

## **Short-Term Rental Regulation**

**September 29, 2017**

Mayor's Office

### **Legislation Briefing**

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#### **Background**

States, cities and communities throughout the US are grappling with the reality and growth of short-term rentals offering alternative housing and sleeping accommodations, largely for travel and vacation purposes. This growth has been spurred by online hosting platforms such as Airbnb, Couchsurfing, VRBO (Vacation Rentals by Owner – whose parent company is HomeAway), and Tripping, amongst many others. Due to this growth and various impacts on communities and residents, local governments are beginning to regulate the short-term rental industry. According to the company Host Compliance, which specializes in short-term rental regulations, nearly 50% of local governments have rules in place, regulations in process, or are considering some kind of regulation.

Columbus is no different in terms of short-term rental growth, and recently was reported by BizJournals.com to be Airbnb Inc.'s "most popular Ohio destination" in 2016. The City of Columbus is planning to move forward with legislation regulating short-term rentals due to the anticipated growth, staying power, and potential economic impact of the industry in the Columbus community, as well as constituent concerns around safety and neighborhood character. The aim is to balance the well-being and interests of City residents and visitors while still allowing short-term rentals to operate and become a piece of the economic and tourism fabric in Columbus.

#### **Legislative Impacts**

This legislation updates City Code Chapter 598 pertaining to Hotel/Motel operations, which will now include Short-Term Rental operations. It also updates City Code Chapter 371 to implement an excise tax pertaining to Short-Term Rentals.

#### **Licensing/Permit**

- A short-term rental host will be required to obtain a Short-Term Rental permit from the City of Columbus' Licensing Section within the Department of Public Safety.
- These permits will be annual.
- The cost entails an application fee of \$10 and a permit fee of \$75. This is the same cost and schedule as the City's Hotel/Motel permit.
- Only one permit may be issued per short-term rental operation (ie. unique address). This means one permit can cover multiple listings as long as they are at the same address with the same host.
- Any change in ownership, change in operator, or change in name of the short-term rental host shall void the current permit and shall require submission of a new application and the issuance of a new permit.
- Must provide proof of liability insurance for the short-term rental operation.

## Short-Term Rental Host Regulations

- A short-term rental host must be either an owner or permanent occupant of the property to be used as a short-term rental, and they must use the short-term rental as their primary residence. A permanent occupant is considered someone who resides at the property more than 51% of the time during a Calendar year. A host must produce at least 2 pieces of evidence demonstrating primary residency. Accepted documents include:
  - Motor Vehicle Registration
  - Driver's License
  - Tax Documents
  - A lease copy
  - A utility bill
- A permanent occupant who is not the owner of the property must obtain the permission of the property owner in order to list the unit on a hosting platform or operate a short-term rental.
- A host may only operate a short-term rental operation for 90 days in a 12-month period.
- A local, 24-hour emergency contact must be designated for the property.
- A host not utilizing a hosting platform (ie. AirBnb, Couchsurfing, VRBO, etc.) is responsible for maintaining records to demonstrate compliance with this section including:
  - Primary residency
  - The name of the short-term rental guest responsible for the reservation and/or who rented the unit on each night
  - Dates and duration of stay in a short-term rental
  - The rate charged for each rental listing on each night
    - These records must be maintained for 2 years

## Hosting Platform Regulations

The legislation introduces the concept of hosting platforms and sets forth regulations around them. A hosting platform is considered a person or entity advertising a short-term rental booking transaction for accommodations between a short-term rental host and short-term rental guest. This includes reservations and/or collection of payment for such accommodations on behalf of the short-term rental host.

Hosting platforms may only list short-term rentals that have a valid City permit. They must display the permit account number with the short-term rental listing or advertisement. Upon being notified of a short-term rental's invalid or expired permit, the hosting platform must remove the listing within 3 business days.

Hosting platforms will be required to maintain records for 4 years and must provide upon request the following information for any listing:

- Physical address
- Name of the person who registered the unit
- Dates & duration of stay in the short-term rental

- Number of persons scheduled to stay each night
- Room rate charged for each stay

The hosting platform is also responsible for ensuring any short-term rental host utilizing their services is provided with information surrounding the regulation and rules of short-term rentals operating in the City of Columbus.

### **Enforcement**

Enforcement of permits and regulations will be complaint-driven as opposed to proactive. There is no inspection or compliance visit(s) associated with the issuance or maintenance of a short-term rental permit. If however, a neighbor, constituent, guest or any persons makes a complaint to the City the short-term rental will be subject to investigation and inspection. These inspections could result in the issuance of citations resulting in fines and/or jail time. It also allows for permit suspension, revocation or denial.

### **Violations/Penalties**

Any violations of Chapter 598 pertaining to short-term rental operations, regulations, and permitting have the following penalties associated with them:

- 1<sup>st</sup> Offense – Minor Misdemeanor – Fine only, up to \$250
- Any subsequent offense – 3<sup>rd</sup> Degree Misdemeanor – either/or some combination of:
  - Fine up to \$500
  - Imprisonment up to 60 Days

Revenue obtained from operating a short-term rental without a permit will be remitted to the City of Columbus. Penalties for violations of Chapter 371 regarding tax payment will remain the same, with a first offense being a minor misdemeanor fine up to \$100 and subsequent offenses being a 3<sup>rd</sup> Degree misdemeanor with a fine up to \$500 and/or up to 60 days in jail.