

# Everything You Need to Know About Cincinnati's New Airbnb Regulations



By Andrew L. Smith, Esq.

There are around 830 short-term rental units in operation in Cincinnati, Ohio, most of which are located in the “hotspots” of downtown, Over-the-Rhine, Walnut Hills, and Northside. Like it or not, whether you just began operating your first Airbnb property or are a long-time Airbnb veteran, all hosts must now comply with the new Cincinnati City ordinance, spearheaded by City council member David Mann.

The new ordinance found in Cincinnati Municipal Code Chapter 856 joins the trend across the country. Many cities, including New York City, Los Angeles, Las Vegas, and even Columbus, Ohio, have similar short-term rental regulations in effect. This article will walk through the new requirements and mandates found in Cincinnati's ordinance.

## Scope of the Law

First and foremost, the law applies to “any residential dwelling unit or part thereof” offered or held out to the public for rent on a website hosting platform (Airbnb, vrbo, HomeAway, etc.) “for a duration of occupancy of less than 30 consecutive days.”

## City Registration

All hosts must register their short-term rentals with the City before operation. Necessary steps include:

1. Complete the registration and pay the registration fee;
2. Receive a permit;
3. Include the registration ID in all property listings; and
4. Display the printed permit and Short-Term Rental Advisory Form prominently inside the unit.

Registration can be accomplished through the online portal found at <https://opencounter.cincinnati-oh.gov/projects/310967/direct/short-term-rental-registration>. The entire process can be completed online in a few minutes.

A registration fee of \$250 is assessed for each individual unit. Each registration lasts up to three years from the date of issuance. Renewals can be submitted no earlier than 180 days and no later than 60 days before the expiration date.

While the registration process does not require applicant to submit documentation during registration, the City may require the following documents be provided at any point for verification and auditing purposes:

1. Proof of identity;
2. Background check if not hosted in Airbnb;
3. Proof of property ownership;
4. Proof of permission from landlord or property owner if a long-term renter is conducting a short-term rental / sublease;
5. Proof of liability insurance;
6. Proof of currency on all existing tax and utility liabilities to the City, including income tax, excise tax, Cincinnati Water Works payments, and Metropolitan Sewer District payments.

Registration does not require an in-person inspection. Nevertheless, hosts must certify under penalty of perjury that the unit complies with all applicable building, zoning, housing, and fire codes.

Once an application is submitted, the Treasury Division has up to 30 days to review an application. If an application is approved, a unique registration number will be issued. All denials receive written notice stating the specific reasons for the denial.

A unique wrinkle for larger buildings is also contained in the law. In buildings of five or more rental units, registrations are allowed for only four units plus one additional unit for every four dwelling units in excess of four units. This can be confusing, so the City provided the following example:

EX: 5 dwellings = 4 registrations allowed

EX: 10 dwellings = 5 registrations allowed

## Taxes to Pay

Hosts are required to pay 7% excise tax, income tax, and any other applicable taxes or fees. Hosts are required to file quarterly tax returns. The first payment and reporting of taxes began in October of 2019.

**Hosting Platform Responsibility:** Hosting platforms that have an agreement with the City must collect and pay taxes on behalf of the operators on their platform.

**Hosting Platforms in Agreement:** Airbnb entered into a voluntary collection agreement and must withhold and remit excise taxes on behalf of operators as of October 1, 2019.

**Operator Responsibility:** The host of a short-term rental is responsible for keeping records showing the gross revenues received in connection with the operation of the short-term rental. Hosts utilizing platforms not in an agreement with the City are required to report the appropriate tax at the rate of 7% of the gross revenues generated from operations.

## Occupancy Limitations

**Studio Apartment Dwelling:** A maximum occupancy of two guests.

**Dwellings with Bedrooms/Sleeping Areas:** A maximum occupancy of two guests per bedroom. Occupancy of three guests require a minimum of 150 square foot per bedroom and the size requirement increases by 50 square foot for each additional guest.

As a general rule, “bedrooms/sleeping rooms” have three distinctive features: (1) privacy/enclosure; (2) two points of egress with one exit out an appropriate sized window; and (3) a closet. Rooms that are “passed through” to get to other parts of the dwelling, are without windows or closets, are low height attics, or most rooms located in a basement are not legal bedrooms.

## Violations and Enforcement

Exactly how the City will enforce this new ordinance is still being worked out. The City can track and monitor complaints about registered and unregistered units. The City has authority to levy penal-

ties, fines, suspensions, and show-cause hearings, which could lead to registration revocation at any time for violating any provision of the regulations, or for violating any local or state law. Hosts also have the right to appeal decisions to the City Manager or the City Office of Administrative Hearings depending on the issue.

## Conclusion

Whether you are a landlord, Airbnb host, or considering entering the profession, if you have any questions whatsoever, do not get caught in this web of regulations. Please feel free to reach out to us with any questions or concerns regarding the new short-term rental ordinance here in Cincinnati.

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