



DEPARTMENT OF
**PLANNING AND
DEVELOPMENT
REVIEW**

ORD. 2023-235 Regulating short-term rentals (STRs)



Kevin J. Vonck, Ph.D., Director

MONDAY, 21 AUGUST 2023

What is our recommendation?

Recommend that the City Council **approve** ORD. 2023-235.

To repeal City Code § 30-697.3, concerning short-term rentals located in certain other zoning districts, and to amend City Code § 30-414.2, concerning permitted accessory uses and structures, § 30-424.1, concerning permitted principal uses, § 30-432.1, concerning permitted principal uses, § 30-449.2, concerning permitted principal and accessory uses, § 30-697.1, concerning short-term rental regulations, § 30-697.2, concerning short-term rentals located in certain residential zoning districts, § 30-1020.4, concerning the fees for filing an application for a certificate of zoning compliance, and § 30-1220.98:2, concerning the definition for short-term rental operator, **with two minor amendments.**

What is the context?

What is a short-term rental (STR)?

§ 15.2-983 Code of Virginia: the provision of a room or space that is suitable or intended for occupancy for dwelling, sleeping, or lodging purposes, for **a period of fewer than thirty (30) consecutive days**, in exchange for a charge for the occupancy.

What powers does Code of Virginia grant us?

- B. 1. Notwithstanding any other provision of law, general or special, any locality may, by ordinance, **establish a short-term rental registry** and require operators within the locality to register annually.
- D. Nothing herein shall be construed to prohibit, limit, or otherwise supersede existing local authority to **regulate the short-term rental of property through general land use and zoning authority.**

What is a short-term rental (STR) in the City?

§ 30-1220.98:1 City Code: a room or group of rooms, all within a single dwelling unit of a dwelling use permitted in the district in which such dwelling use is located, **used or intended for use as lodging for at least one (1) but fewer than thirty (30) consecutive nights** by the traveling public and similar transient guests in return for compensation on a daily basis. Different from hotels, motels, tourist homes and lodginghouses, shelters, group homes, and similar forms of housing.

Where are STRs located?

“Richmond”
5,206 total

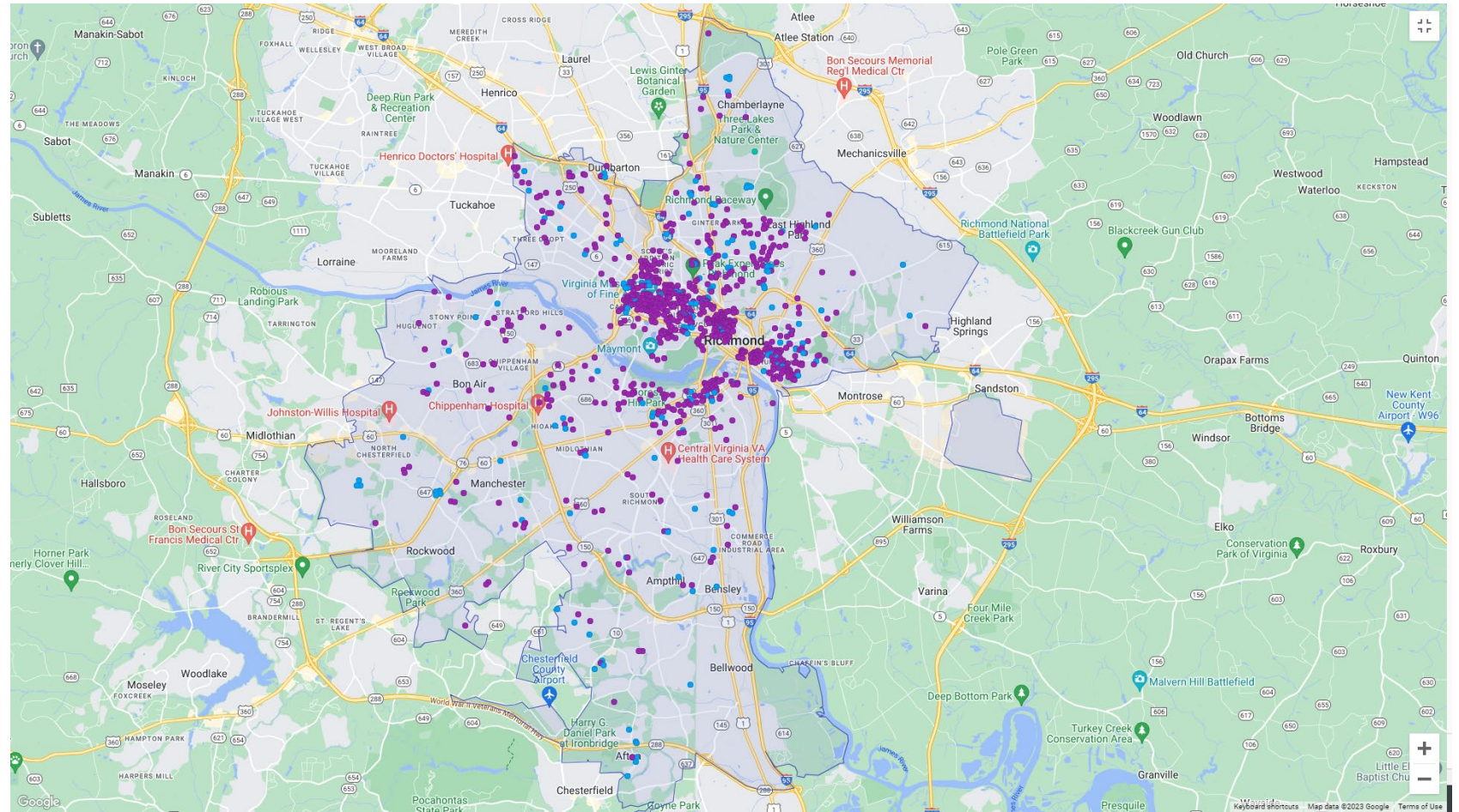
23220: 1,353

23223: 879

23219: 586

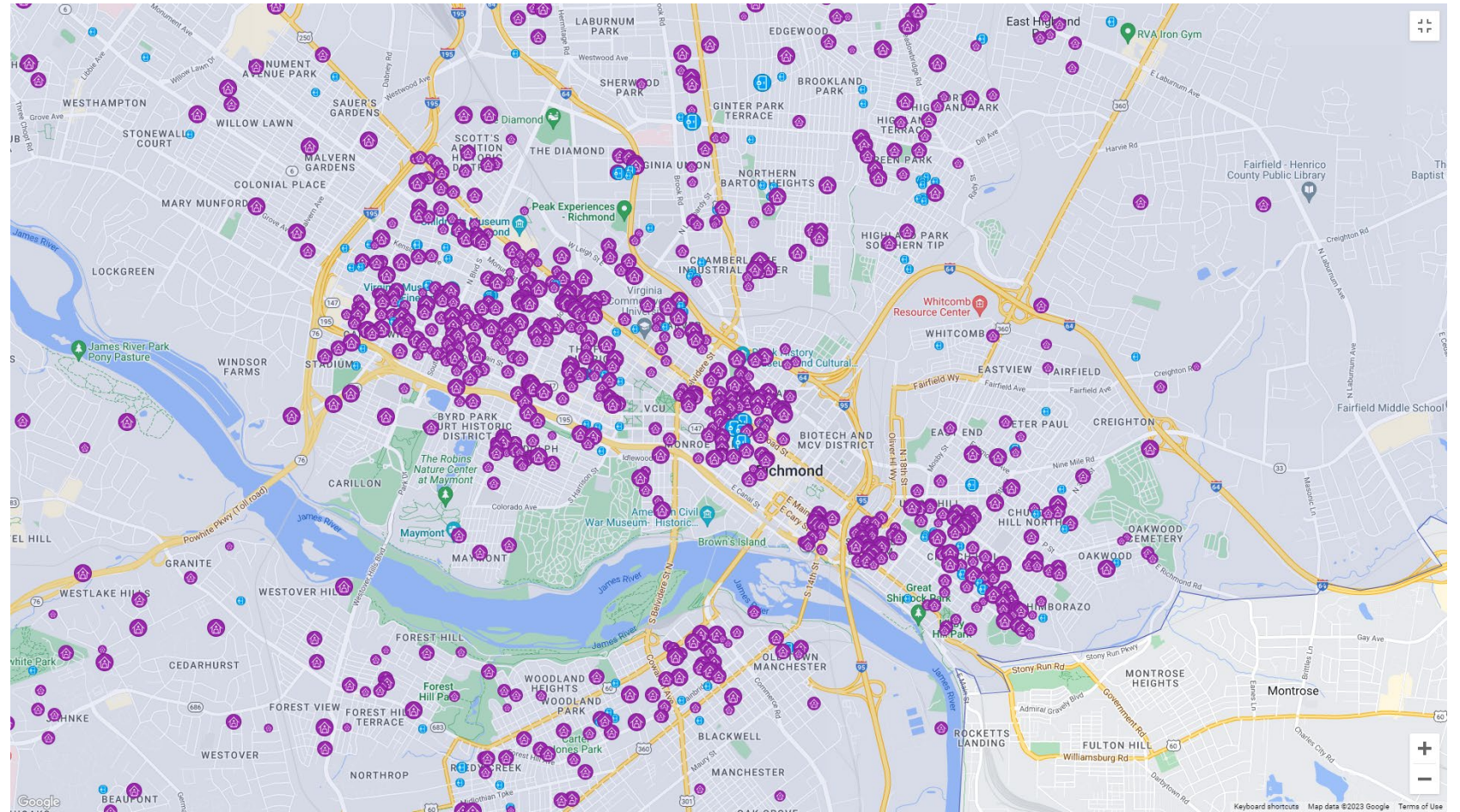
23221: 399

23224: 398



Where are STRs located?

1,077 active
895 (83%)
entire home
avg **2.1** beds
avg **4.8** guests
avg **\$166/night**
65% occupancy



What are the attributes of Richmond STRs?



What are the potential benefits of STRs?

leverage underused assets

a means to earn income

hosting platforms reduce
transactional costs, allow
more into markets

stabilize or lower average
daily rate for lodging

offer authentic travel

bring business to more
neighborhoods

increase net number of
tourists two to four percent

increase production of
housing units

What are the potential costs of STRs?

reduce supply of dwelling units for long-term rental
increase the price of dwelling units for long-term rental
standalone STRs reduce efficient use of dwelling units
may impose negative externalities on residents and
infrastructure, including overtourism
may reduce local lodging tax revenue
may reduce quantity and quality of hospitality jobs

How did we draft this proposal?

How did this all begin?

INTRODUCED: April 26, 2021

A RESOLUTION No. 2021-R027

To declare a public necessity to amend ch. 30 of the City Code and to initiate an amendment to the City's zoning ordinance to eliminate parking space minimums.

Patrons – Mr. Addison, Vice President Robertson, Mr. Jones and Ms. Lambert

Approved as to form and legality
by the City Attorney

Eliminate Parking Space Minimums

RES. 2021-R027

WHEREAS, the Council of the City of Richmond believes that the City's zoning ordinance, codified as Chapter 30 of the Code of the City of Richmond (2020), as amended,

AYES: 8 NOES: 1 ABSTAIN:

ADOPTED: MAY 24 2021 REJECTED: STRICKEN:



CITY OF RICHMOND
PLANNING COMMISSION

April 5, 2021

RESOLUTION CPRC.2021.095 MOTION OF THE CITY OF RICHMOND PLANNING COMMISSION

MOTION OF THE CITY OF RICHMOND PLANNING COMMISSION TO DECLARE AN INTENT TO AMEND THE ZONING ORDINANCE FOR THE PURPOSE OF PERMITTING ACCESSORY DWELLING UNITS IN ADDITIONAL ZONING DISTRICTS IN THE CITY OF RICHMOND.

WHEREAS, in accordance with §17.06 of the Charter of the City of Richmond, the City Planning Commission has adopted and City Council has approved a master plan, known as *Richmond 300*, to promote a coordinated, adjusted, and harmonious development of the city and its environment and

Permit Accessory Dwelling Units

CPCR.2021.095

WHEREAS, in accordance with §17.14 of the Charter of the City of Richmond, the City Planning Commission may prepare and submit changes to the zoning ordinance, including zoning districts and maps, as changing conditions may make necessary.

NOW, THEREFORE BE IT RESOLVED, that the City Planning Commission hereby concludes, for the purposes of public necessity, convenience, general welfare, and good zoning practice, and in order to best promote health, safety, morals, comfort, prosperity, and general welfare, as well as efficiency and economy in the process of development, that an amendment to the City's zoning ordinance shall be drafted for the purpose of permitting accessory dwelling units in additional zoning districts in the City of Richmond.

Rodney Poole
Chair, City Planning Commission

Matthew Ebinger
Secretary, City Planning Commission



CITY OF RICHMOND
PLANNING COMMISSION

18 January 2022

CPCR.2022.003 (CPCR.2021.168) RESOLUTION OF THE CITY OF RICHMOND PLANNING COMMISSION

TO DECLARE AN INTENT TO AMEND THE ZONING ORDINANCE AS IT PERTAINS TO REGULATING SHORT-TERM RENTALS

WHEREAS, in accordance with §15.2-2286 Code of Virginia, an amendment to the zoning regulations or district maps may be initiated by motion of the City of Richmond Planning Commission, and any such motion or resolution of the City of Richmond Planning Commission shall be subject to the approval of the City Council, and

Revise Short-Term Rental Regulations

CPCR.2021.168

WHEREAS, the permission of short-term rentals should continue to be encouraged as an economic development activity that provides desirable employment, enhances the City's tax base, and provides a source of revenue for the City; and

NOW, THEREFORE BE IT RESOLVED THAT, for the purposes of public necessity, convenience, general welfare, and good zoning practices, the City of Richmond Planning Commission hereby adopts a resolution of intent to amend the Zoning Ordinance as it pertains to regulating short-term rentals.

Rodney Poole
Chair, Planning Commission

Richard Saunders
Secretary, Planning Commission

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How have we engaged the public?

441 attendees at five public meetings
(in person and virtual)

860 attendees at two telephone town
halls (on for at least five minutes)

151 participants in six focus groups

850 responses to two online surveys

additional presentations at district and
neighborhood association meetings



What changes are we proposing?

What changes are we proposing?

REGULATION	CURRENT	PROPOSED
zoning districts in which a STR can be located	all R, RO-2, RO-3, HO, all UB, all B, all RF, CM, OS, RP, TOD-1, all M	add RO-1, I, DCC districts
maximum number of STRs in a multifamily structure	one (1) per dwelling unit	lesser of one-third (1/3) or ten (10) dwelling units per lot
maximum number of STRs in "R" zoning districts	one (1) per dwelling unit	one (1) per lot

What changes are we proposing?

REGULATION	CURRENT	PROPOSED
STR shall be located at STR operator's primary residence	required in all zoning districts	required in "R" zoning districts
definition of STR operator	individual who owns STR dwelling unit	owner of STR dwelling unit
maximum capacity within a STR: the lesser of	10 persons over 18 or building code max	8 persons over 18 or building code max
validity of certificate of zoning compliance (CZC)	until 31 of December of year after issuance	two (2) years from date of issuance

What are we proposing to remain?

STR operator shall furnish detailed floor plan to City

STR shall include smoke detectors, carbon monoxide detectors, and fire extinguishers

City shall issue a certificate of zoning compliance (CZC) prior to STR operation

All advertisements for STR shall reference active CZC

STR shall only be rented to a person age (18) or older

CZC for STR shall only be issued to property owner

Why make this change?

What are the purposes of our zoning ordinance?

lessen congestion in streets

secure safety from fire, panic,
and other danger

promote health, sanitation, and
general welfare

provide adequate light and air

prevent overcrowding of land

avoid undue concentration of
population

facilitate public and private
transportation

facilitate public utility services
and sewage disposal

facilitate provision for schools,
parks, playgrounds, etc.

How does this implement City strategy?

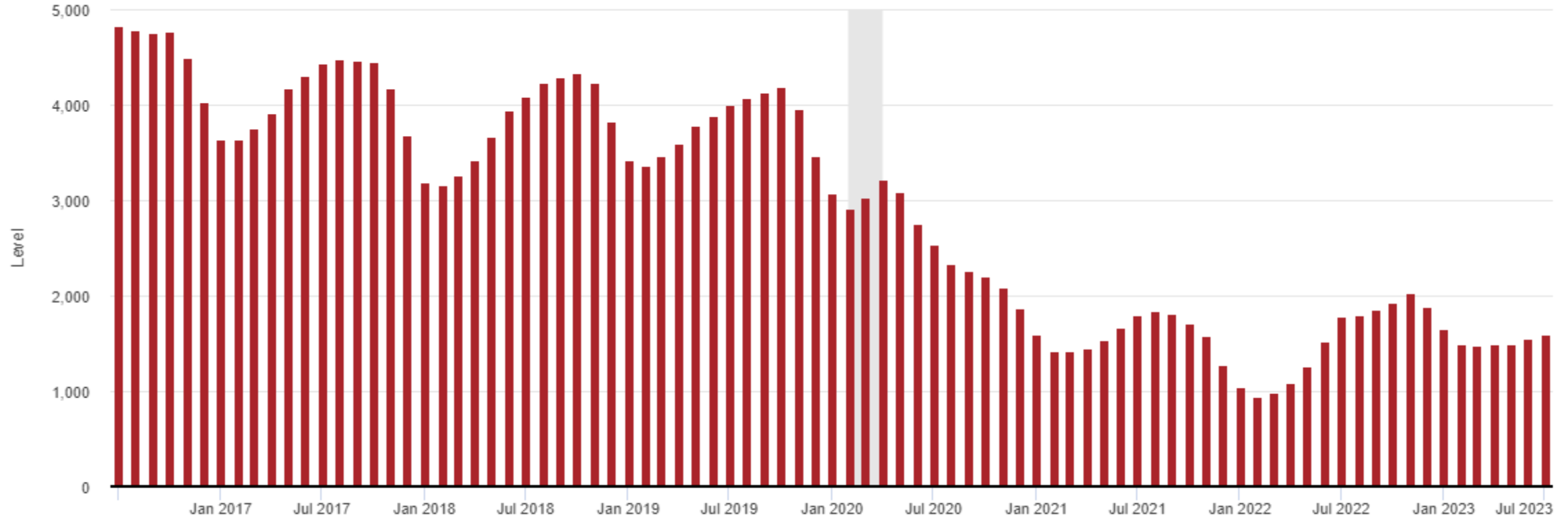
Richmond 300: Inclusive Housing (Chapter 14)

One Richmond: Equitable Affordable Housing Plan

RES. 2021-R032: To express the City's support of the City of Richmond's **Equity Agenda**

RES. 2023-R019: To declare a **housing crisis** in the city of Richmond

Richmond CBSA active listings: 2017 to 2023

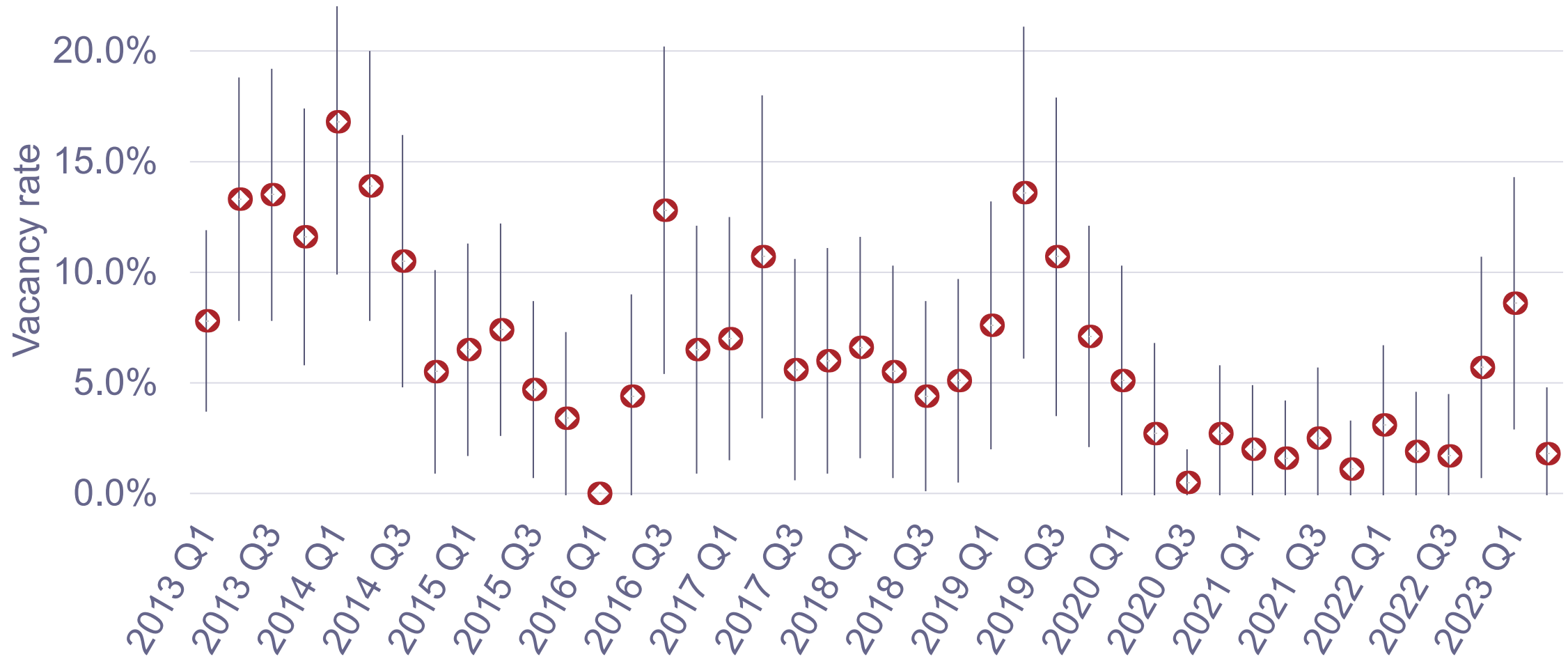


Shaded areas indicate U.S. recessions.

Source: Realtor.com

fred.stlouisfed.org

Richmond MSA rental vacancy: 2013 to 2023



Why a cap on the number of STRs per lot?

increases in number of dwelling units for STRs reduces the supply of dwelling units for long-term rentals, and thus increases the price of those units

housing demand is relatively inelastic: when prices rise, residents generally must absorb the cost

Why a residency requirement?

while accessory uses are permitted, the primary intent of “R” zoning districts is to provide a place to live

absentee owners do not “feel” negative externalities

short-term renters generally lack incentive to care about neighborhood community and infrastructure

another means to limit the number of dwelling units for STR

What guides our recommendation?

permit STRs throughout the City, as a principal use in mixed-use areas, and as an **accessory use** in residential areas

we allow property owners to run a limited home-based business in their primary residence, but we do not permit them to turn it into a new coffee shop or clothing store

we allow property owners to rent a room within their home, or the whole dwelling unit, but we do not allow them to purchase a property for the purposes of starting up a hotel

Conclusion

What is our recommendation?

Recommend that the City Council **approve** ORD. 2023-235.

To repeal City Code § 30-697.3, concerning short-term rentals located in certain other zoning districts, and to amend City Code § 30-414.2, concerning permitted accessory uses and structures, § 30-424.1, concerning permitted principal uses, § 30-432.1, concerning permitted principal uses, § 30-449.2, concerning permitted principal and accessory uses, § 30-697.1, concerning short-term rental regulations, § 30-697.2, concerning short-term rentals located in certain residential zoning districts, § 30-1020.4, concerning the fees for filing an application for a certificate of zoning compliance, and § 30-1220.98:2, concerning the definition for short-term rental operator, **with two minor amendments (in red):**

Amendment #1

Sec. 30-697.1. Short-term rental regulations.

(12) ~~[The short-term rental operator shall occupy a dwelling unit on the lot on which the short-term rental operator's short-term rental is located for an aggregate of at least 185 days each calendar year]~~ For multifamily dwellings, a maximum of **ten or** one-third of the dwelling units, whichever is lesser, on the lot shall be permitted as short-term rentals, except as provided in section.

Amendment #2

Sec. 30-697.2. Short-term rentals located in ~~[certain residential zoning]~~ any R ~~[districts]~~ district.

~~[For all permitted short-term rentals within the R-1, R-2, R-3, R-4, R-5, R-6, R-7, R-8, R-43 and R-48 zoning districts, only one non-illuminated wall sign, not exceeding two square feet, shall be permitted]~~ The short-term rental shall be located on the same lot as the short-term rental operator's primary residence. **Where the short-term rental operator is a legal person but not an individual, the short-term rental shall be located on the same lot as the primary residence of the individual who manages the day-to-day operations of the short-term rental operator, or who is a trustee or a beneficiary of the short-term rental operator if the short-term rental operator is a trust. For purposes of this section, whether a lot includes a short-term rental operator's or a qualifying individual's primary residence shall be determined by the records of the Virginia Department of Motor Vehicles or the Office of the Registrar of the City of Richmond current as of the date of application to operate a short-term rental on such lot.** Only one short-term rental shall be permitted on any lot.

Questions and discussion

References

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- Bivens, Josh. 2019. The economic costs and benefits of Airbnb. Economic Policy Institute Report.
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- Dogru, Tarik, Mararand Mody, and Courtney Suess. 2019. Adding Evidence to the Debate: Quantifying Airbnb's Disruptive Impact on Ten Key Hotel Markets. *Tourism Management*.
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- Merante, Mark, and Keren Mertens Horn. 2016. Is Home Sharing Driving Up Rents? Evidence from Airbnb in Boston. Working Paper no. 2016-03, University of Massachusetts Boston.
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