by owners with more than one unit listed for rent on Airbnb in Boston at the same time. If every one of those units would have been offered for rent in the absence of Airbnb, this would predict a mean reduction of 5.4 units.

These results confirm the correlations between Airbnb use and long-term housing supply suggested by the New York²³ and San Francisco²⁴ reports. They also show a correlation between Airbnb use and asking rents and, for the first time, quantify this price effect. In general, Airbnb use in Boston is smaller than that in New York and San Francisco, in

²³ “Airbnb in NYC Housing Report, 2015,” New York Communities for Change. Real Affordability for All, nycommunities.org.

²⁴ *Policy Analysis Report*, Budget and Legislative Analyst’s Office, Board of Supervisors, City and County of San Francisco, May 23, 2015.

both absolute terms and relative to each city's total housing supply. For example, in New York City, researchers found that the number of Airbnb listings in four of that city's zip codes exceeded 20% of the total number of housing units. In Boston, no census tract had Airbnb listings greater than 5% of that tract's total housing units. Given the more limited use of Airbnb in Boston, therefore, our results likely present a lower bound on the impacts of Airbnb on local rental markets for cities like San Francisco and New York where Airbnb use is greater as a share of total housing supply.

Conclusions

This paper makes three contributions to the existing literature. First, it provides one of the first rigorous empirical explorations of an interesting new feature of the housing market, home sharing. Second, it relies on a novel use of two forms of big data to examine the impacts of home sharing on the rental housing market, weekly rental listings and Airbnb listings. Third, it relies on the short time frames that are possible when using new sources of big data to use a fixed effect model to identify casual links between Airbnb use and the rental housing market.

We have found that almost half of the units listed on Airbnb in Boston are offered by those with more than one simultaneous listing in the city. In addition, we have a direct correlation between Airbnb density and the price of such housing. If Airbnb growth persists at current growth rates, use will double in Boston in a little more than three years. In a city where the demand for rental housing is outpacing supply and pushing up rents

quickly, home sharing is contributing to this dynamic and deserves both further research and policy attention.

As policy makers consider whether and how to respond to the rapid rise of home sharing, these findings provide evidence that home sharing is both a personal and a commercial enterprise and should be regulated and taxed as such. Several jurisdictions have recently adopted or considered legislation that seeks to differentiate between these categories of home sharing customers in order to regulate and/or tax commercial users. For cities particularly concerned about the availability and/or price of residential housing, these results will strengthen the arguments for using such regulation and/or taxation, or alternative methods, to limit home sharing activity in certain neighborhoods. On the other hand, these results emphasize the need for both further theoretical and empirical analysis of the social welfare implications of home sharing, such as whether Airbnb enables middle income families to remain in their homes in rapidly appreciating housing markets.

References

- Ambrose, B. W., Coulson, N. E., & Yoshida, J. (2015). The repeat rent index. *Review of Economics and Statistics*, 97(5), 939-950.
- Blank, D. M. and Winnick, L. (1953). The structure of the housing market, *The Quarterly Journal of Economics*, 67(2), 181-208.
- Carillo, P. E. (2008). Information and real estate transactions: the effects of pictures and virtual tours on home sales. George Washington University Working Paper.
- Diamond, P. A. (1982). Wage determination and efficiency in search equilibria. *Review of Economic Studies*, 49, 217-227.
- Dow Jr, J. P. (2011). Neighborhood factors affecting apartment vacancy rates in Los Angeles. *Southwestern Economic Review*, 32, 35-44.
- Edelstein, R. H., & Tsang, D. (2007). Dynamic residential housing cycles analysis. *Journal of Real Estate Finance and Economics*, 35(3), 295-313.
- Einav, L., Farronato, C. & Levin, J. (2015). Peer-to-peer markets, NBER Working Paper No. 21496, <http://www.nber.org/papers/w21496>.
- Fujii, K., Hozumi, Y., Iida, T., & Tsutsumi, M. (2012). Analysis by “Madori” of Tokyo’s 23 wards rental apartment market. In *AsRES & AREUEA Joint International Conference*.
- Glaeser, E. L. and Gyourko, J. (2007). Arbitrage in housing markets, NBER Working Paper No. 13704, <http://www.nber.org/papers/w13704>.
- Glaeser, E. L., Gyourko, J., & Saks, R. (2005). Why have housing prices gone up? NBER Working Paper No. 11129, <http://www.nber.org/papers/w11129>.
- Gabriel, S. A., & Nothaft, F. E. (2001). Rental housing markets, the incidence and duration of vacancy, and the natural vacancy rate. *Journal of Urban Economics*, 49, 121-49.
- Glaeser, E. L., & Ward, B. A. (2009). The causes and consequences of land use regulation: Evidence from greater Boston. *Journal of Urban Economics*, 65(3), 265-278.
- Hagen, D. A., & Hansen, J. L. (2010). Rental housing and the natural vacancy rate. *Journal of Real Estate Research*, 32(4), 413-433.
- Head, A., Lloyd-Ellis and Sun, H. (2014). Search, liquidity and the dynamics of house prices and construction. *The American Economic Review*, 104(4), 1172-1210.
- Horton, J. and Zeckhauser, R. J. (2016). Owning, using and renting: Some simple

- economics of the “sharing economy”, NBER Working Paper No. 22029, <http://www.nber.org/papers/w22029>.
- Ihlanfeldt, K. R. (2007). The effect of land use regulation on housing and land prices. *Journal of Urban Economics*, 61(3), 420-435.
- Kashiwagi, M. (2014). A search-theoretic model of the rental and homeownership markets, *Journal of Housing Economics*, 26, 33-47.
- Lazarow, A. (2015). Airbnb in New York City: Law and policy challenges, *Munich Person RePEc Archive*, Paper No. 68838.
- Li, J., Moreno, A., Zhang, D. (2015). Agent behavior in the sharing economy: Evidence from Airbnb, submitted to *Manufacturing & Service Operations Management*, <http://ssrn.com/abstract=2708279>.
- McBreen, J., Goffette-Nagot, F. and Jensen, P. (2009). An agent-based simulation of rental housing markets. *European Real Estate Society (ERES)*.
- Mortensen, D. T. (1982). Property rights and efficiency in mating, racing and related games. *American Economic Review*, 75, 397-415.
- Muller, M.P., (2014). An Economic Analysis of Online Sharing Systems’ Implications on Social Welfare, *Proceedings of the European Conference on Information Systems (ECIS) 2014, Tel Aviv, Israel, June 9-11, 2014, ISBN 978-0-9915567-0-0*. <http://aisel.aisnet.org/ecis2014/proceedings/track10/14>.
- Novy-Marx, R. (2009). Hot and cold markets. *Real Estate Economics*, 37(1), 1-22.
- Pagliari, J., Webb J. and Lieblich, F. (1996). The historic behavior of REIT returns: A real estate perspective, *Handbook of Real Estate Investment Trusts*, 20.
- Piazzesi, M., Schneider, M., & Stroebel, J. (2015). Segmented housing search, NBER Working Paper No. 20823, <http://www.nber.org/papers/w20823>.
- Pissarides, C. A. (1985). Unemployment, vacancies and real wages. *American Economic Review*, 75, 676-690.
- Quigley, J. M., & Rosenthal, L. A. (2005). The effects of land use regulation on the price of housing: What do we know? What can we learn? *Cityscape*, 69-137.
- Riddel, M. (2004). Housing-market disequilibrium: an examination of housing-market price and stock dynamics 1967-1998. *Journal of Housing Economics*, 13(2004), 120-135.
- Rosen, K., & Smith, L. (1983). The price adjustment process and the natural vacancy rate. *American Economic Review*, 73, 779-786.

- Saiz, A. (2007). Immigration and housing rents in American cities. *Journal of Urban Economics*, 61(2), 345-371.
- Schneiderman, E. (2014). Airbnb in the city. *New York State Office of the Attorney General*, Oct, 14.
- Sinai, T., & Waldfoegel, J. (2005). Do low-income housing subsidies increase the occupied housing stock? *Journal of Public Economics*, 89(11-12), 2137-2164.
- Susin, S. (2002). Rent vouchers and the price of low-income housing. *Journal of Public Economics*, 83(1), 109-152.
- Verbrugge, R., Dorfman, A., Johnson, W., Marsh III, F., Poole, R., & Shoemaker, O. (2016). Determinants of rent changes: Mean reversion versus the usual suspects. *Real Estate Economics*. Doi: 10.1111/1540-6229.12145.
- Wheaton, W. C. (1990). Vacancy, search and prices in a housing market matching model. *Journal of Political Economy*, 98, 1270-1292.
- Yarvas, A. (1994). Middlemen in bilateral search markets. *Journal of Labor Economics*, 406-429.
- Zervas, G., Proserpio, D., & Byers, J. (2014). The rise of the sharing economy: Estimating the impact of Airbnb on the hotel industry. *Boston University School of Management Research Paper*, (2013-16).

Table 1. Descriptive Statistics on Rental Units

	Mean	Standard Deviation	Count
Price	\$2,972	\$1,130	113,409
Bedrooms	1.7	1.0	113,409
Bathrooms	1.2	0.4	113,409
Square Feet	1,005	471	113,409

Source: Data from Rainmaker Insights, Inc., February 2016.

Table 2. Descriptive Statistics on Airbnb and Rental Units by Census Tract

	Mean	Standard Deviation	Count
Total Housing Units	1,638	618	832
# of Airbnb Listings	11.7	13.5	832
Newly Constructed Units	1.4	16.4	832
# of Rental Units Listed for Rent (weekly)	75.8	100.5	832
Airbnb Density	0.007	0.007	832

Airbnb Density = # of Airbnb listings by census tract/# of housing units in that census tract.

By the authors from Airbnb data from [Insideairbnb.com](http://www.insideairbnb.com), January 2016, <http://www.insideairbnb.com/get-the-data.html> and original data and from housing unit data from the United States Census Bureau/American FactFinder. B25001: Housing Units." *2010-2014 American Community Survey*. U.S. Census Bureau's American Community Survey Office, 2015. Web. 31 January 2016. <http://factfinder2.census.gov>.

Table 3. Airbnb Listings and Housing Units Offered for Rent (by month)

<u>Date</u>	<u>Airbnb</u>	<u>Units for Rent</u> <u>(weekly average)</u>
July 2015	2,058	
August 2015	1,794	
September 2015	2,187	15,102
October 2015	2,316	12,957
November 2015	2,033	12,468
December 2015	1,803	11,740
January 2016	2,143	10,783

By the authors from Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html> and from the authors.

The count for Units for Rent are the sums of four weekly readings each month.

Figure 1. Map of Airbnb Listings by Census Tract.

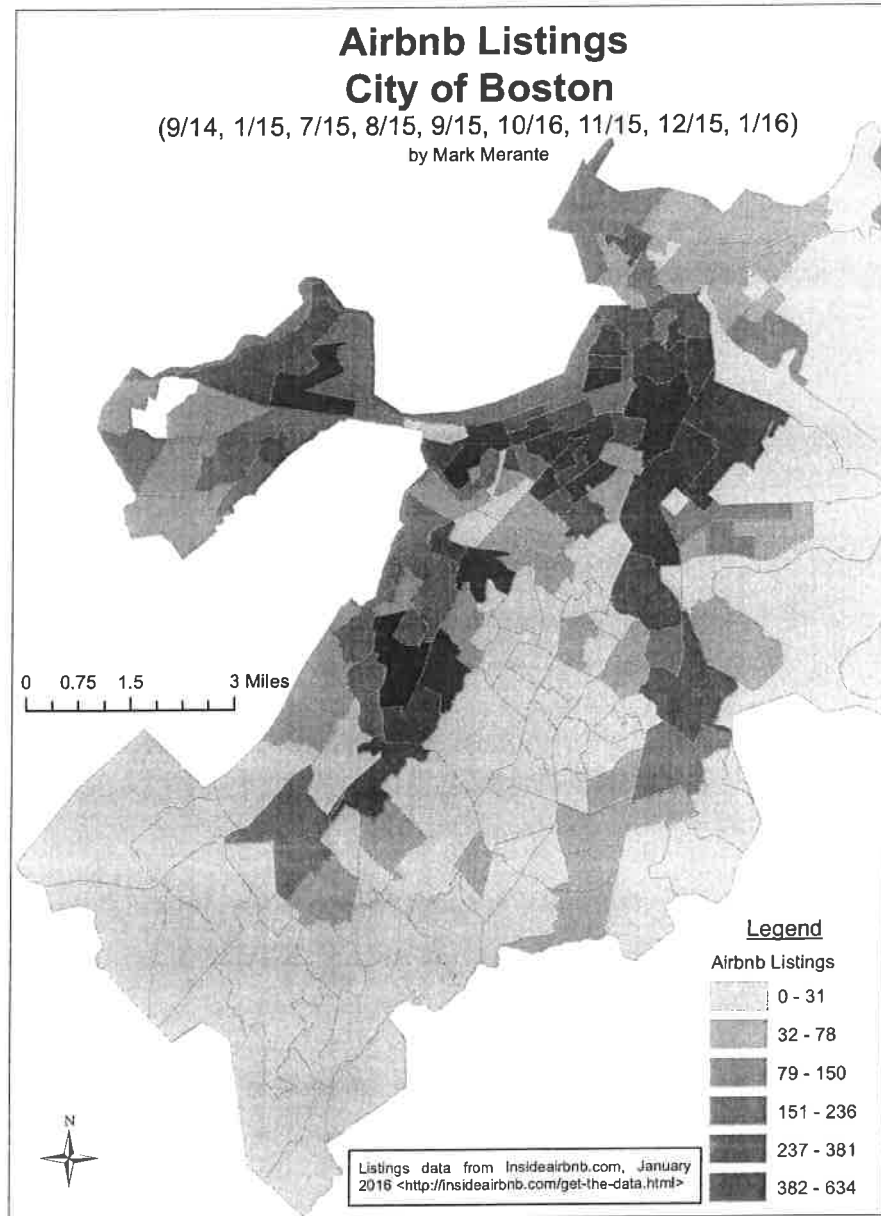


Table 4. Airbnb Density (by decile):

<u>Decile</u>	<u>Airbnb Density</u>
1 st	.003
2 nd	.005
3 rd	.007
4 th	.009
5 th	.011
6 th	.014
7 th	.016
8 th	.018
9 th	.021
10 th	.050

Airbnb Density = # of Airbnb listings by census tract/# of housing units in that census tract.
By the authors from Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html>
and original data and from housing unit data from the United States Census Bureau/American FactFinder. B25001:
Housing Units." *2010-2014 American Community Survey*. U.S. Census Bureau's American Community Survey Office,
2015. Web. 31 January 2016. <http://factfinder2.census.gov>.

Table 5. Airbnb Listing by Room Type (October 2015):

Room type	Frequency	Column %
Entire home/apartment	1,345	58.4%
Private room	913	39.4%
Shared room	50	2.2%

By the authors from Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html>.

Table 6. Airbnb Host by Number of Simultaneous Listings in Boston (October 2015):

<u>Host's # of Listings</u>	<u># of Hosts</u>	<u>Column %</u>
1 listing	1,246	81.7%
2 listings	163	10.7%
3 listings	16	3.7%
> 4 listings	44	2.8%

By the authors from Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html>.

Table 7. Airbnb Listings by Types of Hosts (October 2015):

<u>Host's # of Listings</u>	<u># of Listings</u>	<u>Column %</u>
Host w/1 listing	1,246	53.8%
Host w/2 listings	326	14.1%
Host w/3 listings	171	7.4%
> 4 listings	574	24.8%

By the authors from Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html>.

Table 8. Airbnb Density and Log of Asking Rents

	Log or Asking Rents
Airbnb Density	0.627** (2.05)
Bedrooms	0.171*** (19.68)
Bathrooms	0.112*** (11.64)
Square Feet	0.000132*** (7.11)
Newly Constructed Units	-0.00000742 (-0.32)
Constant	7.373*** (484.94)
<i>N</i>	113409
Month Fixed Effects	X
Census Fixed Effects	X

t statistics in parentheses
 * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Sources: Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html> and from the authors. New construction data from the Boston Redevelopment Authority. Rental listing data from Rainmaker, Insights, Inc.

Table 9. Regression of Log of Number of Units for Rent on Airbnb Density.

	Log of Number of Units for Rent
Airbnb Density	-8.366** (-2.07)
Newly Constructed Units	0.00143** (2.54)
Constant	2.947*** (86.83)
<i>N</i>	832
Month Fixed Effects	X
Census Tract Fixed Effects	X

t statistics in parentheses
 * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Sources: Airbnb data from Insideairbnb.com, January 2016, <http://www.insideairbnb.com/get-the-data.html> and from the authors. New construction data from the Boston Redevelopment Authority. Rental listing data from Rainmaker, Insights, Inc.

SECTION SIX

Purpose: Provide the reader with a summation and overview of high-level observations regarding short term rentals, statements that can be considered as facts gained by the committee's general consensus, and recommendations for the Village Council to consider.

Methodology: Group discussion

Members: All

Final product: Listing of observations, knowns and recommendations.

The Short Term Rental Committee met on February 4, 2020 to discuss “knowns” and “recommendations.”

“Knowns” – Facts, observations, opinions or trends discovered by the Committee while working on this project since September 2019. A consensus was raised on each item based on our discussions. Each member had an opportunity to introduce or challenge each “known”.

“Recommendations” - Steps, processes or considerations for the Village Council to consider as a result of the committees research and views expressed by the committee.

Observations -

- The committee is comprised of a good representation of Village residents, renters, landlords, and industry leaders.
- The committee strongly believes that the issue of short-term rentals is best handled in a proactive rather than reactive measure. This removes the emotional element from the issue.
- For the first time in the Village’s history, we have a map that identifies a complete inventory of the housing stock. The committee recommends this map be updated on an annual basis.
 - We would be interested to see if the new builds in our Village are turned into full-time residents short-term rentals, long-term rentals, or summer homes. The Committee can tell the direction of the short-term rental inventory when that information is received.
- Chris Grobbel, Village Zoning Administrator, was a valuable contributor to our work. He is knowledgeable about the topic and was certain not to recommend actions for the committee. We relied on him for information and clarity.

“KNOWNs”:

- The Short Term Rental map provides the Council with a comprehensive inventory of the Village’s housing stock. While many hours were spent researching and discussing individual home ownership, there may be

some inaccuracies. A summer supplemental inventory should be conducted to focus on summer rentals. The Committee recommends the Village Council update this map on an annual basis.

- Results as of February, 2019
 - Short term rental: 49
 - Year-around rental: 18
 - Year-around resident: 161
 - Summer resident: 115
 - Commercial: 27
 - Government/municipal: 9
 - Churches: 2 count
 - New build/vacant: 21 count
 - Vacant land: Identified
 - Parks/conservancies: Identified

There are approximately 364 occupied/buildable lots in the Village of Empire.

- The general behavior of short-term rental guests is acceptable and very few problems (noise, parking, litter) have been reported officially or anecdotally.
 - This is attributed to the high cost of weekly rentals in the Village along with sizeable damage deposits required of renters.
 - The local short-term rental business reports that only one party has been evicted for poor behavior in the history of the company.
 - The committee also recognizes that the density of short-term rentals lends itself to a quieter rental inventory.
 - No one area in the Village has a preponderance of the short-term rental homes.

- Empire offers a unique market to the vacationer. The Sleeping Bear National Park is a significant draw from daily and weekly visitors. The Village of Empire is now considered a vacation destination.

- The Village has significant opportunities and challenges.
 - Empire is landlocked by the National Park Service.
 - Future development of short-term rental locations would be concentrated within Village boundaries
- The population of Empire is aging. As homes in the Village are left unoccupied it may cause families (trusts) to defray the cost of maintenance and taxes and turn the homes into short-term or long-term rentals.
- The current copy of the Village of Empire's Master Plan notes on page 40 and 41 the current housing inventory along with other important data points. The 2020 United States census will provide data that may address housing and demographic shifts.
- The Committee believes the Village's current infrastructure may challenge at the very least and possibly inhibit future development of buildable lots.
- The past few years has seen an explosion of Internet marketing sites for short-term rentals. Some are local, some are regional, and some are international. The ease of entrance into the short-term rental business has made the endeavor very attractive.
- Considerable discussion revolved around the topic of investment vs. expense. For example; does an owner really achieve a profit at the end of the rental season? Arguments could be made both ways. What is known though, is seasonal rental homeowner's work hard to provide an environment that encourages renters to return year after year.
- There is no single answer to the requirements of insurance.
 - Some web-based sites include a broad range of insurance coverage for renters and guests. Some do not.
 - Most insurance companies require a separate policy for short-term rental properties with a minimum of \$1M in coverage.
- Townships/Villages within Leelanau County seem to be developing short-term rental policies and regulations on an as needed basis. Currently, there is not a countywide plan to develop regulations, nor is there a plan at the state level other than an occasional proposed bill that rarely makes it out of committee.

- The Committee identified several different variations of ordinances and regulations. The enclosed chart created by Chris Grobbel provides a good representation of current regulations and policies.
- The public is very interested in this topic. Though our committee had very few public attendees, there is a clear sense the media is covering the topic in the local and regional area.
- An ordinance and/or regulations could provide a stream of revenue for the Village. Expenses would offset the revenue, of course, though the fund balance could be used to provide capital improvements for the Village.
- The committee discovered several companies that manage the short-term rentals from an enforcement standpoint. The committee believes this alternative seems to be excessive given the small number of short-term rentals.
- There is a “rub” between property rights and what is the common good.
 - Can rental properties (short or long term) exist within a strictly residentially zoned district?
 - Are they considered commercial enterprises subject to the required zoning of the district? A downstate court case is currently being appealed on this issue.
- The committee agrees that summer residents (those homes occupied by the owner only during the summer/holiday season) may have a detrimental effect on the local economy as compared to a short-term rental. We feel that summer resident homes are vacant up to 75% of the year and may not generate a proportionate amount of cash for the local economy.
- We feel that home upkeep is far more progressive in a short-term rental vs. long-term rentals or owner occupied homes. This is necessary to keep guests interested in staying.
- And finally, do short-term rentals interrupt the need for long-term rentals in the Village? Simply, the committee is not sure.

RECOMMENDATIONS:

- Our recommendation to the Empire Village Council is to create an Ordinance that safeguards the Short-term rental business, while promoting the development and balance of permanent housing needs in Empire.
 - Concepts to consider in this Ordinance:
 - Limit occupancy based on number of bathrooms or bedrooms;
 - Short-term rentals must have a local contact person that will respond to emergencies and nuisances within 45 minutes;
 - Create a one-page instruction sheet to be posted in each rental unit that highlights village services, guidelines, and renter responsibilities;
 - Provide a structured fee system for owners to register short-term rentals within a range of \$100 to \$200 annually. Make the registry easy to complete with no inspections required.
- Set a short-term Rental Cap
 - Limit the number of short-term rentals in the village.
 - Equation might be: Number of short-term rentals (as of December 2020) + 2-5% growth over the next 5 years and then re-evaluate.
 - Grandfather existing rentals to comply with adopted ordinance.
 - Re-evaluate existing short-term rental inventory to see if there is decline or growth. Study to be completed in December, 2020.
- Make zoning changes that would automatically control the growth of short-term rentals.
 - One example may be – Short-term rentals allowed in the Gateway or Front Street Corridor zoning only. OR in Mixed Residential. OR Village Residential etc.