



# 2024 Park Township Short-Term Rental

## Economic Impact Report

June 5, 2024



## Contents

Executive Summary	2
Survey Methodology	3
Survey Results	4
Local Property Owners	4
Local Businesses	12
Discussion of Economic Impact of STR in Park Township	18
Methodology	18
Additional Income Stream for Property Owners	18
Tourism and Related Economic Activity	19
Housing and Rental Prices	21
Neighborhood Disamenities	23
Circumvention of Taxes and Regulation	23
Conclusion	24
References	25

## Executive Summary

The Frost Research Center contracted with *Park Township Neighbors* to conduct an economic impact study of short-term rentals on the local economy of Holland, MI. A combination of primary and secondary data allowed the Frost Research Center to model projected economic impact of a short-term rental (STR) ban and community perspectives on the impact of short-term rentals for local business and property ownership. The following summarizes the study's findings:

### Local STR Property Owner Survey Results

- A majority (70%) of Park Township short-term rental property owners self-reported immediate changes in their short-term rental business while the ban was in place from October 1, 2023 to December 1, 2023 (n=71).
- A majority (64%) of owners indicated that they would not plan on further investing in properties in the area in general if a short-term rental ban was enforced (n=69).
- Nearly all (96%) Park Township short-term rental owners reported anticipating long-term effects should a short-term rental ban stay in effect in the future (n=71).

### Local Business Owners Survey Results

- A majority (69%) of local business owners perceived short-term rentals as having a positive impact on past business (n=29).
- A majority (63%) of local business owners (n=27) perceived a potential long-term effect of a short-term rental ban on business.
- A majority of business owners expressed concern for negative effects of a short-term rental ban including: decrease in tourism, decrease in business, decrease in lodging options for customers, and decrease accessibility and traffic at their business locations.

### Economic Impact of STRs

- 58% of survey respondents report an annual net income of \$10,000 to \$50,000 from STRs.
- STRs decrease accommodation prices through direct provision and competitive pressure on hotels and motels.
- A hypothetical STR listing that hosts two adults for 12 weeks out of the year is associated with an estimated \$14,112 in spending in neighborhood surrounding listing.
- Removal of all STRs in zip code 49434 is projected to reduce rental prices by 0.8% and housing prices by 0.6%.
- Multiple STR listings concentrated in single building may increase neighborhood disamenities.

## Survey Methodology

The Frost Center for Data and Research distributed online surveys to (a) Park Township short-term rental owners, and (b) local business owners located in the greater Holland, MI area.

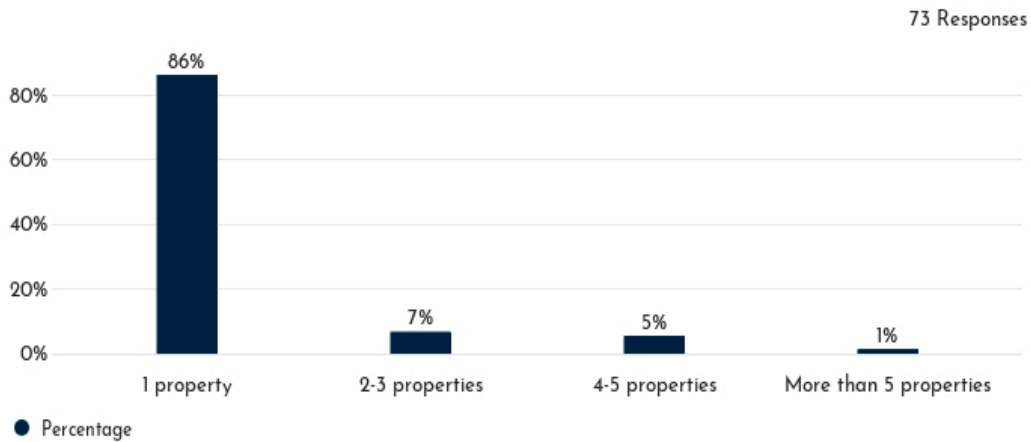
Park Township Neighbors provided the Frost Center with the contact list of 128 short-term rental owners emails to distribute the property owner survey. The contact list included emails of property owners of short-term rental properties located in Park Township. The Frost Center distributed the survey with a data collection period of March 21, 2024 to April 19, 2024, including two survey reminders. The response rate for the survey was 66%, with 84 property owners responding to the survey.

The Frost Center randomly selected 186 local businesses to distribute the local business survey in the categories of restaurants, food & beverage, retail, events & venues, entertainment, sports & recreation, and services. The Frost Center used a random selection method within each business category to minimize bias and include survey participants from various major business sectors. The survey was distributed by the Frost Center over email, with two survey reminders and follow-up calls conducted to increase response rate. The data collection period was March 21, 2024 to April 29, 2024. The response rate for the survey was 20%, with 38 local business owners responding to the survey.

## Survey Results

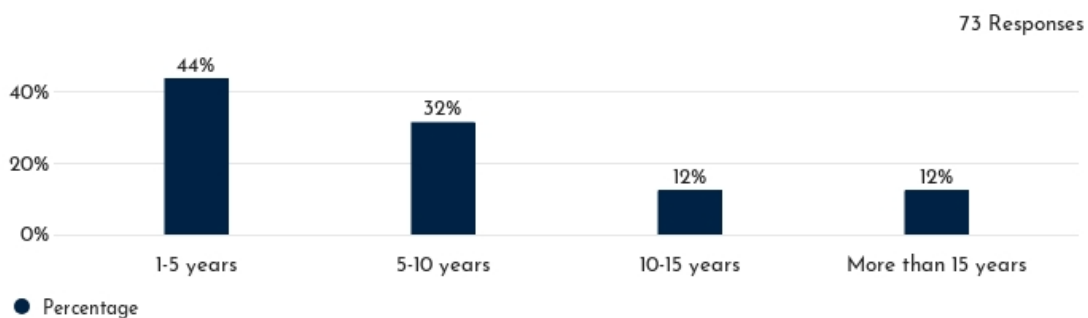
### Local Short-Term Rental Property Owners

**Figure 1. Number of Rental Properties Owned**



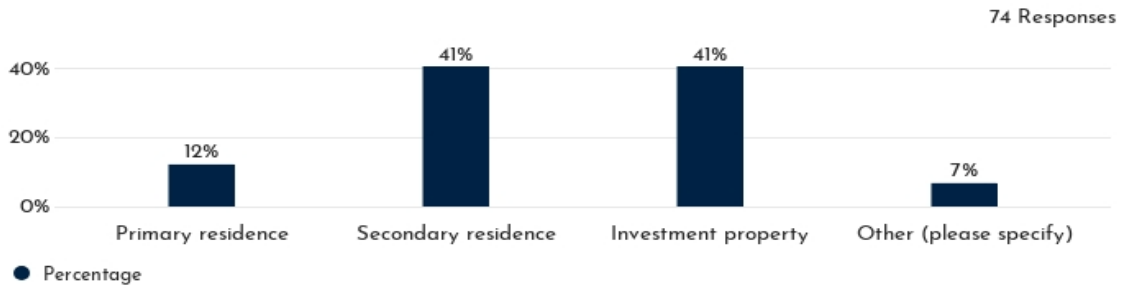
*Figure 1. A vast majority (86%) of local short-term rental property owners self-reported owning 1 property, with 14% owning more than 1 property.*

**Figure 2. Ownership Length of Short-term Rentals**



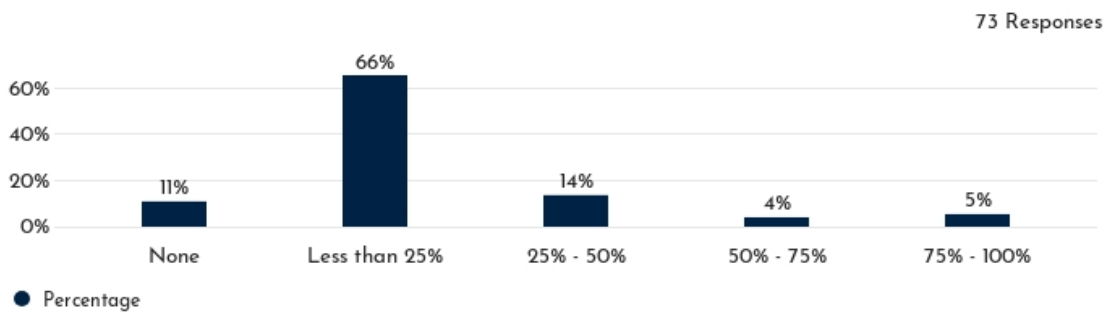
*Figure 2. A majority (76%) of Park Township short-term rental property owners self-reported owning their property for 10 years or less, with 24% indicating owning their property for more than 10 years.*

**Figure 3. Property Type of Short-Term Rental Property**



*Figure 3.* Short-term rental owners categorized a majority of their properties as either secondary residences (41%) or investment properties (41%). Short-term rental owners who selected “other,” recorded their property type as either inherited property, seasonal cottage, or family vacation home.

**Figure 4. Percentage of Year Rental Properties Used for Personal Family Use**



*Figure 4.* A majority (66%) of short-term rental property owners self-reported using their property for personal use less than one quarter of the year.

**Figure 5. Percentage of Total Income in Average Calendar Year Derived from Short-Term Rental Properties**

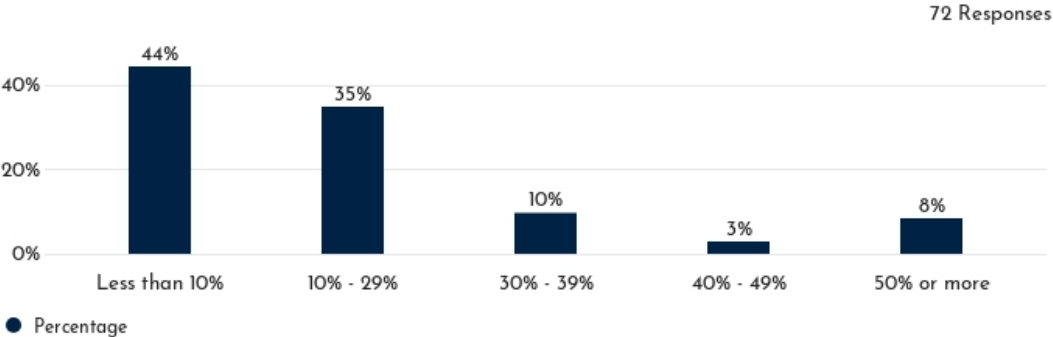


Figure 5. Owners most frequently reported that less than 10% of total income derived from short-term rental properties in a calendar year. However, it should be noted that within this category, owners may have self-reported anywhere from 0% to 9.9%, which is a notable difference in the context of total income. A majority of property owners (56%) indicated short-term rentals accounted for 10% or more of their income, with a large portion self-reporting falling within the 10%-29% range.

**Figure 6. Average Annual Net Income from Short-term Rental Properties**

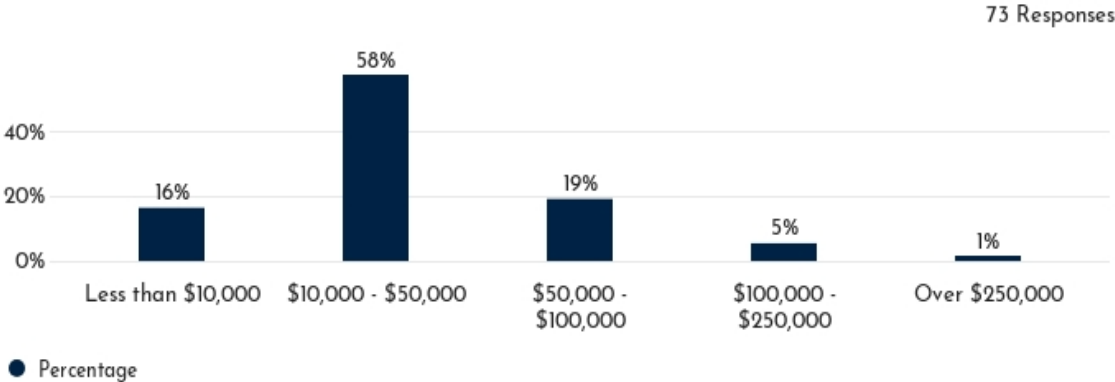


Figure 6. A majority (58%) of short-term rental property owners surveyed self-reported an average annual net income from short-term rentals of \$10,000-\$50,000. A quarter of short-term rental property owners indicated earning \$50,000 or more in net income from short-term rental properties annually. 16% of owners self-reported earning, on average, less than \$10,000 annually in net income from their short-term rental properties.

# Perceived Impact of STR Ban Among Local STR Property Owners

Figure 7. Predicted percentage of revenue from short-term rentals to be reduced if short-term rental ban was in place

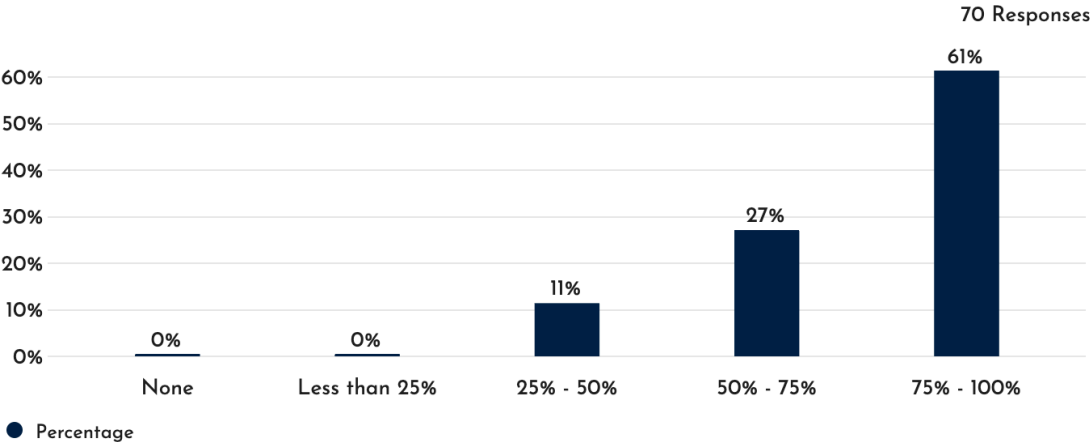


Figure 7. A majority (61%) of short-term rental property owners surveyed self-reported predicted reduction of 75% to 100% of annual revenue from short-term rentals if a short-term rental ban was in place. All property owners surveyed indicated at least 25% of revenue from short-term rentals would be reduced.

Figure 8. Number of Companies Assisting in Management and Maintenance of Rental Properties

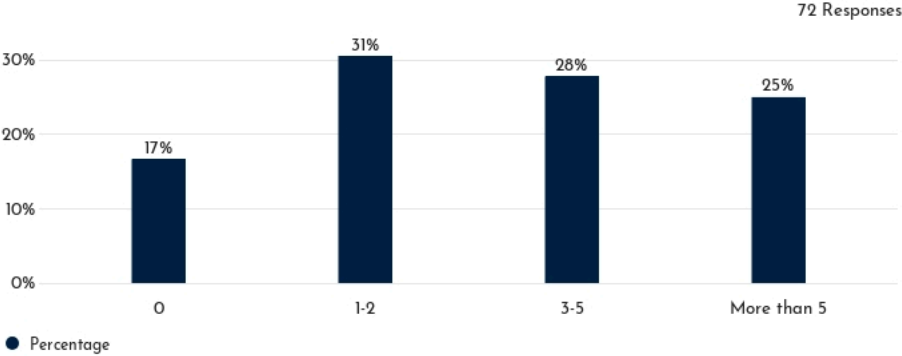


Figure 8. Of short-term rental property owners surveyed, close to a third self-reported that they paid 1-2 companies to assist in the maintenance and management of their properties. A majority (53%) of short-term rental owners indicated hiring 3 or more companies to support their properties, and 17% of short-term property owners self-reported hiring no companies to assist in the management and maintenance of their properties.



**Figure 9. Total Amount Paid to Individuals or Companies in Typical Calendar Year for Management and Maintenance of Short-term Rental Properties**

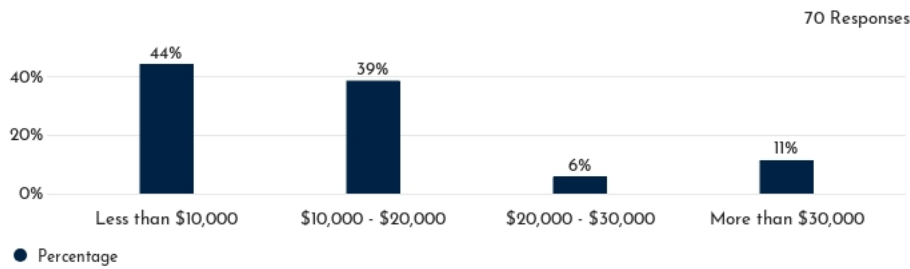


Figure 9. A vast majority (83%) of short-term rental property owners surveyed self-reported paying \$20,000 or less to individuals or companies in a typical calendar year for management and maintenance of their short-term rental properties. A significant portion (39%) self-reported paying \$10,000-\$20,000 annually to individuals or companies. Please note that within the “less than \$10,000 category,” property owners self-reported anywhere from \$0 to \$9,999 paid to individuals or companies (44%).

**Figure 10. Percentage of Services Contracted to be Cut if Short-term Rental Ban was in Place**

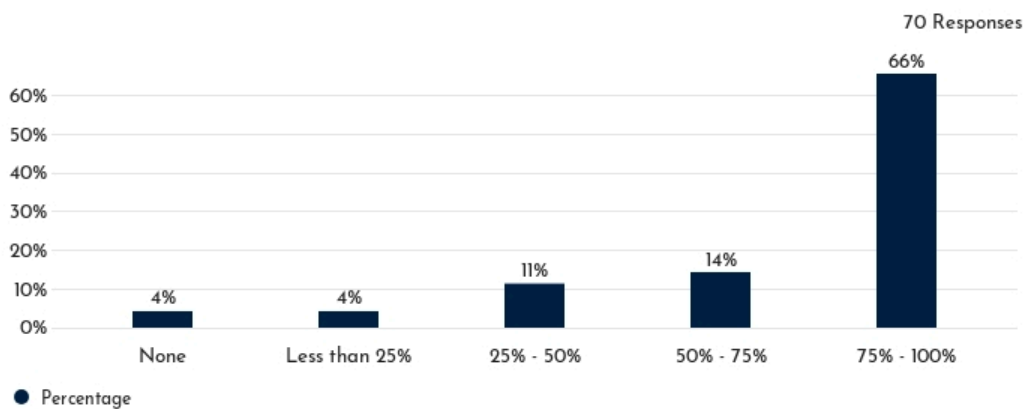
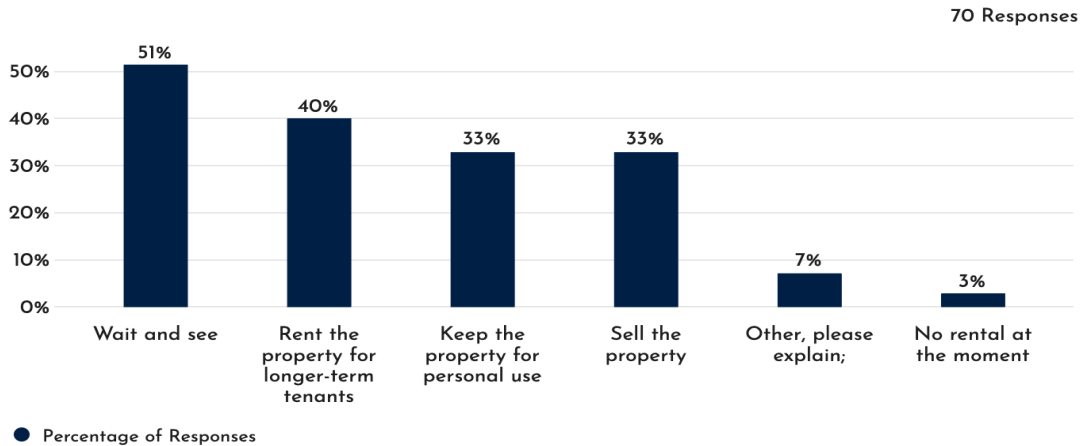


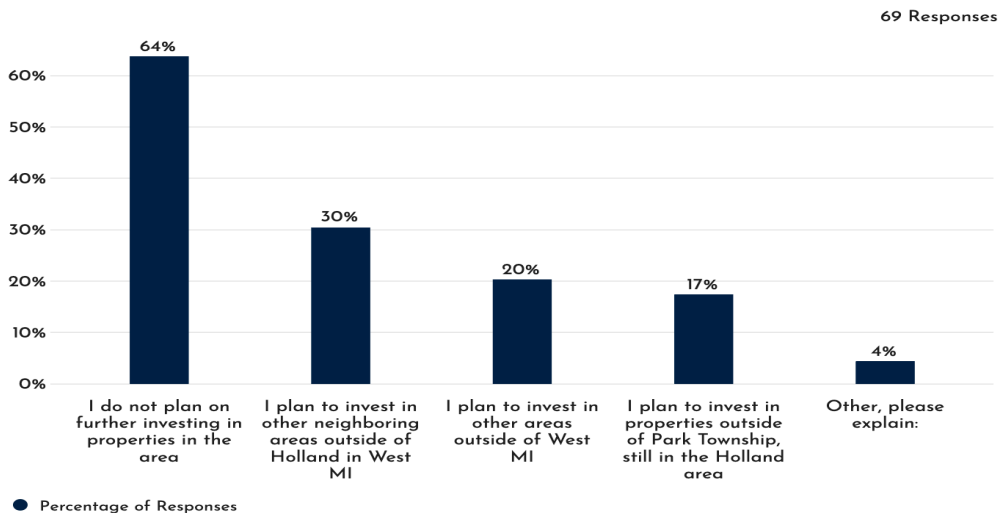
Figure 10. A majority (66%) of short-term rental property owners surveyed predicted 75% to 100% of services contracted for their rental properties would be cut if a short-term rental ban was in place.

**Figure 11. Property Actions if Short-term Rental Ban was in Place**



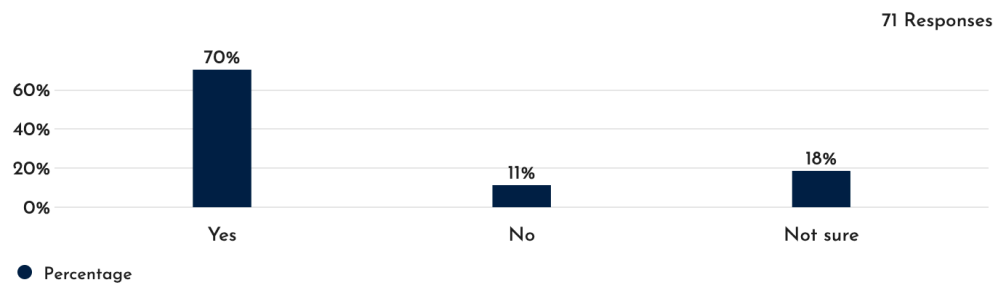
*Figure 11.* Short-term rental property owners self-reported predicted future property actions should a short-term rental ban be enforced in Park Township. Please note owners were able to select multiple future actions, and those with multiple short-term properties could have different plans for each property (thus, percentages exceeded 100%). Almost half (51%) of owners indicated they would wait and see, 40% would rent their property for longer-term tenants, 33% would keep their property for personal use, 33% would sell their property. Within the “other” category, some property owners predicted they would tear down the property and rebuild it, and some predicted they would keep the property and not use it.

**Figure 12. Future Property Investment Actions if Short-term Rental Ban was in Place**



*Figure 12.* Short-term rental property owners self-reported their predicted future property investment actions should a short-term rental ban be enforced in Park Township. A majority (64%) of owners indicated that they would not plan on further investing in properties in the area in general, 30% indicated they would invest in other neighboring areas outside of Holland in West Michigan, 20% would invest outside of West Michigan, and 17% would still plan to invest in the Holland area, outside of Park Township. Other responses (4%) noted that if a ban was in a place, they would leave the area permanently.

**Figure 13. Immediate Changes in Short-term Rental Business when Ban in Place  
October 1, 2023 to December 1, 2023**

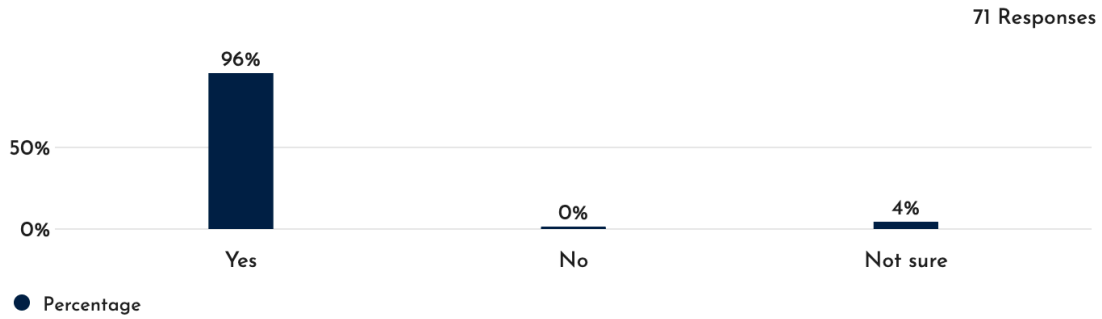


*Figure 13. A majority (70%) of Park Township short-term rental property owners self-reported immediate changes in their short-term rental business while the ban was in place from October 1, 2023 to December 1, 2023.*

Changes reported by property owners included:

- Massive reduction in business, reservations cancelled
- Loss of income
- Selling of properties
- Lay-offs of maintenance and management staff
- Loss in advertisement time
- Loss of desire of owners to become permanent resident in the area
- Lower ranking on VRBO and Airbnb
- Switching to mid-term or longer-term model, reducing overall revenue

**Figure 14. Anticipated Long-term Effects of Short-term Rental Ban**



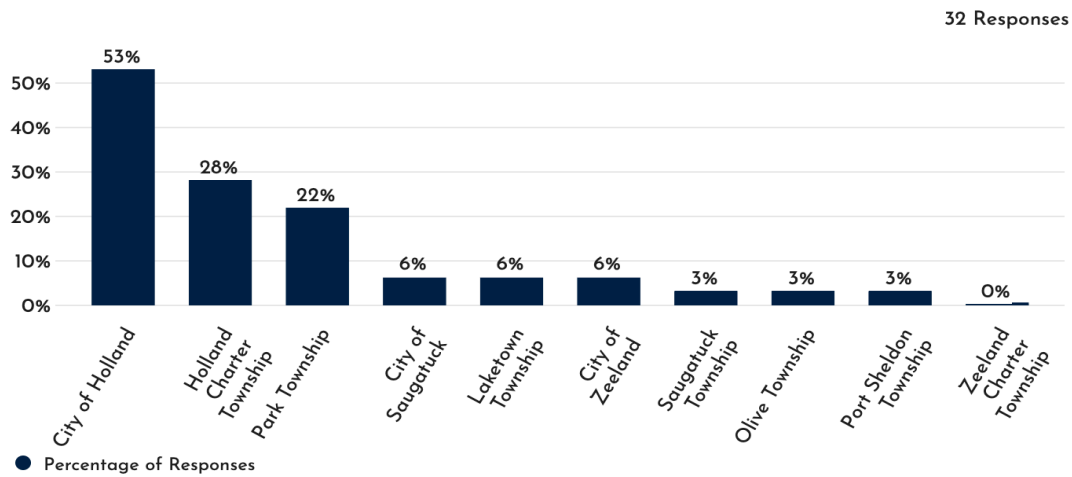
*Figure 14.* Nearly all (96%) Park Township short-term rental owners reported anticipating long-term effects should a short-term rental ban stay in effect in the future.

Potential long-term effects reported by property owners included:

- Not being able to afford to keep property without short-term rentals
- Decrease in visitors and thousands loss spending in local business
- Close rental business, sell property
- Increase lay-offs of staffing
- Discontinued investment in the local area
- Loss of long-term tenants due to increased rental fees
- Not being able to use the property for personal future use/ retirement

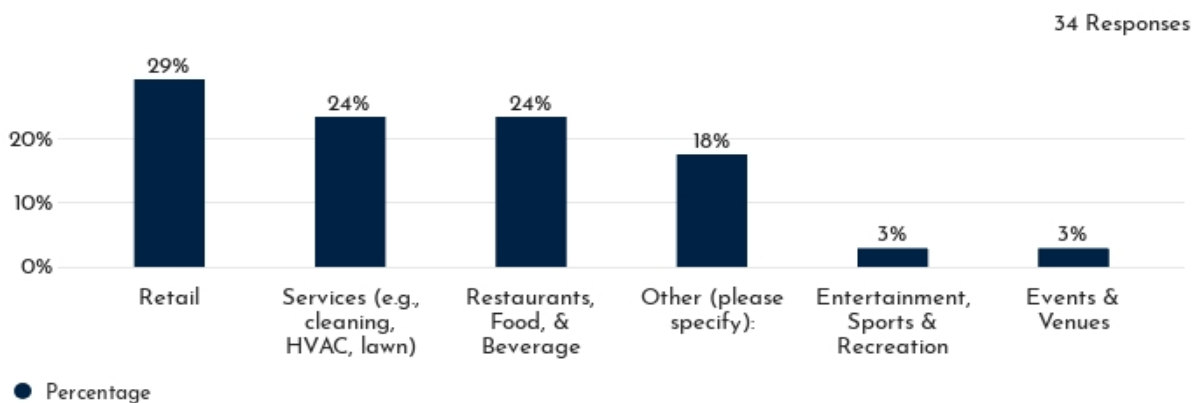
## Local Business Survey Results

**Figure 15. Local Business Location(s)**



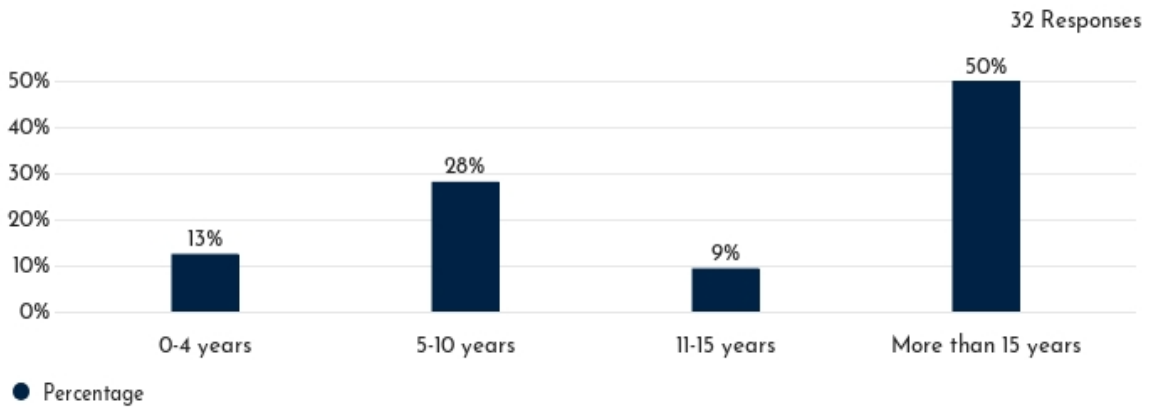
*Figure 15.* Local business owners were asked to select what location(s) in the greater Holland area their business(s) was (were) located. Out of the local business owner responses, 53% indicated owning a business in the City of Holland, 28% in Holland Charter Township, 22% in Park Township, with 6% or less were located in the City of Saugatuck, Laketown Township, City of Zeeland, Saugatuck Township, Olive Township, and Port Sheldon Township.

**Figure 16. Type of Business**



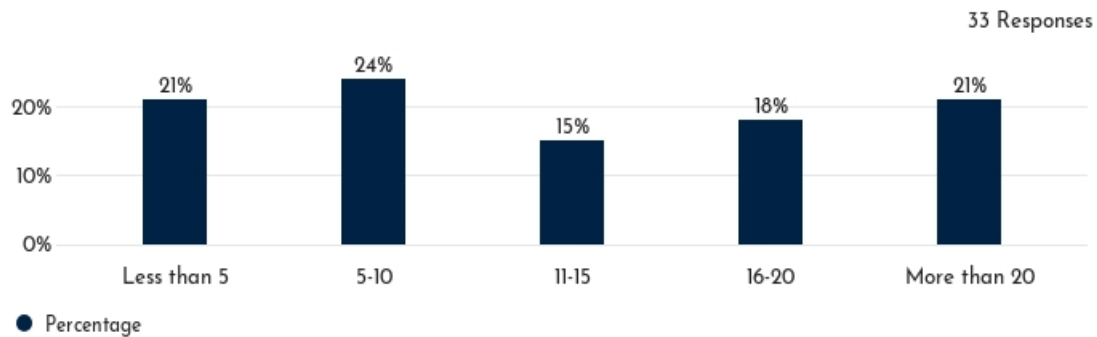
*Figure 16.* Local business owner respondents indicated owning businesses in retail (29%), services (24%), restaurants, food, & beverage (24%), entertainment sports & recreation (3%), and events & venues (3%). Local business owners who selected “other” (18%) self-reported their business falling in the tourism, equipment and party rental, retreat center, or construction categories.

**Figure 17. Business Operation years in the greater Holland, MI area**



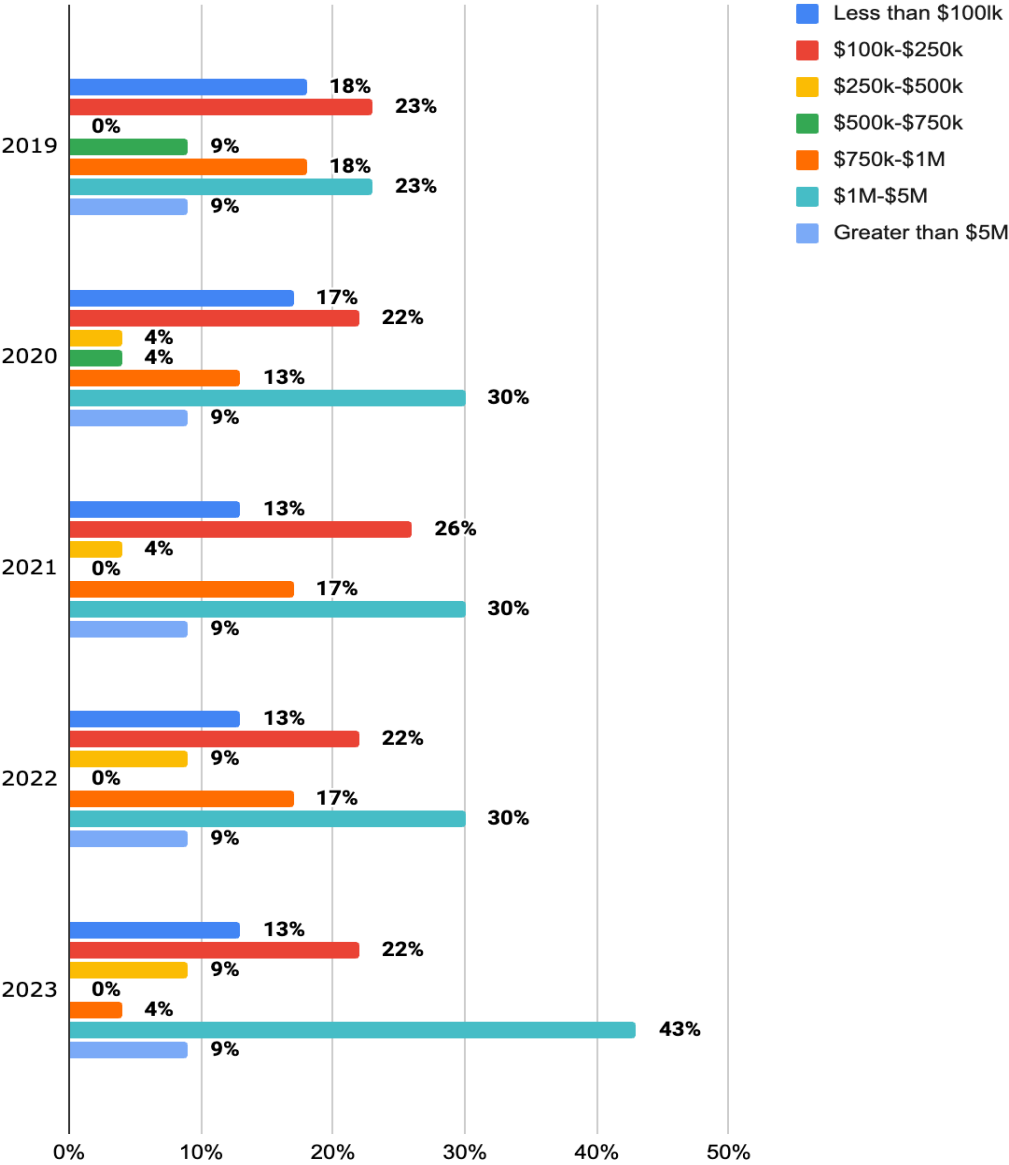
*Figure 17.* A majority (59%) of local business owners reported operating in the Holland, MI area for greater than 10 years, and 13% of local business owners surveyed reported operating for less than 5 years as newer businesses in the area.

**Figure 18. Number of Employees Currently Employed**



*Figure 18.* A majority (60%) of local business owners reported 15 or fewer employees working for their businesses, and 21% of local business owners indicated employing more than 20 individuals.

**Figure 19. Top Line Revenue Breakdown 2019-2023**



*Figure 19.* Business owners were asked to self-report top line revenue from their business from 2019 through 2023. For all years, business owners most frequently reported \$1M-\$5M as their top line revenue; however businesses in this revenue bracket increased over time. From 2022 to 2023 there was a 43% increase in the number of businesses that reported being in the \$1M-\$5M revenue bracket, moving up from the \$750K-\$1M bracket.

**Figure 20. Percentage of Average Annual Sales Estimated from Tourism**

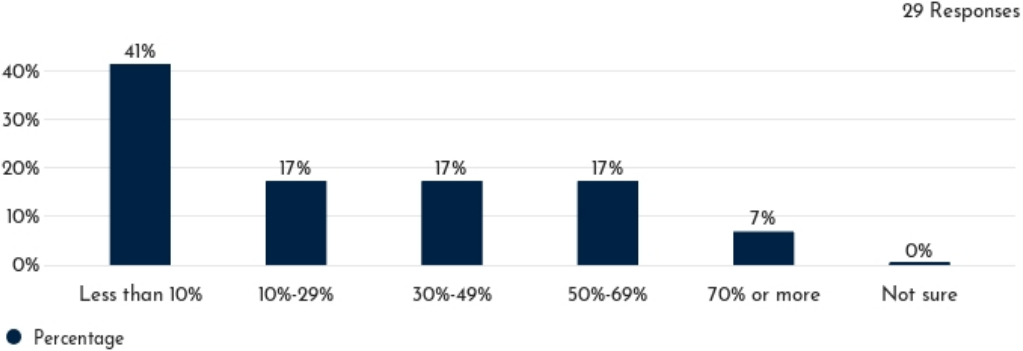


Figure 20. Of local business owner survey respondents, a majority (58%) estimated less than 30% of their average annual sales estimated was from tourism. The most frequently selected answer (41%) was less than 10% of sales, which includes those reporting 0% to 9.9% of sales. Finally, 24% of local business owners estimated that one-half or more of their average annual sales were derived from tourism.

**Figure 21. Average Annual Sales Estimated from Tourism by Business Type**

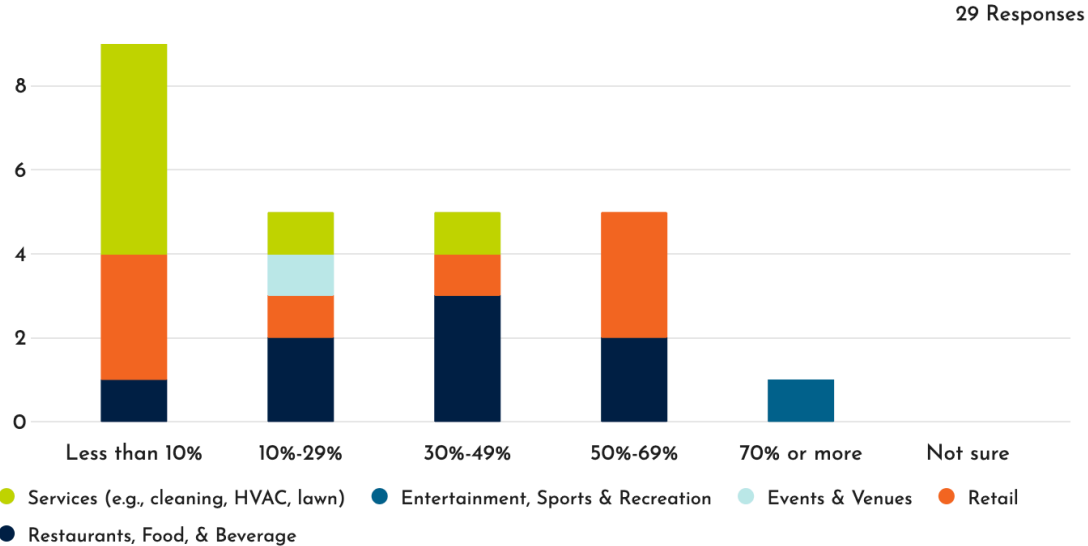
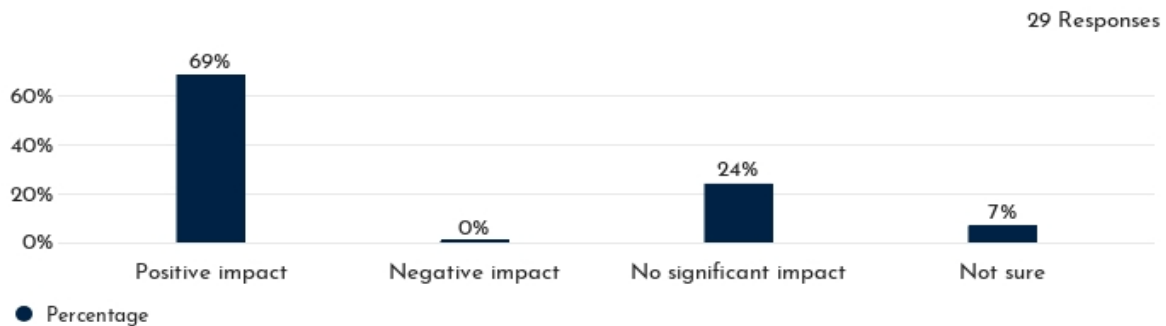


Figure 21. Local business owner respondents who estimated less than 10% of their annual sales derived from tourism were primarily service businesses (e.g. cleaning, HVAC, lawn). Restaurants, food, & beverage businesses accounted for the majority of businesses who estimated 50% or greater of their average annual sales derived from tourism.



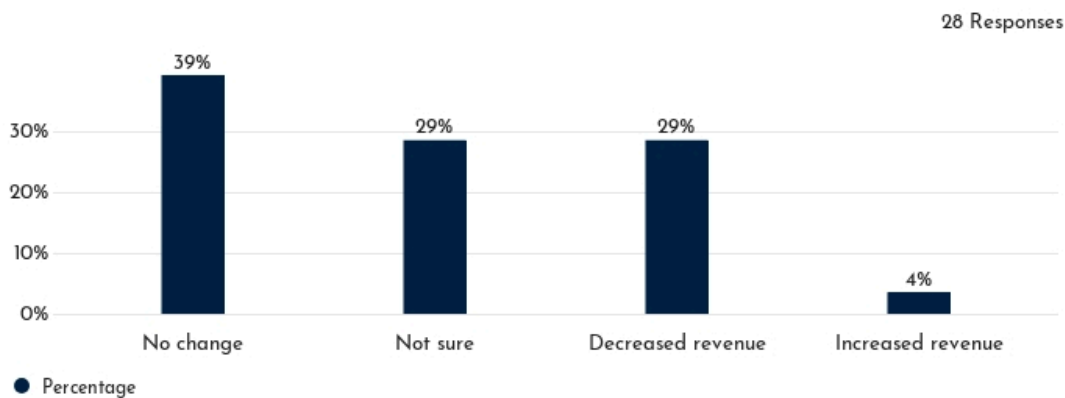
## Perceived Impact of Short-term Rental Ban Among Local Businesses

**Figure 22. Perceived Impact of Short-term Rentals on Past Business**



*Figure 22.* A majority (69%) of local business owners perceived short-term rentals as having a positive impact on past business. Nearly one-quarter of local business owners perceived short-term rentals as having no significant impact on their past business.

**Figure 23. Perceived changes in customer traffic or revenue since short-term rental ban was implemented October 1, 2023 to December 1, 2023**



*Figure 23.* Out of the potential changes provided, local business owners most frequently perceived no change (39%) in customer traffic or revenue since the short-term rental ban was implemented October 1, 2023 to December 1, 2023. Nearly one-third of local business owners reported a decrease in revenue while the ban was in place. Several (29%) business owners were not sure of any changes. With the ban only being in place for two months, immediate changes in business could be difficult to acknowledge. Please note that confounding variables affecting customer traffic and revenue could amplify or negate perceived changes during the time period of the ban.

**Figure 24. Perceived long-term effects of short-term rental ban on business**

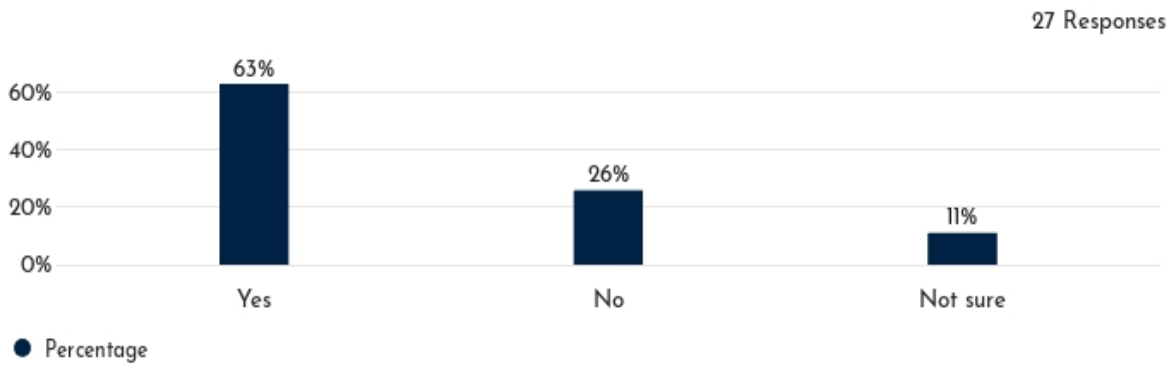


Figure 24. A majority (63%) of local business owners perceived a potential long-term effect of a short-term rental ban on business. Businesses were asked to describe any anticipated long-term effects of a short-term rental ban on their business. A majority of business owners expressed concern for negative effects of a short-term rental ban including:

- Decrease in tourism
- Decrease in business
- Decrease in lodging options for customers and clients
- Decrease accessibility and traffic at their business locations

Some business owners perceived the long-term effects of a rental ban as negligible, due to other accommodations available such as hotels. A small percentage expressed concern that the presence of short-term rentals could be increasing housing shortages, negatively affecting their business overall.

## Discussion of Economic Impact of STR in Park Township

### Methodology

Assessing the economic impact of short-term rentals on local communities presents two important challenges. First, there are a variety of domains over which to make the assessment, and evaluating whether the effects are a “net positive” or “net negative” depend largely on the population studies. Second, assessing impact is difficult when no suitable “treatment” and “control” group can be found. Typically, short term rentals begin arriving on the scene across geography at the same time, making it difficult to make the comparison between areas affected by STRs and those that are not. Communities are not “treated” with STRs in a laboratory setting.

In order to address the concern that no treatment and control groups exist in assessing the economic impact in Park Township and the surrounding region, we turn to rigorous, recent research that has had the advantage of comparing areas affected by STRs to those not. Where possible, we comment on the applicability of these estimates to Park Township and the surrounding region and, where possible, extend estimates to the Park Township case.

We choose the domains over which to make the assessment by focusing on concerns that dominate popular discussion of STRs. Below, we discuss benefits pointed out by proponents of STRs and acknowledge concerns community stakeholders may have with STRs. We evaluate both in the context of Park Township and the surrounding region.

#### *Potential Benefits Associated with STRs*

- Additional income stream for property owners
- Local economic benefits resulting from tourism
  - Lower accommodation prices faced by visitors
  - Increased accommodation options for visitors

#### *Potential Costs Associated with STRs*

- STRs may increase housing and rent prices, limiting housing affordability
- Neighborhood disamenities caused by guests: noise, crime, parking, etc.
- Commercial operators using STR platforms as a way to circumvent health and safety regulations.

### Additional Income Stream for Property Owners

An important component of the economic impact of STRs is the income generated for homeowners. As noted in our survey results, STRs in Park Township contribute significantly to the household income of responding hosts. Among survey respondents, 58% report an annual

net income of \$10,000 to \$50,000 from STRs. This amounts to 12.8% to 63.9% of the median income in the area comprised by zip code 49424<sup>1</sup>.

Care should be taken when extrapolating these numbers to estimate the total effect of STRs on property owner income in Park Township. First, while there were an estimated 248 active STRs in Park Township in 2023, the surveys were distributed to a list of 128 short-term rental owners provided by Park Township Neighbors. Of this distribution list, there were 84 respondents. Therefore, it is impossible to accurately estimate the total income generated from STR in Park Township.

Second, it is difficult to determine how much of the income generated by STRs would disappear in the presence of a ban on STRs. Alternative use of STR properties, for example in the form of rental properties, could be employed. This appears an unlikely scenario for the 53% of survey respondents who use their properties for a primary or secondary residence or those whose property serves as a seasonal cottage or family vacation home. However, a sizable minority (41%) of survey respondents categorize their properties as an investment property.

Despite the difficulty in estimating total income earned by STR property owners in Park Township, our results do suggest STR represents a substantial source of income for STR property owners.

## **Tourism and Related Economic Activity**

### ***STRs and the temporary accommodations market***

Recent academic research studying the impact of short-term rentals has highlighted their impact of flexibly expanding the supply of temporary accommodations traditionally provided by hotels and motels. The quantity of STR rooms supplied on the market is much more responsive to the market price than is the quantity of rooms supplied by hotels: while the total number of hotel rooms is fixed in the short run, the total number of STR rooms is not. Potential hosts can list or delist their offerings flexibly in response to market price.

For this reason, STRs exert downward pressure on hotel room prices, particularly where the quantity of hotel rooms is constrained (due to zoning or other supply restrictions) and in geographic regions where demand for accommodation is highly variable or seasonal. STRs have the potential to adjust the availability of accommodations more in a more flexible manner than traditional hotels. Indeed, recent research has suggested that, on a national level in 2014, Airbnb created a total value of \$305 million for guests through expanded offerings, cost savings to those using STRs, and reduced hotel prices caused by STR competition<sup>2</sup>. This comes at a cost

---

<sup>1</sup> Median income in zip code 49424 is \$78,258, adjusted by authors to 2023 dollars. Source: 2018-2022 American Community Survey 5-Year Estimates.

<sup>2</sup> Competition from STRs does not affect all types of hotels equally. Zerves et. al (2017) show that hotels in lower price tiers as well as hotels catering less to business travelers are most affected by STR competition.

to hotel and motels, who lost an estimated 1.6% in revenues due to the reduced ability to charge higher rates during peak times (Farronato and Fradkin 2022).

There are very few traditional hotels or motels in Park Township. Within Park Township therefore, any benefits to tourists from STRs are likely to come through increased accommodation options rather than lower hotel prices. However, it is likely that STRs in Park Township place competitive pressure on hotels and motels in the surrounding region. Estimates from Zervas, Proserpio, and Byers (2017) suggest that a 10% increase in STR listings corresponds with a 0.19% decrease in hotel prices and a 0.39% in hotel revenue.

**Tourism and local spending**

The local economic impact of STRs depends on the degree to which visitors spend money locally and regionally. According to a 2023 internal survey of Airbnb users, the average guest spent \$210 per day in addition to spending on their accommodation. 40% of additional spending was concentrated in the neighborhood surrounding their listing (Airbnb, 2024).

Taking these numbers as a baseline assumption of tourist spending, the below table estimates the total spending associated with guests of a hypothetical STR listing. Assuming an average of 2 adult guests per stay at a listing that is filled for 12 weeks of the year, the total guest spending amounts to \$70,560. \$28,224 of this amount is estimated to be spent in the neighborhood surrounding the listing.

**Table 1. Projected Neighborhood Spending Hypothetical STR Listing**

# of adult guests	# weeks rented	\$ Spent daily per adult guest	\$ Spent daily in neighborhood per adult guest	Total \$ spent	Total \$ spent in neighborhood
2	12	\$210	\$42	\$35,280	\$14,112

*Table 1.* Estimates of the non-accommodation spending of residents of a hypothetical STR listing.

If this hypothetical is representative of the approximately 248 listings in Park Township, the total spending by STR guests would amount to an estimated \$8,749,440 with \$3,499,776 in spending in the neighborhood of the listings.

It is important to note a couple of caveats related to the above estimates. First, the figures are estimated using spending estimates calculated by Airbnb from national averages. The average daily spending among STR guests in West Michigan may not be the same as the national average. Additionally, the above estimates represent only a hypothetical STR listing. Lastly, this estimate should not be interpreted as the *causal* effect of STR on local spending. Local amenities may drive both local spending and the presence of STR instead of STRs driving local spending. The absence of STRs may also shift visitors to other nearby modes of accommodation instead of preventing them from visiting at all.

However, despite these caveats, the relative lack of hotel accommodations in Park Township likely means that STRs would help direct tourists considering a stay in West Michigan to Park Township. Even if STRs in Park Township do not draw tourists to the West Michigan region as a whole, the estimates on local neighborhood spending may especially be relevant to sectors such as retail and dining near STR listings.

### **Housing and Rental Prices**

One common concern associated with STRs is the potential impact on local housing prices and rents. As mentioned above, STRs provide additional sources of revenue to homeowners. Therefore, they likely raise the value of a home as an income bearing asset. Additionally, to the extent that landlords switch to renting units on the short-term market instead of the traditional rental market, STRs likely decrease the supply of rental units. Both of these forces place upward pressure on both rental and housing prices. However, the extent to which this upward pressure results in significant housing price increase depends on local housing market conditions.

One key factor influencing the degree to which STRs impact regional housing and rental prices is how much of total occupied units are occupied by the property owner compared to renters. The effects of STRs on the income streams of property owners are likely to be larger in markets where renters make up a larger share of occupied housing units. Researchers that have attempted to estimate the effects of STRs on housing affordability have noted this and have included measures of owner occupancy rates in their analysis. Barron, Kung, and Proserpio (2021) define owner-occupancy rate as the share of occupied housing that is occupied by the owner of the property. They find that while STRs do increase both local rent and housing prices, the greater shares of owner-occupied housing dampen this effect. Figure 25 compares the owner occupancy rate in all of the United States to zip code 49424 – the zip code area encompassing Park Township<sup>3</sup> – and surrounding zip codes.

---

<sup>3</sup> With the exception of a small area covered by zip code 49434 and 49423.

Figure 25. Owner Occupancy Rate by Zip code

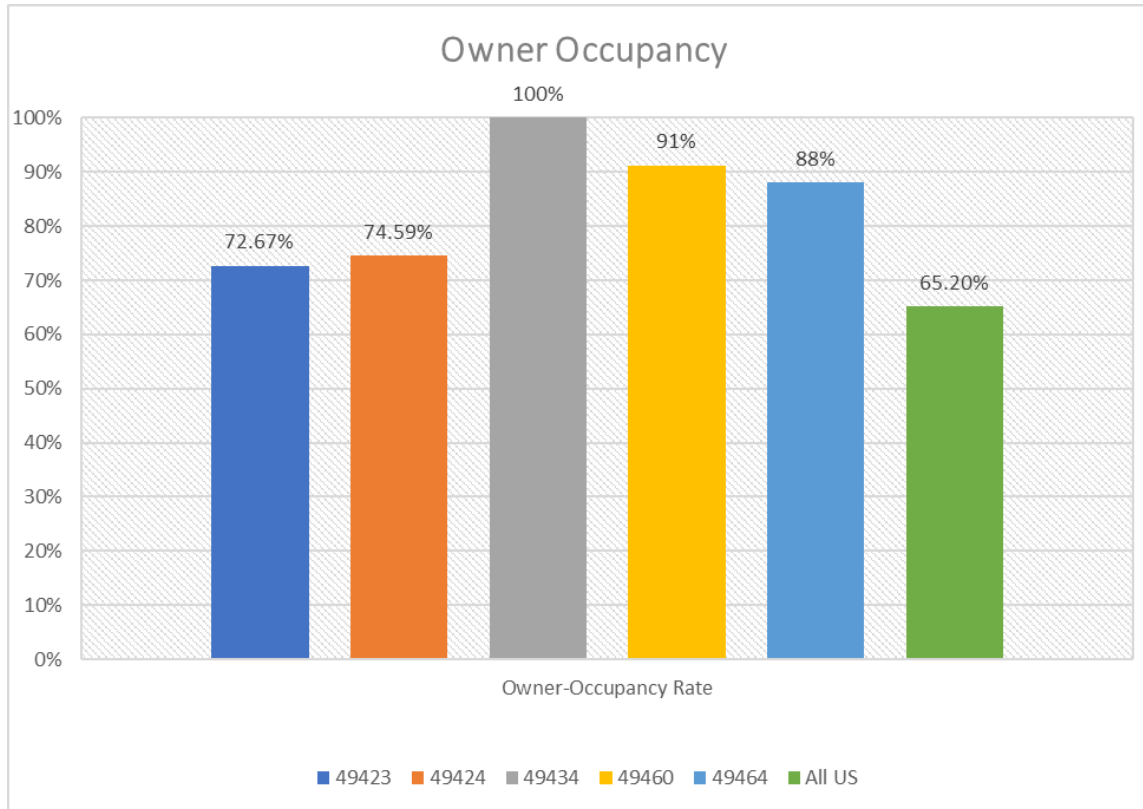


Figure 25. Owner-occupancy rate defined as the share of occupied units occupied by the owner of the property. National owner-occupancy rate computed as average over all zip codes weighted by number of housing units. Source: 2018-2022 American Community Survey 5 Year Estimates.

The region surrounding Park Township has a slightly higher owner-occupancy rate compared to the rest of the country, suggesting that the effect of STRs on housing and rental prices may be lower in these locations vis-à-vis the rest of the country.

To project the effect of STRs on rental and housing prices near Park Township, we turn to estimates of the effects of Airbnb listings on property values and rent provided by Barron, Kung, and Proserpio (2021). Controlling for a variety of local demographic and economic variables, these researchers estimate that a 1% change in Airbnb listings leads to a 0.04% increase in rent but that this effect is diminished by 0.0036 for each 10-percentage point increase in the share of owner occupancy. Similarly, the authors' estimate that a 1% change in Airbnb listings leads to a 0.077% increase in housing prices and that the effect is diminished by 0.0071 for each 10-percentage point increase in the share of owner occupancy. Using these estimated effects, we can construct estimates of the effect of STRs in the local region.

**Table 2. Estimated effect of removing STRs in Park Township and Surrounding Region**

	Zip Code Area				
	49423	49424	49434	49460	49464
<b>Rent</b>	-1.8%	-1.7%	-0.8%	-1.1%	-1.2%
<b>Housing Prices</b>	-2.5%	-2.4%	-0.6%	-1.2%	-1.5%

*Table 2: Estimates of the price effects of eliminating STRs in zip codes surrounding Park Township, based on owner-occupancy rates and estimates from Barron, Kung, and Proserpio (2021).*

The estimated projections indicate that STRs in Park Township have a relatively modest impact on property values and rent prices.

### **Neighborhood Disamenities**

A major source of opposition to STRs across the United States and worldwide has been the concern that platforms such as Airbnb and VRBO may cause local “disamenities.” For example, STRs may change neighborhood character in the form of reduced parking, increased noise, and increased instances of crime. While many features of neighborhood quality are difficult to quantify or lack data for observation, they are important factors in housing and rental prices. To the extent that these neighborhood disamenities are brought about by STRs, they do not appear to have a large enough impact on property values to overcome STRs’ net effect of increasing prices (see Housing and Rental Prices section above).

Little rigorous research exists to evaluate the degree to which STRs impact neighborhood disamenities. One exception is Ke, T. O’Brien, and Heydari (2021), which evaluates the impact of Airbnb expansion in neighborhoods in Boston. While they do not find that Airbnb listings lead to crime increases immediately, they do find that increases in Airbnb listing density increase incidence of violence in later years. This potential impact is most pronounced where there are multiple listings within a single building. These findings are consistent with a dense distribution of STRs eroding social dynamics that would otherwise prevent crime, rather than with tourists bringing in crime directly.

### **Circumvention of Taxes and Regulation**

Another common concern expressed by community members is the potential for STRs to be utilized by commercial operators in the accommodations industry in order to circumvent health and safety regulations or to avoid taxes (Bibler, Teltser, and Tremblay 2021; Sheppard and Udell, 2018). In many states, for example, hotels are subject to certain taxes not paid by STR hosts. The taxation and regulation of STRs in Michigan is a current and ongoing debate. In April 2024, the Michigan House of Representatives introduced a collection of bills aimed at increasing taxes paid on STR stays as well as introducing health and safety regulations.



While we cannot determine how many of the roughly 248 STRs in Park Township are owned by commercial rather than private individuals and families, respondents from our survey are predominately owners of a single STR, with only 7% owning more than 4 properties (see Figure 1). This suggests that commercial properties owners attempting to avoid tax and regulation are likely not a large concern in Park Township.

## Conclusion

As accommodation matchmaking platforms such as Airbnb and VRBO continue to become generally adopted, short-term rentals will increasingly become an important part of the hospitality industry. Short term rentals play both an important role in the local tourism sector and create potential for concern in local communities. This study provides a look at the benefits and costs of STRs in the Holland area, a region that receives thousands of visitors annually.

As with most economic impact studies, this project is limited by the generalizations and estimates. This was a projected economic impact study, dependent on future behaviors of property owners and business owners, and subject to STR legislation. The Frost Center for Data and Research recommends further longitudinal research of STRs in this region to determine their long-term impact.

## References

- Airbnb. 2024. "Travel on Airbnb Generated \$85B in Economic Activity in the US." April 3, 2024. <https://news.airbnb.com/travel-on-airbnb-generated-85b-in-economic-activity-in-the-us/#:~:text=Home%20sharing%20is%20a%20net,across%20the%20US%20in%202023>.
- Barron, Kyle, Edward Kung, and Davide Proserpio. 2021. "The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb." *Marketing Science* 40 (1): 23–47.
- Bibler, Andrew J., Keith F. Teltser, and Mark J. Tremblay. 2021. "Inferring Tax Compliance from Pass-Through: Evidence from Airbnb Tax Enforcement Agreements." *The Review of Economics and Statistics*, August, 1–16.
- Farronato, Chiara, and Andrey Fradkin. 2022. "The Welfare Effects of Peer Entry: The Case of Airbnb and the Accommodation Industry." *American Economic Review* 112 (6): 1782–1817.
- Ke, Laiyang, Daniel T. O'Brien, and Babak Heydari. 2021. "Airbnb and Neighborhood Crime: The Incursion of Tourists or the Erosion of Local Social Dynamics?" Edited by Shihe Fu. *PLOS ONE* 16 (7):
- Sheppard, Stephen, and Andrew Udell. 2018. "Do Airbnb Properties Affect House Prices?" Department of Economics Working Papers, Williams College.
- Zervas, Georgios, Davide Proserpio, and John W. Byers. 2017. "The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry." *Journal of Marketing Research* 54 (5): 687–705.