

# Report on the Potential Failures of Ohio House Bill 563 and Senate Bill 104 Due to the Commercial Aspect of Short-Term Rentals

## Introduction

Ohio House Bill 563 and Senate Bill 104 aim to regulate short-term rentals by limiting local governments' authority to impose restrictions. While these bills have potential benefits, they also face significant challenges due to the commercial nature of short-term rentals. This report examines how the commercial aspect of short-term rentals could lead to the potential failure of these bills.

## Commercial Nature of Short-Term Rentals

Short-term rentals, facilitated by platforms like Airbnb and VRBO, have transformed residential properties into commercial enterprises. This shift has several implications:

1. **Economic Impact:** Short-term rentals generate significant revenue for property owners, often surpassing the income from long-term rentals. This commercial aspect attracts investors who purchase properties solely for short-term rental purposes, reducing the availability of affordable housing for long-term residents.
2. **Regulatory Challenges:** The commercial nature of short-term rentals complicates regulatory efforts. Local governments have traditionally used zoning laws to separate residential and commercial activities, but short-term rentals blur these lines, making it difficult to enforce regulations effectively.

## Potential Failures of House Bill 563

House Bill 563 seeks to limit local governments' ability to regulate short-term rentals. However, this approach could fail due to the following reasons:

1. **Erosion of Home Rule Authority:** The bill undermines the Home Rule authority granted to local governments by the Ohio Constitution. This could lead to legal challenges, as local governments argue that they have the right to regulate land use and maintain the character of their communities.
2. **Increased Community Disruption:** By restricting local control, the bill could lead to an influx of short-term rentals in residential neighborhoods. This could result in increased noise, traffic, and other disruptions, negatively impacting the quality of life for long-term residents.
3. **Economic Inequality:** The bill could exacerbate economic inequality by allowing investors to dominate the short-term rental market, driving up property values and making it more difficult for local residents to afford housing.

## Potential Failures of Senate Bill 104

Senate Bill 104 also aims to regulate short-term rentals by limiting local governments' authority. However, it faces similar challenges:

1. **Conflict with Zoning Laws:** The bill's restrictions on local regulations could conflict with existing zoning laws designed to separate residential and commercial activities. This could lead to legal disputes and difficulties in enforcement.
2. **Impact on Housing Affordability:** The commercial nature of short-term rentals could drive up housing prices, reducing the availability of affordable housing for long-term residents. This could lead to increased displacement and gentrification in affected communities.
3. **Community Resistance:** Local communities may resist the bill's provisions, arguing that they need the ability to regulate short-term rentals to preserve the character and stability of their neighborhoods. This resistance could lead to political and legal challenges, undermining the bill's effectiveness.

## **Conclusion**

While Ohio House Bill 563 and Senate Bill 104 aim to regulate short-term rentals, their potential failure lies in the commercial nature of these rentals. The bills' restrictions on local governments' authority could lead to legal challenges, increased community disruption, and economic inequality. To address these issues, it is crucial to balance the benefits of short-term rentals with the need to preserve the character and stability of local communities.

# Report on the Impact of Ohio Senate Bill 104 on the Lake Erie Islands

## Introduction

Ohio Senate Bill 104 (S.B. 104) aims to regulate short-term rental properties by limiting local governments' authority to impose restrictions and extending local lodging taxes to these rentals. While this legislation has potential benefits, it also poses significant challenges, particularly for unique and small communities like the Lake Erie Islands. This report examines the positive and negative impacts of S.B. 104 on the Lake Erie Islands, with a focus on the Bass Islands, and argues for their exemption from the law due to their unique characteristics and potential negative impacts.

## Positive Impacts

1. **Increased Tourism Revenue:** The extension of lodging taxes to short-term rentals could boost local tax revenue, which might be used to improve community services and infrastructure. This could benefit local businesses and enhance the overall economic stability of the islands.
2. **Economic Opportunities:** Property owners might find new economic opportunities by converting their homes into short-term rentals, potentially increasing their income and contributing to the local economy.

## Negative Impacts

1. **Housing Affordability:** The demand for properties suitable for short-term rentals could drive up housing prices, making it more challenging for long-term residents to afford homes. This could lead to a decline in the availability of affordable housing for year-round residents.
2. **Community Character:** The influx of short-term rentals could change the character of the islands, making them feel more transient and less tight-knit. This could reduce the sense of community and engagement among residents.
3. **Infrastructure Strain:** A transient population might not contribute as consistently to the upkeep and maintenance of local infrastructure. Essential services like water, electricity, and waste management might struggle to cope with fluctuating demands from a transient population.
4. **Social Fabric:** The loss of long-term residents who contribute to the social and cultural fabric of the community could lead to a decline in community spirit and cohesion. Small communities often rely on volunteers for various activities and events, and a transient population might not be as engaged in these efforts.

## Unique Characteristics of the Bass Islands

The Bass Islands, including South Bass Island (Put-in-Bay), Middle Bass Island, and North Bass Island, have unique characteristics that make them particularly vulnerable to the negative impacts of S.B. 104:

- **Limited Land Availability:** The islands have a finite amount of land available for development, making it crucial to balance short-term rentals with long-term housing needs.
- **Year-Round Residency:** The islands have a small population of year-round residents who are essential for maintaining community services and infrastructure. A decline in year-round residents could jeopardize the sustainability of these services.
- **Tourism-Dependent Economy:** While tourism is a significant part of the islands' economy, it is essential to balance tourism with the needs of long-term residents to ensure the community's long-term viability.

## **Conclusion**

While Ohio Senate Bill 104 has potential economic benefits, it also poses significant challenges for the Lake Erie Islands, particularly the Bass Islands. The unique characteristics of these islands make them especially vulnerable to the negative impacts of the legislation. Therefore, it is crucial to carefully study the potential effects on the Bass Islands and consider exempting them from the law to preserve their unique character and ensure the sustainability of their communities.