



CITY COUNCIL
ORDINANCE 626 & 627 DISCUSSION
6.13.18

BOB McCOY

DUE PROCESS

- ❖ Final proposal release to public June 8th 4 pm
- ❖ City Council date to vote on STR ordinances June 13th
- ❖ Compressed timeline 4 Days/2 Business Days for review and response from thousands of vested hosts
- ❖ No contact made to legal hosts registered with the city
- ❖ Host voices not represented in the process
- ❖ Administrative Authority guides stronger communication requirements within the ordinance than passing the ordinance

ROBERT HERTERT

HOST2HOST NON-PROFIT

- ❖ Supported STR legalization before the City in 2014
- ❖ Voices of Hosts are missing and should be represented in the process
- ❖ Formation of Host2Host in February 2018
- ❖ 159 members and growing monthly



DAVID BOE

HISTORY

- ❖ 500 listings removed on Airbnb through One Host, One Home initiative
- ❖ Support pass-through regulation be passed
- ❖ Request data from pass-through regulation inform taxation and affordable housing strategic plan

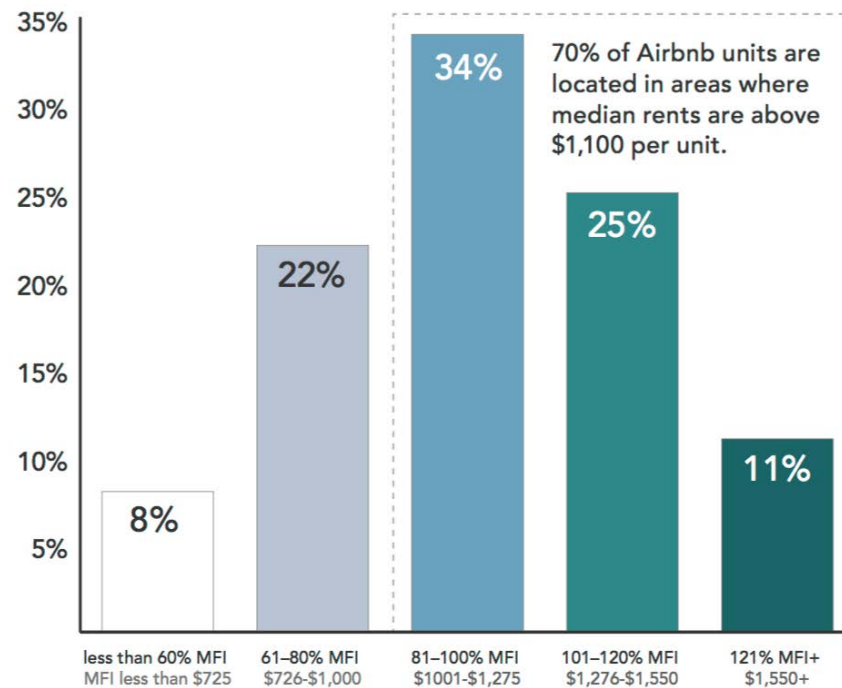
GREG RAISMAN

TAXATION ASSUMPTIONS

- ❖ Support shutting down commercial operators
- ❖ Support funding for housing and homeless initiatives
- ❖ Resolution 37288 asserts the need for new taxation because of adverse impact from STR's and that hotels have zero impact but is not informed by studies or sources
- ❖ Hotel land could be converted to SRO's and housing low-income families
- ❖ 83 homes rented more than 270 nights/year which does not make a dent in low-income housing options

70% of Airbnb units are located in areas where median rents are above \$1100 per unit and do not qualify as affordable housing

Percent of Airbnb Listings by Average Long-Term Rents (One-Bedroom Units) by Neighborhood

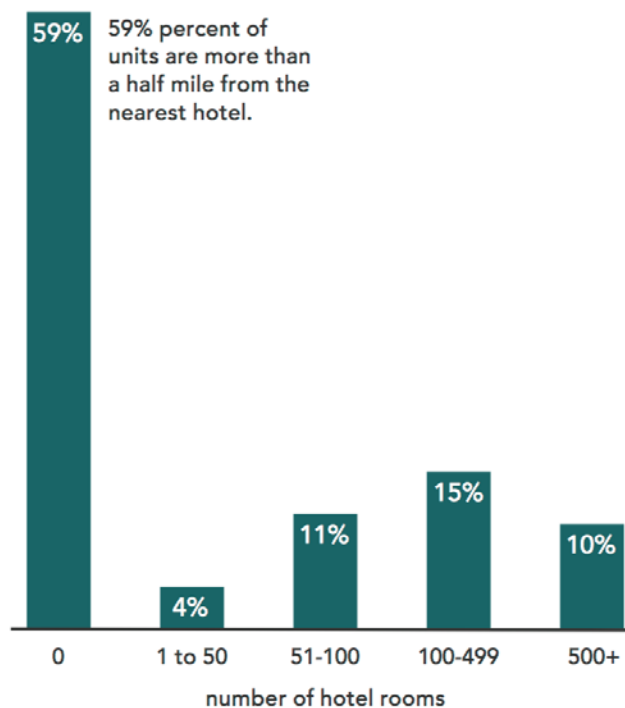


share of listings by neighborhood income

Source: ECONorthwest, using Airbnb listing data and CoStar asking rents for one-bedroom apartments in buildings with ten units or more from August 2016 for all units within aggregated hexagonal geographies across Portland. CoStar was selected as a data source because it provides data regarding the greatest number of buildings to allow for a city-wide analysis. CoStar does not capture rent from units in single-family homes.

59% of units are more than half a mile from the nearest hotel

Percent of Listings by Number of Hotel Rooms Within a Half Mile



Source: Airbnb data on entire home listings active between August 2015 and July 2016 and Smith Travel Research from August 2016.

Short-term rentals offer a geographically dispersed option for visitors. Were these units not available, there would be increased demand for hotel rooms, and fewer travelers staying and shopping in neighborhood centers.

LEE LANCASTER

SHARED REGULATION

CITIZENS ARE PASSIVE

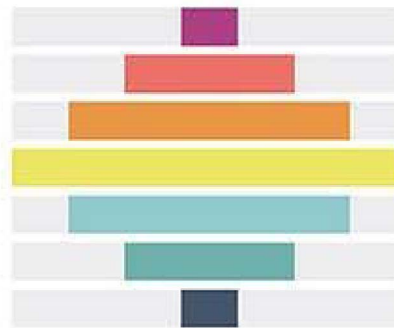
CITIZENS ARE PARTICIPATIVE

CONCENTRATED POWER

CENTRALISED REGULATION



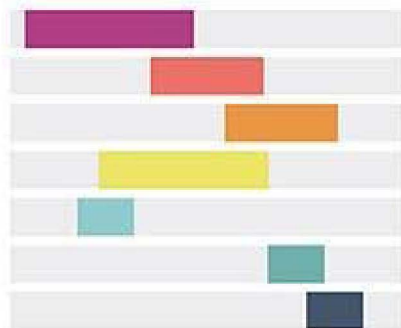
SELF REGULATION



This grid shows four regulatory options for the sharing economy. Differences in power between each stakeholder are signified by the size of the bars. Note that in the absence of regulation, power is variable but tends to be held by those in government and business. We propose adopting 'Shared Regulation', a new co-operative approach based on citizens being more participative and power being dispersed equally among stakeholders.

DISPERSED POWER

NO REGULATION



SHARED REGULATION



- POLICYMAKERS
- LEGAL AND ADMINISTRATIVE PROFESSIONALS
- INVESTORS
- BUSINESS LEADERS
- DESIGNERS
- COMMUNITY ORGANISERS
- USERS (CONSUMERS AND WORKERS)

KIM GORDON-CUMBO

PER NIGHT VS PERCENTAGE

- ❖ Chicago charges 4% tax to STR's
- ❖ Recommend percentage approach vs per night approach
- ❖ Per night tax disproportionately taxes inexpensive listings a larger percentage of taxes

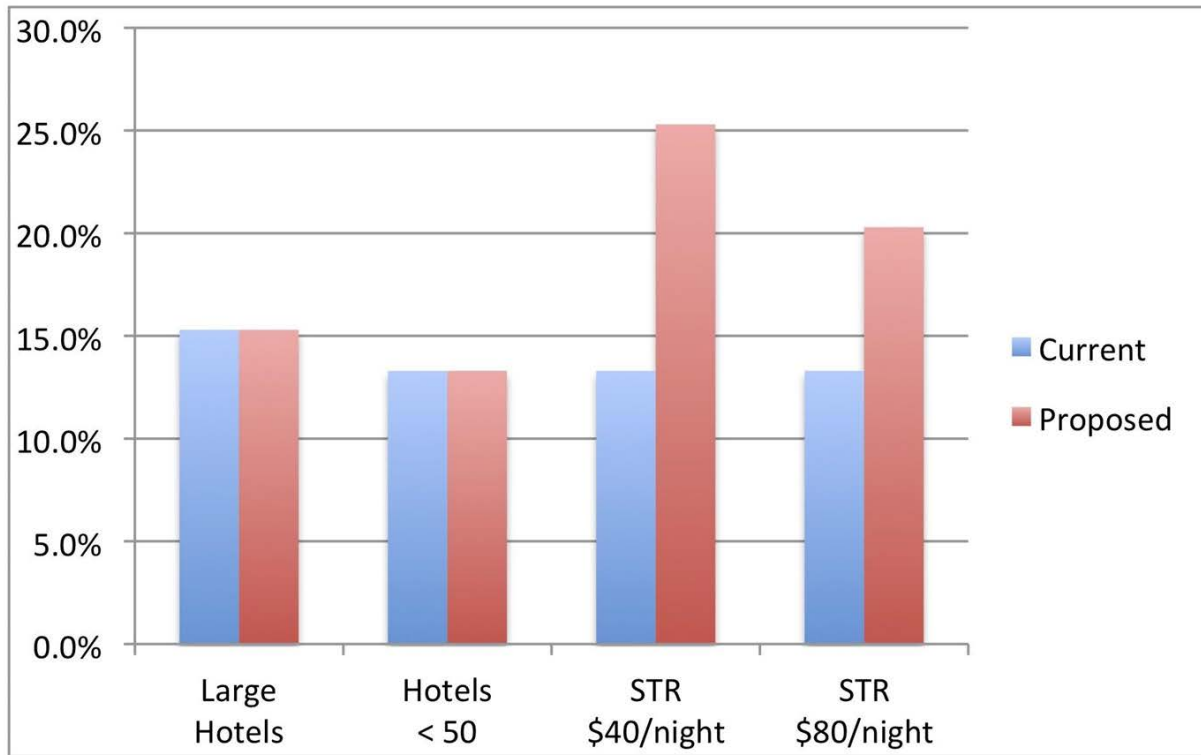
BEST PRACTICES

Exempting residents experiencing financial hardship from fee requirements can ensure that lower-income residents can still operate a STR legally to earn extra income.

Incentive-Based Provisions	Higher Fee Rate	-	-
	for Second Permit or More	Making STR operators pay higher rates for STR permits, after their initial permit, can discourage property owners from operating more than one STR in a given community.	Good
	Reduced Fee Rate	-	-
	Property Owner's Primary Residence	Allowing reduced fares for STRs in operator's primary home can discourage people from purchasing residential units solely for the purpose of operating STRs.	Best
	Fee Exemptions	-	-
	for Hardship	Exempting residents experiencing financial hardship from fee requirements can ensure that lower-income residents can still operate a STR legally to earn extra income, if they want.	Best
	Use for less than 10 days in calendar year	Exempting operators from permit fees who operate STRs infrequently can ensure residents are not financially discouraged from use their properties more efficiently.	Best

CURRENT VS PROPOSED TAX RATES

Current Tax Rates vs. Proposed Tax Rates



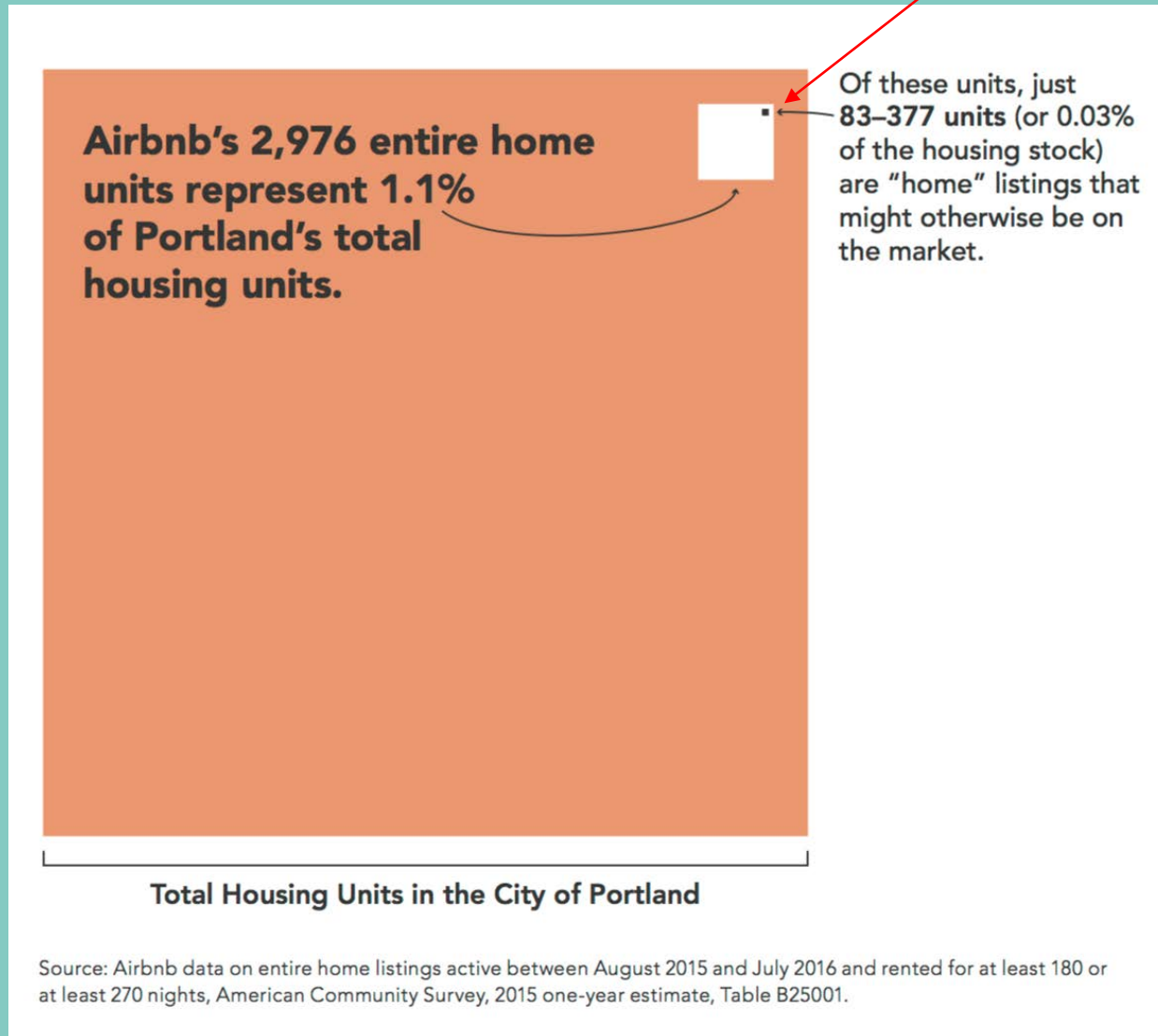
	Large Hotels	Hotels < 50	STR \$40/night	STR \$80/night
Current	15.3%	13.3%	13.3%	13.3%
Proposed	15.3%	13.3%	25.3%	20.3%

ROBERT JORDAN

STRATEGY FOR TAXATION

- ❖ Delay taxation until it is informed by pass-through data collection to aggregate and clearly create an Affordable Housing Strategy
- ❖ STR's and housing supply have been hampered by lack of data and analytical perspective
- ❖ Lack of data to inform how convertible STRs are to long-term housing
- ❖ Entire home Airbnb's in Portland in this study were 0.6% of the housing stock which is theoretically the stock that could be converted to long-term housing.
- ❖ New taxes on STR's could have an unintended effect of reducing private investment in maintaining Portland's older housing stock, which has been the effective/sustainable approach to creating housing affordability in the long run

83 units are homes listed that might otherwise be on the long term housing market



PATTI DeANGELIS

REPRESENTATION

- ❖ Equitable percentage of board positions be available to hosts
- ❖ Reporting metrics that will share the percentage of promotion dedicated to the STR arena and transparency on how TID funds will be used to ensure equitable promotion of STRs.
- ❖ Audit of monies spent relative to contribution reflect equity in percentage of promotion.
- ❖ STR's be represented in all marketing pieces and segments currently exclusively occupied by the hotel industry including convention sales
- ❖ 400,000 Airbnb guests arrived in Portland in 2017
- ❖ Guests stayed an average of 3.1 nights
- ❖ \$201 million economic impact generated in 2016
- ❖ 96% of hosts recommend local businesses to guests in 2016 and that 36%



DARLENE CURTIS



DEBORAH HONTHANER



ANN KOPEL

SHANNON HILLER-WEBB

DEBI HERTERT

SUMMARY

Delay the taxation implementation until data gathered through the new pass-through legislation.

Move forward with the pass-through legislation that will eliminate the unlicensed commercial hosts.

Involve hosts in discussions as a stakeholder in drafting both pass-through and taxation legislation. Host2Host is committed to be a valuable partner to the City and its host constituents.

In the event the taxation ordinance moves forward, we hope you will consider:

Assess taxes equitably and including hotels under 50 rooms with the same tax burden.

Remove the per-day assessment and apply a small percentage increase in TLT to all Portland accommodations. This fair approach will help protect the City from a drop in revenue that may occur as commercial operators of short-term rentals are removed.

Provide fair representation with Travel Portland to include metric driven equitable marketing for short term rentals as well as host representation on the board.