

Testimony to House Committee regarding HB 4046, May 1, 2019

My name is Robert Monetza. I am a resident of Grand Haven and a member of the Grand Haven City Council since 2009; prior to that I was chairman of the city's Planning Commission.

In our case, short term rentals are primarily seasonal vacation rentals. In other communities it may be college housing or temporary housing related to other institutions. Grand Haven is blessed with a beautiful Lake Michigan beach and many natural and riverfront lands, and we have had a strong tourism economy since the 1880s. Believe me, we understand tourism in Grand Haven. We are also a city with a well-rounded economy, a strong manufacturing sector, a stable and hard-working population, and a distinct identity founded on our 185 years of city history. We have dealt with many evolutionary changes over those years and have always prided ourselves in solving problems locally to best serve the needs and aspirations of our citizens.

Issues with short terms rentals have been recognized for generations in Grand Haven. With the adoption of a new Zoning Ordinance in 2007, we recognized seasonal rentals as a use within our zoning and made it a special land use, in an attempt to limit impacts which were then becoming obvious and obnoxious to home owners and long-term residents. City Council at that time subsequently chose to limit the effect of these zoning regulations and, for next ten years, we were in the position of registering short term rentals, distinct from long-term rentals, but with little limitation on their expansion throughout our residential neighborhoods. **After a decade of unbridled growth of this industry, we found that our registered, and known, short term rentals had doubled and grown to more than 30% of dwellings in some neighborhoods.** The long-time residents demanded action to stop the erosion of their neighborhoods and the impingement of this activity on their homes.

The expansion of short-term seasonal rentals in our neighborhoods absorbs housing and converts it from homes for long term residents to profit centers for property managers, absentee landlords, and developers. Housing becomes unaffordable when houses are more lucrative as mini-motels than as homes. Neighborhood cohesion declines, people don't know their neighbors and don't rely on them as they would otherwise, the very fabric of community is undermined. Short term tenants are simply visitors with no investment in the community. They bring money to town, but they don't support our community institutions, participate in school or civic activity, or provide any kind of continuity to life in our city. They are here for a good time and come and go just as you would expect of any customers of hospitality businesses. **Meanwhile, the sense of community and quality of life of those folks living next door or across the street is diminished.**

We have also seen boom and bust cycles in tourism and when short term rentals have come to dominate a neighborhood, and then an economic downturn causes landlords to neglect properties, then blight has set in. Neighborhoods can only recover very slowly.

The bill suggests that the only role of the city is to mitigate nuisances, and it is true that we have ordinances on the books for this. It is also true that such rules are difficult to enforce and only come into play as a reaction after the fact to nuisances. So, if communities may not limit short term rentals, then nuisances which were readily avoidable must be allowed to occur, and then our residents must pick up the phone, call 911, and complain. Many residents find this uncomfortable, fear retribution from the landlords and their customers, and suffer in silence. This happens in any community, not just tourist towns. Again, the quality of life of our citizens is harmed while the short-term rentals earn huge financial returns for a

few.

Life in urban environments is always a matter of balancing rights. This is the heart of the concept of zoning. The bill's sponsors would have you believe that cities are taking away property rights, and that the incentive to maximize return on investment is all that matters. All too often, the discussion is couched in terms of "grandma and grandpa losing their homes if they can't short term rent", maybe because they can't pay their exorbitant local property taxes. This is completely disingenuous. This discussion is all about property management companies sucking up houses, realtors flipping houses, absentee landlords exploiting our neighborhoods as backdrops for tourist experiences and charging incredible rates. There are better ways to help an individual who sees short term rental as a survival scheme, than to gut the ability of all cities and their citizens to control the quality of their neighborhoods. **We firmly believe that our citizens also have property rights very bit as important as the rights of the short-term rental operators:** in particular, the right to quiet enjoyment of their homes and the right to manage their social and civic environment. **When only the short-term rental operators have rights, our people are powerless, defenseless, and impotent in their homes.** The bill unequivocally declares that short term rental is a residential, and not a commercial activity. **This is false on its face, and attempts to create an artificial definition which defies reality.** Every discussion in every context is about return on investment and profit, and it is never about how residents build and participate in community. From April 2016 through June 2017, while we revised our zoning rules, at our Planning Commission and City Council hearings and meetings, everyone who spoke on both sides of the issue acknowledged that short term rentals are established and operated as businesses. Short term rentals pay sales taxes; if they are not businesses, then why are they so taxed? Not only do they co-opt otherwise affordable housing, they compete directly with motels and hotels. This bill would make it impossible to ever level the playing field between these businesses. This bill will force cities to allow this business activity everywhere, in every residential neighborhood.

The bill, as written, would invalidate virtually any rental registration and regulation program, as it places owner-occupied homes, long-term rentals to permanent community residents, and seasonally-occupied short term rentals all on the same plane and requires any local regulation to treat them equally.

In Grand Haven, we engaged our citizens, developed regulations which are suited to our community, unlike solutions by other communities, through an arduous process of local democracy. **This is why we have home rule.** The result was compromise, fair and respectful treatment of all parties, recognition of grandfathered uses, with the intent that future generations will have homes to live in, not simply to be exploited. We do not need the guidance of Michigan Realtors Association or any other deep-pocket lobbyists, nor the arbitrary and heavy-handed rulemaking of the state legislature and bureaucrats. Pre-emption of local control to profit state-wide players is the worst corruption of that democracy. **We know and trust our people, and at the local level, we are directly accountable to them.**

Robert Monetza, City of Grand Haven