

Preliminary Report: Short-Term Rentals

OCTOBER 19, 2015



What are short-term rentals?

- A guest books a stay in a short-term rental offered by a long-term occupant through a listing agent such as Airbnb, VRBO, or HomeAway
- Stays can be hosted (where the long-term occupant is present) or unhosted, where there is no long-term occupant – 56% of Richmond listings for short-term rentals were unhosted
- Whole house, private room, and shared room rentals are all possible – 60% of Richmond listings were for entire houses or apartments

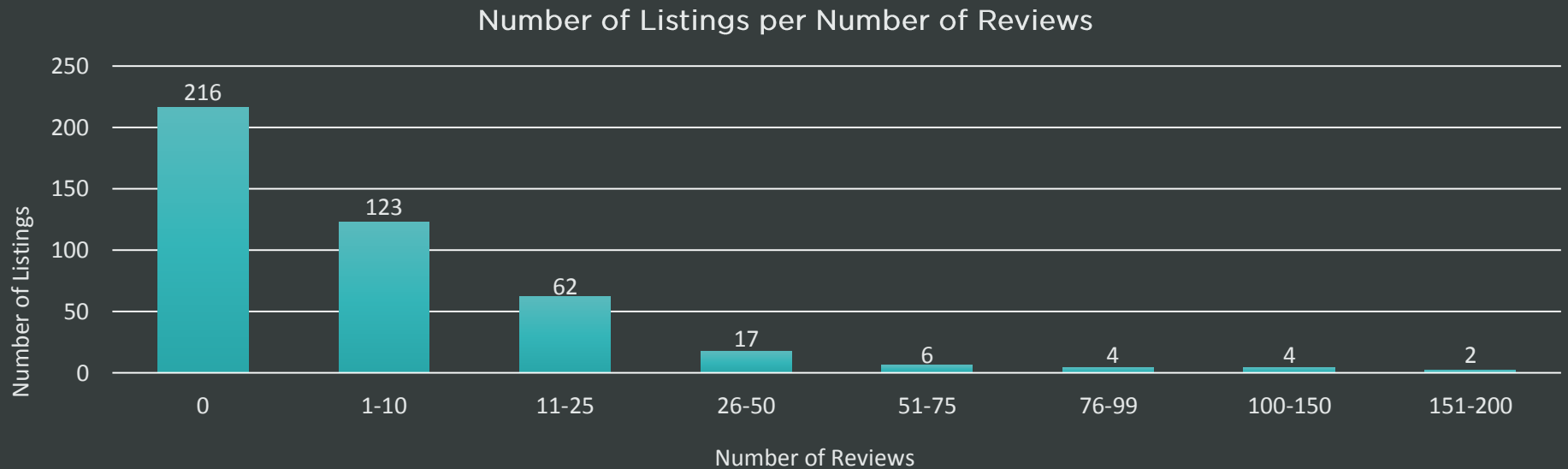
Current Operations in RVA

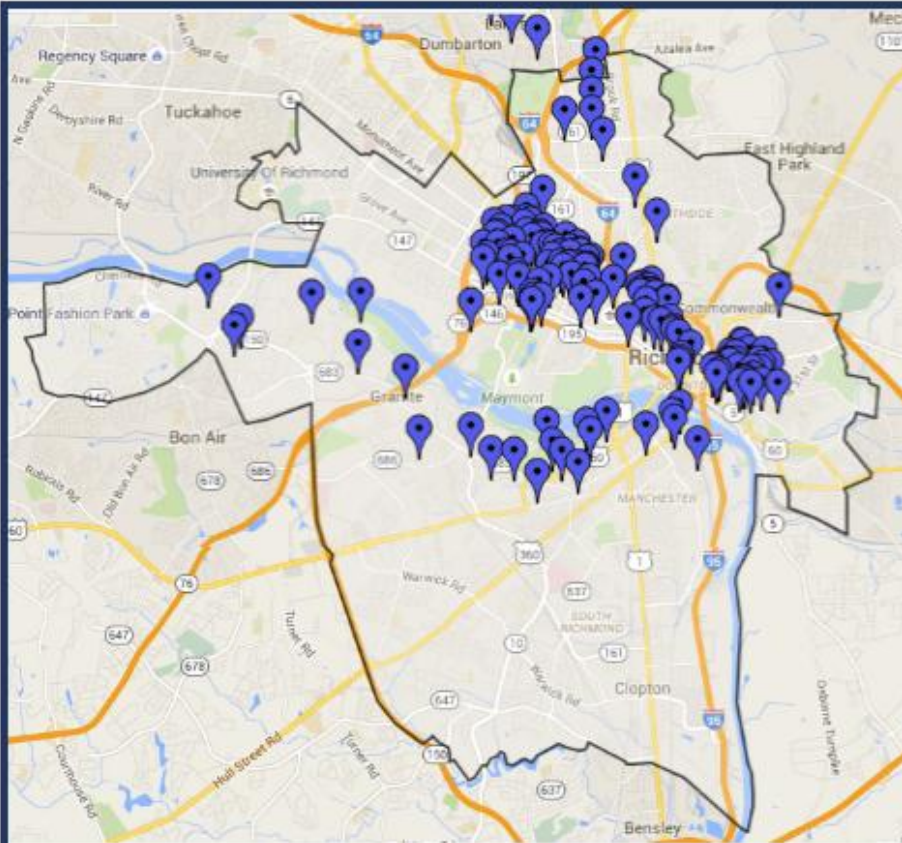
- June 22, 2015: 434 listings available
- July 23, 2015: 543 listings available
- September 1, 2015: 797 listings available
- October 13, 2015: 300 listings available

Current Operations in RVA

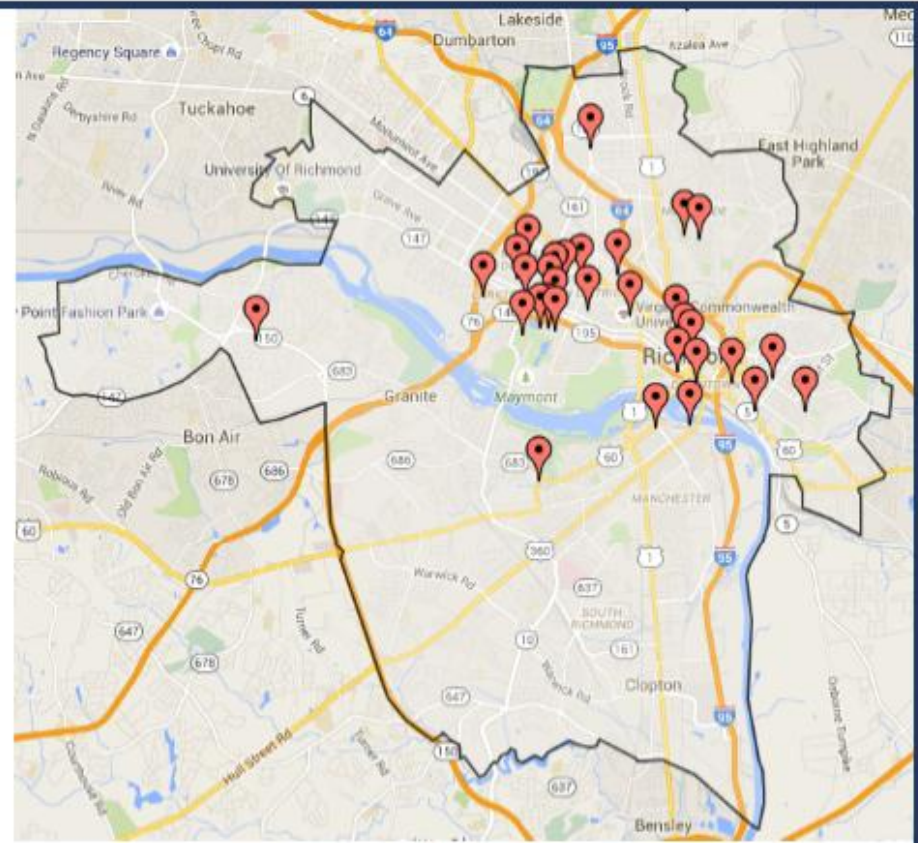
- As of June 22, 2015: there had been over 3,600 reviews in Richmond
- 5.1% of listings are responsible for 50.1% of the reviews
- Average reviews is 8; Median is 1
- 49.8% of listings have never had a review
- 6 most popular listing areas
 - Almost 50% of all listings
 - Over 60% of all reviews

A very small percentage of the listings are responsible for a large percentage of the reviews. The number of listings that have been reviewed 100-200 times only represents 1.4% of the total listings, yet they are responsible for 22.8% of the total reviews.





Listings with less than 12 reviews



Listings with 12 or more reviews

Entire Place Listings by Number of Reviews

**Calculations based on data as of June 22, 2015.*

Existing Enforcement & Complaints

1. The Zoning Office receives a citizen complaint & investigates the complaint
2. If a violation is found (currently, operating a short-term rental is a violation) a Notice of Violation and Correction Order is issued by the Zoning Administrator to the owner and/or occupant of the property
3. The violator is normally given thirty (30) days to abate the violation, or as Virginia law requires a 30-day appeal period, appeal to the BZA
4. If a violation is not abated or an appeal filed within the 30 day period, a summons may be issued for criminal court. Violation of the zoning ordinance is a Class I misdemeanor.

Legislation from Other Localities

- All include specific regulatory parameters
- All require short-term rentals to be an accessory use

Locality	Principal or Accessory Use & Districts	<u>Unhosted Stays</u> Permitted	Max # of nights and occupants	Permitting	Public Safety
ADOPTED					
<u>Portland</u>	<p>Accessory use: Unit must be occupied by principal resident for at least 270 days during each calendar year</p>	<p>Yes</p>	<p>Type A: no more than 2 bedrooms; Max # of people set by definition of household: one or more related persons, plus not more than 5 additional persons</p> <p>Type B: 3 or more bedrooms, max # of guest set by conditional use permit.</p>	<p>Type A: permit good for 2 years & must notify neighbors</p> <p>Type B: conditional use review with public notice sent to property owners and recognized organizations within 150 feet of the residence</p>	<p>Smoke & carbon monoxide detectors</p> <p>Type A: no nonresident employees, commercial meetings prohibited</p> <p>Type B: nonresident employees allowed as part of conditional use review, commercial meetings allowed but regulated.</p>

Locality	Principal or Accessory Use & Districts	Unhosted Stays Permitted	Max # of nights and occupants	Permitting	Public Safety
ADOPTED					
<u>Nashville</u>	Accessory use	Yes	<p>No more than 4 sleeping rooms</p> <p>Maximum occupancy shall not exceed more than twice the number of sleeping rooms plus 4</p> <p>Simultaneous rental to more than one party under separate contracts prohibited</p> <p>Max stay 30 days, but no stays of less than 24 hours</p>	Annual permit required with \$50 renewal fee	<p>Insurance required</p> <p>Written notification to neighbors that share a common wall or driveway</p> <p>No signage</p> <p>Smoke alarms</p> <p>No food prepared or served to guest</p> <p>Lessees must be 21 years of age</p> <p>No more than 3% of the single-family or detached two-family residential units within each census tract shall be permitted as non-owner-occupied short-term rental use</p>
<u>Philadelphia</u>	Accessory use	Yes	<p>Less than 180 days a year</p> <p>No more than three unrelated persons</p>	<p>Under 90 days does not require a permit</p> <p>90 to 180 days requires permit</p>	<p>Must maintain a guest registry</p> <p>No signage</p> <p>Smoke & carbon monoxide detectors</p> <p>Must provide a point of contact & notice of noise ordinances</p>

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PROPOSED					
<u>Louisville</u>	<p>Accessory use:</p> <p>Only permitted in primary residence, which is the predominant and principal home of the owner of the dwelling unit</p>	Yes	<p>Short-term Rentals: Less than 30 days; no more than 2 persons per bedroom plus 4 additional persons (includes primary residents)</p> <p>Temporary Short-term Rental: Less than 7 days, with no more than 2 such rentals within calendar year; no limit on number of occupants</p>	<p>Only for Short-term Rentals; none for Temporary Short-term Rentals</p> <p>Annual application \$250 fee</p> <p>Inspection required</p>	<p>Smoke detectors</p> <p>Proof of Insurance</p> <p>No signage</p> <p>Only permitted in certain districts</p>
<u>Charlottesville</u>	<p>Accessory use requiring provisional use permit</p> <p>Allowed in all zoning districts that allow Home Occupations</p>	<p>Yes - contact information for owner or local "Responsible Party" must be part of permit application</p> <p>Only owners can apply for provisional use permit</p>	<p>Applicant must provide documented proof of permanent residence each year for the unit</p>	<p>Provisional use permit good for one year</p> <p>Permit applicant provides authorization for a building/code enforcement inspection once per year</p> <p>Notice for adjacent property owners</p>	<p>Written fire evacuation plan submitted for permit and posted in unit</p> <p>Permits can be revoked if three or more substantiated complaints are received by the city within a calendar year; or failure to comply with terms of the permit</p>

Taxation

- Can be lawfully taxed
- Would require **business license** and **lodging tax** to be collected
- Need to **require hosts to remit taxes** if the listing agent does not collect & remit on behalf of hosts (Airbnb currently only performs this service in select markets)
- **Other cities:** revenue requirements, business licenses are subject to existing applicable local lodging taxes, many charge a fee as part of an additional permit requirement or pursue annual registration with an assessed fee

Estimation of Revenue

- Average price for a Richmond Airbnb listing: \$139/night for a whole unit; \$80/night for a shared room accommodation
- Lodging tax for each would be \$11.20 and \$6.40 respectively
- Assuming an 180-day limit per listing, the maximum amount that the average price listing could contribute in lodging tax revenue annually to the City would be \$2,016 for a whole unit and \$1,152 for a shared room

Building Code Requirements

- Establishing a short-term rental use may in some instances lead to a **building code reclassification** of the property, particularly if it is a multi-family property
- When a property is reclassified, the building code requirements change. **Older structures may be required to comply with the current building code requirements for the new use group**
- Whether or not a building code reclassification occurs is **highly dependent on the characteristics of each individual property**; the Building Commissioner will have to review each case to see if there are any additional building code requirements that need to be met

Health, Fire & Safety Regulations

- Nothing within existing health and fire safety regulations should prevent the operation of a short-term rental
- If the Building Commissioner determines there is a change in use group within the building code regulations, the Fire Marshal's Office will determine additional fire and life safety measures as required

Enforcement

- Reviewing & issuing “permits” relatively straightforward
- Will be paperwork intensive
- Enforcement could be a challenge based upon regulations adopted
- Depending upon actual demand there may be staffing issues

Next Steps

- Meet with stakeholders for additional input (45-60 days)
- Draft outline of proposed ordinance (45-60 days)
- Review with Planning Commission (early 2016)

Discussion