

Dear Council Member,

We are grateful for the opportunity to be included in the Short Term Rental small group meetings hosted by Councilperson Gray. During this time we discussed the importance that STRs play in the decision to visit Richmond and how they benefit the Richmond community. STRs are a preferred way for many to travel. Moreover, in light of the COVID-19 pandemic we have been hosting Richmond residents and out-of-towners looking to avoid exposure to the virus. STRs have become a unique and special housing method for those who travel to Richmond. Visitors desire to “live like a local”. In addition, we live in a world that no longer accepts the traditional model of staying in a hotel. I have attached quotes from recent guests which I think illustrate the need for STRs to remain a vibrant part of our community.

The current proposal is not a reasonable solution to regulate STRs. If passed in its current form it will decimate the STR Community while simultaneously doing very little to protect neighborhoods of Richmond. There is a better way. We would like the following solutions to be strongly considered as revisions or amendments to the proposed legislation.

Problem - Requirement for Principal Residency

This requirement would destroy the existing STR Community, which is 80% operated in non-principal-residences. These include vacation homes and homes under water (unable to sell or rent at market value). If the current proposal passes STRs would either go away entirely or “bad actors” will run them illegally. The proposal to legalize STRs would only destroy the good community of STRs built over the last five years. The intention of this rule was to eliminate concern of speculative investors buying up properties to run “mini hotels” and to prevent absentee landlordism. While we do not believe this is currently happening (for many reasons) we do offer a solution which prevents this from occurring.

Solution:

A two-tiered system of STRs.

STR Type 1 – The existing Principal Residency requirement. There are roughly 20%, Operators who would qualify under this provision.

STR Type 2 – Non-Principal Residency which allows an STR to operate in only select Zonings in Richmond. Zonings which are accustomed to the landscape of rental property. Primarily in The Fan, Museum District, Downtown, and Church Hill zones. 80% of existing STRs fall under this category. **The maximum number, per owner, would be 2.** We have attached a map to illustrate the areas.

Problem - There is no enforcement against a bad STR Operator

We heard Mary’s story of her neighbor operating an STR. We want to be clear; this should have been stopped over a year ago when Mary reported it and should never happen again. Mary has dealt with this issue for over a year while being subject to this neighborhood blight. The proposal before you provides NO path for enforcement of poorly operated STRs. The proposal

provides NO path to eliminate bad operators from obtaining a STR permit. By the current proposal Mary's STR could be legalized by the owner simply saying he/she would live in the property half of the year.

Solution:

Establish a volunteer commission of STR Operators and Community Citizens. This commission would field complaints and assist Zoning with recommendations when an Operator should lose their permit to operate. The commission would receive complaints, would fact find, and would provide recommendation to Zoning when an Operator has been a source of neighborhood disturbance, safety concern, or more.

This commission would be more readily accessible to both neighbors, operators, and guests. And would ensure that complaints, like Mary's, do not fall through the cracks and are addressed immediately.

Problem - There is no plan to tax STRs

There are two reasons for this. The first, according to City Finance delaying a tax plan was directly related to the knowledge that, with the current proposal, there may not be enough STRs left to justify the expense. Second, that the current tax code does not have a way to tax STRs through the current Lodging Tax. We believe these two reasons are why taxation has been omitted from the proposal.

Solution:

STRs should pay a fee similar to the existing rate of the lodging tax (currently 8%). However, that funds collected should be spent to provide funding to the City's approved affordable housing initiatives.

Reporting of the fee owed should be the burden of the STR Operator at calendar year end. The City would require all Operators to account for the number of stays, the amount received on each stay, and a calculation of the 8% fee. STR Operators must agree to this when they apply for their STR permit.

To summarize:

- We propose a two-tier system in which the non-principal residence STR operators in specific zonings can only have 2 permits.
- We propose a commission to assist the city with enforcement of regulations and to assist with neighborhood and safety concerns.
- We propose an 8% fee to benefit the affordable housing initiatives in Richmond.

Sincerely,

Tyler Rackley and Stacie Vanchieri – STR Operators