



Position Statement - Reining in “Illegal Hotels”

Background

Across the State of Oregon, there is growing concern that some Home Sharing Platforms, such as Airbnb, HomeAway and Flipkey, are enabling the proliferation of “illegal hotels,” where commercial operators list multiple units in the same region of the state or list units for extended periods of time without consideration for both local and state law. In some instances, commercial operators or investors are buying rental properties with no intention of living there but solely for the purpose of renting them out to short-term visitors, just like a hotel. This unregulated commercial activity often compromises consumer safety, impacts affordable housing supply across Oregon and endangers the character and security of residential neighborhoods.

Illegal Hotels are Adversely Impacting the Fabric of Neighborhoods and Reducing Affordable Housing Stock throughout Oregon’s Communities

Commercial activity in homes meant for working families is running amok across the state. Advancements in technology have launched a new industry which operates outside the intent and purpose of carefully crafted zoning and land use laws in local economies across Oregon. ORLA is aware of occupations whereby professionals are buying up multi-use housing complexes for the sole purpose of daily rental income. The untamed and ‘enforcement light’ approach to short-term rental regulation is creating a free for all amongst ambitious entrepreneurs who are thriving on skirting rules and regulations in place which lack strong enforcement protocols. In summary, the use of homes in residential areas as de-facto hotels is inconsistent with the intent of residential zoning and Oregon’s land use planning system.

ORLA Welcomes Competition on a Level and Legal Playing Field

ORLA’s active membership includes several vacation rental companies overseeing short-term rentals in vacation destinations across our state. For decades, vacation rental dwellings have served as a part of the fabric of local communities. These companies are examples of welcome competition and are ensuring their clients are paying all applicable transient lodging taxes while safely accommodating guests and following all local government ordinances. In addition, ORLA supports the following important principles:

- We continue to support the rights of property owners to occasionally rent their homes to earn extra income, following all local, state and federal rules and regulations.
- Competition thrives when everyone plays by the same set of rules.

However, we have seen a proliferation of unregulated commercial operators running multi-unit, full-time lodging businesses in partnership with Home Sharing Platforms like Airbnb, with a significant portion of rental revenue driven by this type of commercial activity. Technological advances have resulted in a matchmaking of underground commercial activity in residential and multiuse neighborhoods with interested travelers. These commercial operators gain an unfair and significant competitive advantage by running these multi-unit, full-time lodging businesses without oversight. Of particular concern is the non-compliance with public health and safety rules, which are in place to keep Oregon residents and visitors safe from harm.

Unregulated Hotels Operating in Residential or Mixed-Use Zones are Disruptive to Communities and Pose Serious Safety Concerns for Guests, Communities, and Neighborhoods

Guests staying in unregulated short-term rentals have no way of verifying whether these properties are compliant with basic health and safety standards, like smoke and monoxide detectors, fire escapes and wheelchair ramps. In addition, neighbors in many cases have no way of knowing who is listing the properties in their area, much less renting them, and can face chronic problems like excessive noise, unruly behavior, and a revolving door of strangers next door. By flouting zoning laws, unregulated businesses are disrupting communities across Oregon and reducing the supply of homes available to workers. Unregulated commercial activity in residential and mixed-use zones is having a direct impact on rent rates across Oregon and is making it harder for working families to stay in their homes.

State and Local Governments Should Double Down on Their Efforts to Protect Their Communities by Closing Illegal Hotel Loopholes

Home Sharing Platforms like Airbnb need to assist local and state government in cracking down on illegal hotels facilitated by their online platforms. The following simple steps should be taken in Oregon to rein in illegal hotels:

- Prevent properties prohibited from operating in a community from posting on short-term rental websites.
- Provide full transparency to state and local authorities (like all other lodging properties) including host contact and address information as well as which hosts have multiple or full-time units for rent.

The State of Oregon and all local governments should:

- Develop a comprehensive plan to ensure the proliferation of online booking technology does not result in undue livability burdens in Oregon communities including reductions in housing supply for local workforce needs.
- Partner with technology companies who specialize in Home Sharing Platform rental transparency. Local governments in Oregon are now partnering with technology companies like STR Helper and Host Compliance to assist them in managing the process for identifying short-term hosts within their jurisdiction.
- Ensure short-term rental hosts register their rental property and obtain a business license and other applicable rental permits.
- Track all transient lodging tax payments to ensure all revenues are paid by short-term rental hosts or Home Sharing Platforms like Airbnb when they collect payments for lodging stays on behalf of their host partners.
- Ensure all local and state zoning laws are being followed.
- Ensure basic health, safety, and cleanliness standards are being met.
- Ensure appropriate levels of liability and other applicable insurance plans are in place to protect homeowners, guests, and communities.

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