

Cincinnati City Council - Budget & Finance Committee

November 13, 2018

Comments on Short-Term Rental Legislation

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Chairman Mann, and members of the Budget & Finance Committee, thank you for the opportunity to add the voice of Cincinnati's hotel and lodging owners, operators, managers and employees to the important and timely discussion regarding short-term online rentals.

Cincinnati's hotel and lodging infrastructure is a critical part of its strong travel economy. Throughout the Greater Cincinnati market, more than 260 licensed traditional hotels and lodging establishments provide 26,000 rooms to visitors from around the world, and service the entire population of our region. There is also much more to come, with exciting new projects and announcements in the pipeline.

Our industry believes that when it comes to providing great experiences for visitors to our community, more choices are a good thing – but they need to be good choices. This principle guides us in advocating for reasonable oversight of short-term rental businesses.

Our goals are simple: guest health and safety come first; steps should be taken to ensure there are no negative impacts on neighbors and neighborhoods; and a level playing field in oversight, regulation, and taxation is necessary.

Cincinnati is fortunate to have a growing number of short-term rental hosts who operate their businesses responsibly, recognize the value of reasonable oversight, and want to participate in efforts to support and grow our travel economy. These individuals are an important, additive part of all that we have to offer as a destination.

At the same time, it is important to recognize the aspects of the short-term rental market which, left unregulated, can produce unintended and damaging impacts. Data shows that a growing portion of business for the largest rental platforms is made up of full-time, non-owner-occupied commercial operators. This type of rental has been shown to change the fabric of neighborhoods, limit affordable housing options for permanent residents, and increase demand for public services.

In worst-case scenarios, some operators attempt to avoid scrutiny and regulation by operating illegal hotels, by listing multiple rooms in a building as individual short-term rental units. Avoiding critical fire safety, health, accessibility and other regulations this way is good neither for visitors, nor Cincinnati's reputation as a "bucket-list, top-ten" destination of choice. This legislation takes some important first steps to effectively prohibit and prevent illegal hotels -- one of the most important aspects of oversight.

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The legislation extends some simple oversight provisions to short-term rentals that already govern other lodging businesses, including registration, liability protections, reporting of data to the city, the ability for the city to inspect when necessary, and provisions to combat public nuisance and illegal activity.

In moving legislation forward, we must also ensure that it holds the rental platforms accountable for being a responsible partner and meeting obligations to the community, while contributing to the local economy in the same way as other businesses. This includes fair application of the taxes paid by other lodging providers to these online platforms.

We don't oppose the concept of a portion of the tax dollars from lodging being applied to affordable housing initiatives. In fact, there is precedent for that under existing lodging taxes in Ohio. We would like to ensure that adequate consideration be given to the need for a fair and uniform taxing model for all entities engaged in the lodging business, and that we address questions about the allocation of those funds in that process.

We must also ensure that as this process moves forward, we carefully weigh the need to address neighbor and neighborhood protections and the critical need to prevent illegal hotels, with the desire not to unintentionally impact traditional lodging businesses and responsible operators.

Cincinnati has taken big steps forward with the introduction of this legislation. We remain supportive of your efforts, and pledge to continue to work in a collaborative and productive manner to help complete the process. We look forward to working with you on the creation of a model which benefits the visitors, operators and our entire community.