



# CITY OF RICHMOND

## INTRACITY CORRESPONDENCE

**TO:** Richmond City Planning Commission

**FROM:** Mark A. Olinger, Director  
Department of Planning & Development Review

**DATE:** October 15, 2015

**SUBJECT:** Preliminary Report Short-Term Rentals

A handwritten signature in black ink, appearing to be "M. Olinger", written over the "FROM" field.

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On June 22, 2015, the Richmond City Council adopted Resolution 2015-R42-47, declaring a *“public necessity to amend the zoning ordinance and to initiate an amendment to make such changes as may be necessary to authorize short-term rentals of residential property through the use of internet lodging services or otherwise,”* and to conduct a public hearing on the proposed changes as soon as practical.

Since the adoption of that Resolution, staff from Planning & Development Review (Zoning, Land Use Administration, Director’s Office, Permits and Inspections), Finance, City Attorney’s Office, Fire, and Health have spent considerable time reviewing what other cities are doing, some of the issues that appear to be consistent across communities, and to use that information to help the Council, Planning Commission, and staff prepare an Ordinance that meets the requirements of Resolution 2015-R42-47, but also protects our neighborhoods over the long-term. Attached for your review is the preliminary report on short-term rentals.

As you all know, short-term rentals are a relatively new phenomenon. As with all such industries, innovation continually outpaces any regulatory framework a city may adopt to manage or direct its growth. The adoption of an ordinance to authorize short-term rentals will create a process of oversight to what is presently a dynamic but unregulated industry in the city.

Based on the research to date, we believe that there are ways to provide for the inclusion of short-term rentals into the mix of the city’s hospitality industry in ways that can be supportive of Richmond’s quality of life, effective enforcement and management of the process, and sound business practices, yet does so in a manner that does not create such high barriers to entry that the vast majority of hosts continue to remain “underground.”

It is important, though, to establish rules, regulations, and parameters for short-term rentals and to ensure mechanisms are in place to enforce them, so that citizens, business owners, neighborhoods, and guests are protected from operators who do not comply with

the rules. Zoning regulations and enforcement, alone, are likely not sufficient and additional avenues should be considered.

Short-term rentals should not be viewed as a large revenue-generator for the City under any existing usage scenario, and is unlikely to become a large revenue generator in the future unless the nature of revenue collection changes.

The costs (primarily in staff time) of reviewing and issuing permits, collecting revenue, and performing both permit and revenue enforcement will be significant. It is too early to estimate the demand by potential hosts of short-term rentals, but based on other City programs that are process intense, the report estimates at least two to three full-time equivalents (FTEs), at least 1.0-1.5 in Zoning and 1.0-1.5 in Finance as any short-term rental program is initiated.

Based upon the discussion at the October 19, 2015, Planning Commission, the next steps in the process would be as follows:

- Meet with neighborhoods, short-term rental hosts, and hospitality industry (45-60 days) for additional input
- Draft outline of Ordinance (key elements: definition of short-term rental, maximum number of nights, maximum number of rooms, etc.). This will run concurrently with public outreach
- Meet again with Planning Commission early 2016 for additional review and public comment
- Submit Ordinance for introduction in late spring of 2016 for referral to Planning Commission
- Hold Public Hearing before Planning Commission
- Hold Public Hearing before Council
- Adopt Ordinance

If you have any questions, please contact me directly.

Thank you.

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c: Mayor Dwight C. Jones  
Selena Cuffee-Glenn, Chief Administrative Officer  
Honorable Members of Richmond City Council  
Grant O. Neely, Mayor's Chief of Staff  
Tammy D. Hawley, Press Secretary  
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