

Ordinance No. 2019-343

Short-Term Rentals (STR)

Zoning Regulations

Presentation to City Planning Commission
January 6, 2020



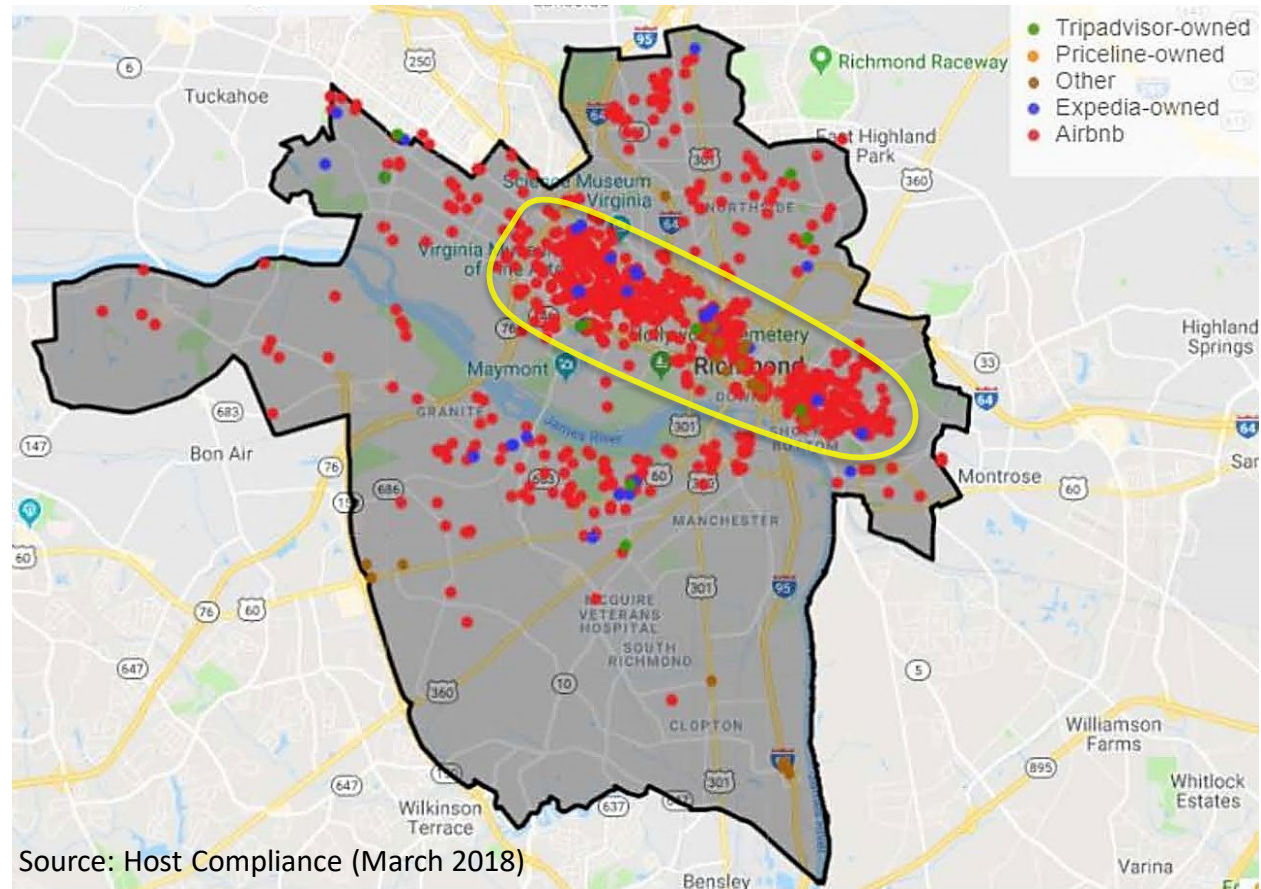
What is a Short-Term Rental?

- Virginia Code 15.2-983 defines a short-term rental (STR) as 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 30 consecutive days, in exchange for a charge for the occupancy
- Often advertised and processed through online platforms such as Airbnb, FlipKey, HomeAway, and VRBO
- Listings include the rental of a whole house or just a room(s) within a house

Operations in Richmond

- There were **835** listings, which represented **749** unique rental units in March 2018
- Listings occurred throughout the city, but were concentrated in the Museum District, Fan, Downtown and Church Hill neighborhoods

Short-Term Rental Operation in Richmond in March 2018



Are Short-Term Rentals Currently Permitted?

- Short-Term Rentals are currently not identified as a permitted use in the City's Zoning Ordinance
- Short-Term Rentals have been approved through the Special Use Permit (SUP) process
- Tourist homes are permitted in certain multi-family residential zoning districts when situated along a Federal Highway (R-53, R-63, R-73, RO-2, HO) and in certain business districts (RO-3, UB, UB-2, B-2, B-3, B-4, B-5, B-7, M-1, M-2)
- The Zoning Division investigates complaints of short-term rentals
- Zoning Division received **10** complaints in 2019

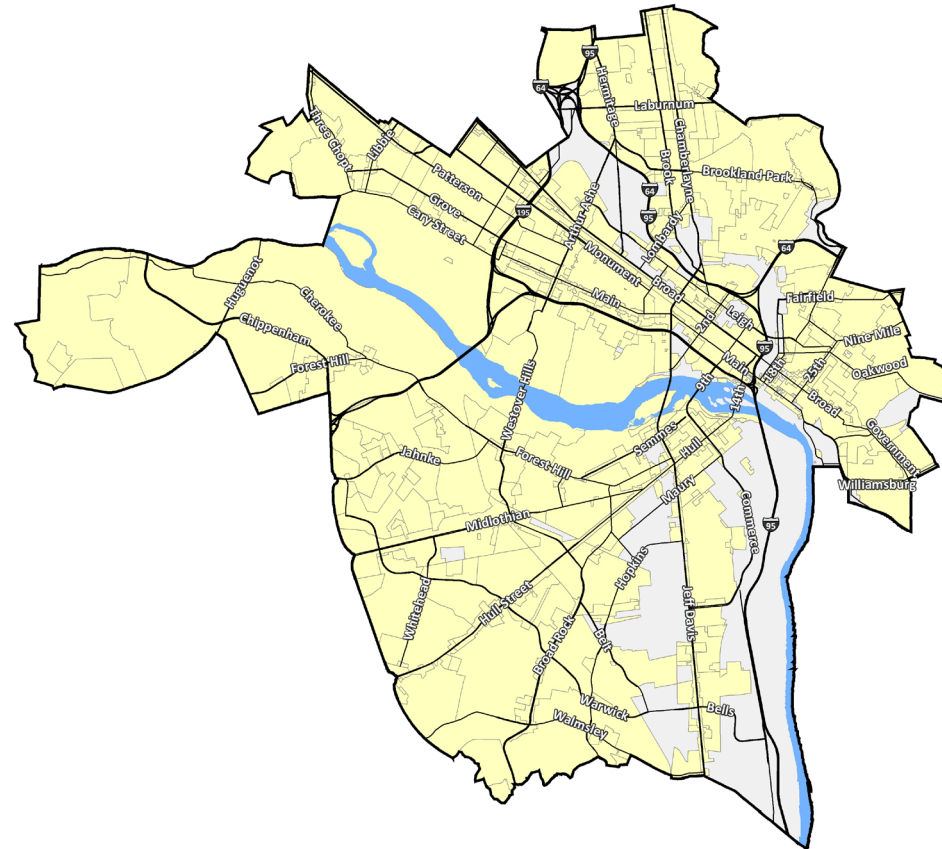
Timeline

- 2015 City Council passed a resolution directing the Planning Commission to propose changes to the City's Zoning Ordinance to authorize the short-term rental of residential properties. PDR provided an initial report to City Council in October 2015
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- 2016 The Virginia General Assembly considered limiting or prohibiting local regulation of short-term rentals. PDR's work on potential regulations was stopped pending guidance from the General Assembly as to the authority of localities to regulate this use
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- 2017 The General Assembly passed SB 1578 which preserves the ability for localities to establish local regulations and allows for the creation of a registry for short-term rentals
-
- 2018 An internal City working group developed draft regulations after a review of legislation in other localities and current operations of short-term rentals in the city of Richmond
-
- 2019 In the Spring, PDR received input on the draft zoning regulations (all nine (9) City Council District Meeting, hosted two (2) STR Informational Meetings, & conducted a survey). The internal working group reviewed the public comment and modified the draft legislation
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Zoning Conditions | Where can an STR operate

- STRs will be permitted as an **accessory use** in any zoning district that permits residential uses
- STRs will be permitted in **all types of dwellings** including accessory dwelling units

Change from Draft Legislation: None



Proposed Permitted Zones

The yellow areas shown are the zoning districts where STRs are proposed to be permitted as an accessory use to a dwelling unit.

Zoning Conditions | Who can operate an STR

- Only **property owners** of a residential unit qualify to operate STRs in their dwelling units.
- For condominiums and co-ops, **board approval** is required

Change from Draft Legislation: Tenants do not qualify to operate a STR.

Zoning Conditions | Who can operate an STR

- Lot on which the STR is located must be the **primary residence** of the operator. Primary residence is established by occupying the dwelling unit for a minimum of **185 days** out of the calendar year

Change from Draft Legislation: STR operator to be a primary resident on the lot on which the STR operates not the specific dwelling unit

Zoning Conditions| Approval Process

- The City will require the operator to obtain a **Certificate of Zoning Compliance (CZC) for Short-Term Rental** on a biennial basis (**every two years**)
- The fee will be **\$300** which is intended to cover administration and monitoring costs
- The CZC is an existing administrative process that includes Zoning and Permits and Inspections
- The CZC approval number shall be posted on all advertisements for the property
- Applicants will be able to apply online via the City's Online Permitting Portal

Change from Draft Legislation: None

Zoning Control | Number of Nights of Operation

- The number of nights a dwelling unit can operate as a STR is limited is not limited.

Change from Draft Legislation: Limit on number of nights has been removed

Zoning Control | Number of Renters

- The number of adult lodgers is limited to **2 per sleeping room**, except where the current edition of the Virginia Uniform Statewide Building Code requires fewer occupants
- The number of sleeping rooms available for an STR is a **maximum of 5 sleeping rooms**
- There is no limit on the number of children that can be associated with the adult lodgers
- **Double booking is not permitted** (only one contract per night)
- At least one of the short-term renters must be 18 years of age or older

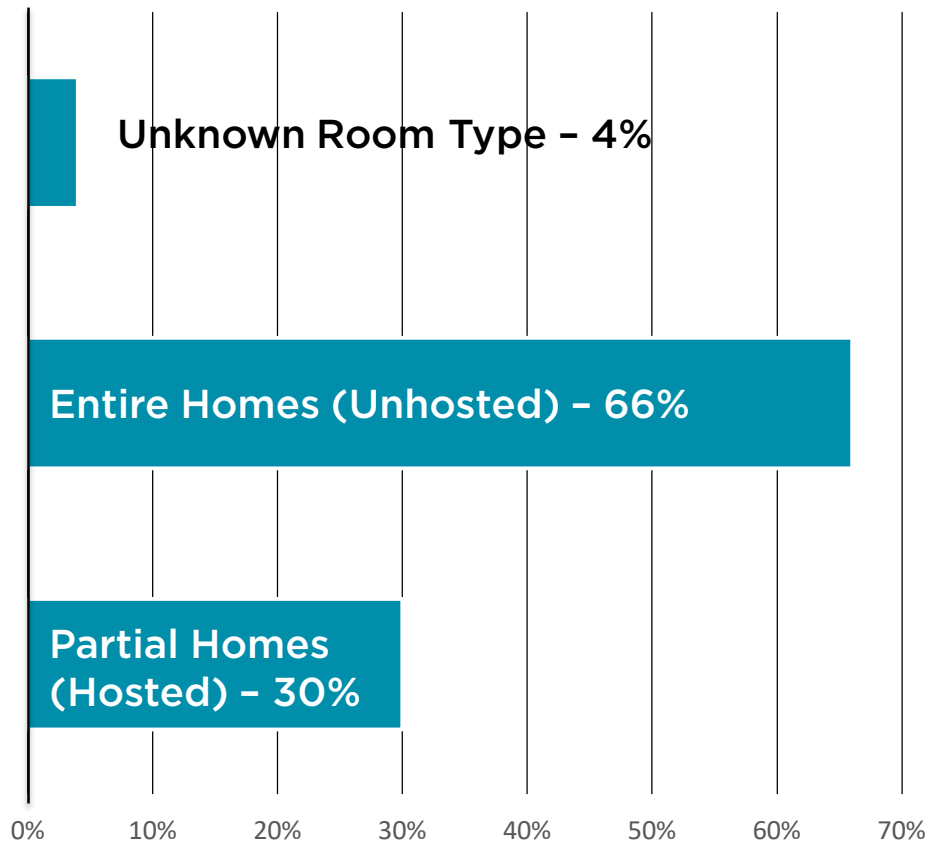
Change from Draft Legislation: None

Zoning Control | Hosted and Unhosted Stays

- Both whole house and room rentals are permitted as the operator is not required to occupy the unit during the stay
- No distinction is proposed between hosted and unhosted stays
- Contact information for the responsible party including a phone number accessible 24-hours per day during any short-term rental shall be provided

***Change from Draft Legislation:
None***

Short-Term Rentals by Type in March 2018



Source: Host Compliance (March 2018)

Zoning Control | Parking Requirements

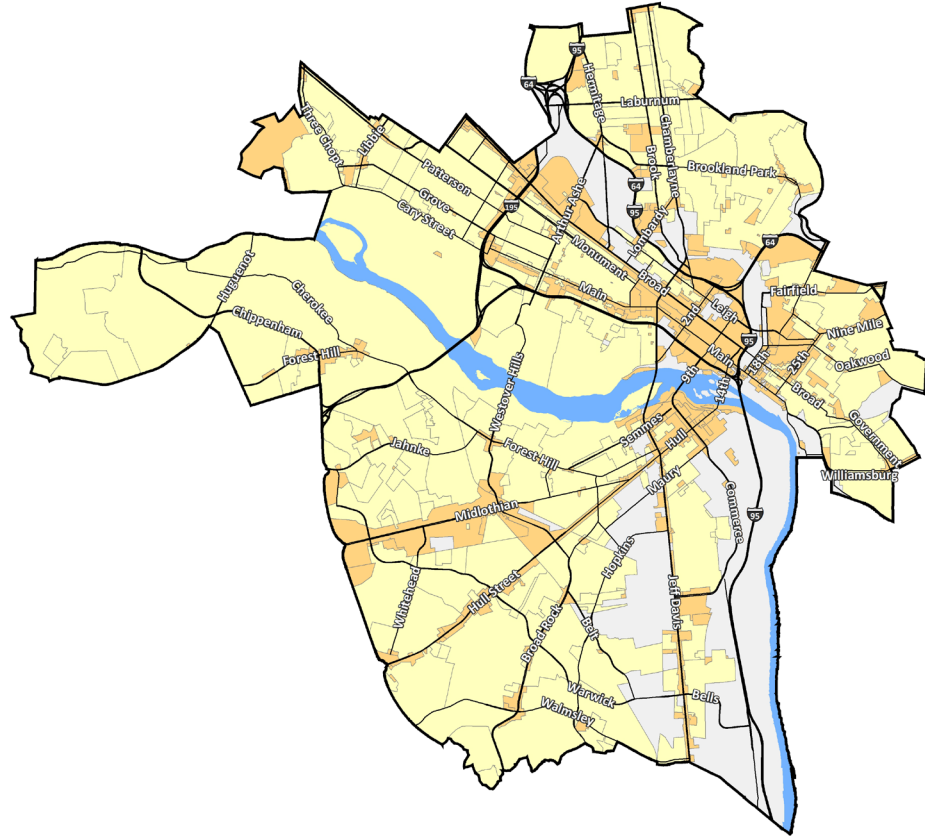
- No additional parking requirements are proposed for the short-term rental use

Change from Draft Legislation: None

Zoning Control | Multi-family Buildings

- For any dwelling use in multi-family and mixed-use zones, a maximum of nine dwelling units, or twenty five percent (25%) of the total number of dwelling units, whichever is less, may be used as a short-term rental

Change from Draft Legislation: This condition has been removed



Multi-Family and Mixed-Use Zones

The orange colored area shows the following multi-family and mixed-use zones where the number of STRs is limited: R-53, R-63, R-73, R-MH, RO-1, RO-2, RO-3, HO, I, UB, UB-2, B-1, B-2, B-3, B-4, B-5, B-6, B-7, RF-1, RF-2, TOD-1, OS, and CM.

Zoning Control | Events

- A renter **cannot** host an event at an STR.

Change from Draft Legislation: Language is less specific and notes that “No short-term rental operator or owner of a dwelling unit shall offer, provide, advertise or permit use of a dwelling unit for any commercial use not permitted by law.”

Zoning Control | Enforcement

Penalties

- A violation of the Zoning Ordinance is a misdemeanor punishable by a fine of not less than \$10.00 nor more than \$1,000.00

Staff proposes to use a third-party for monitoring and initial compliance to facilitate enforcement. The estimated cost of this monitoring is \$40,000 per year.

Zoning Control | Changes from Draft Legislation

The internal working group reviewed the public comment and modified the draft legislation by:

- Prohibiting tenants from operating an STR;
- Removing the limit on the number of nights of operation;
- Removing the limit on the number of dwelling units that can operate as an STR in multi-family and mixed-use zones; and
- Requiring the STR operator to be a primary resident on the lot on which the STR operates not the specific dwelling unit.

Master Plan | 2001 Master Plan

- The 2001 Master Plan acknowledges the importance of visitors and tourism to the city of Richmond’s economic health noting that the historic sites, unique neighborhoods, and the James River make the city a destination for tourists
 - Short-term rentals provide the opportunity to develop transient lodging for visitors within existing housing stock in desirable neighborhoods
- Master Plan states “Prevent further encroachment of non-residential uses into existing residential areas except where specifically described in the Land Use Plan.” (p. 101)
 - The ordinance promotes the maintenance of the residential character of neighborhoods by requiring the STR to be an accessory use to a dwelling unit and the operator to be a primary resident of the lot on which the STR operates.
 - This prevents commercial STRs which operate like hotels from being established in primarily residential neighborhoods

Public Engagement | Meetings

- From 3/26/19 to 5/31/19, PDR staff received input at Council District meetings in all nine (9) City Council Districts:
 - Concerns from neighbors regarding existing short-term rentals that have created issues in their neighborhoods
 - Questions to staff regarding the purpose of the proposed conditions.
- Hosted two (2) Short-term Rental Informational Meetings on 5/4/19 and 5/14/19
 - 125 attendees who primarily represented themselves as short-term rental operators or individuals who would like to operate a short-term rental
 - Input was focused on removing the primary residency requirement and the limitation on number of nights of operation

Public Engagement | Survey

- **1,206** responses received
- The survey asked participants' opinions on the conditions included in the draft zoning ordinance
- Available online and on paper from 3/26/19 until 5/31/19
- Promoted and distributed through:
 - Council District Meetings in all Council Districts
 - Two Short-Term Rental Informational Meetings held by PDR
 - [Press release](#) on 4/15/19
 - Email to all civic association presidents
 - Email to the Richmond 300 email list
 - [STR Webpage](#)
 - News Articles ([Bizsense](#), [WTRV](#))

Public Engagement | Public Comment Letters

- 6 letters in support of the ordinance as presented
- 37 letters of opposition
 - 25 letters in opposition to the primary residency requirement
 - 6 letters opposed to not limiting the nights of operation
 - 4 letters opposed to STR being permitted in any capacity
 - 2 letters opposed to other conditions in the ordinance
- Petition in opposition to the primary residency requirement with 37 of signatures

Collection and Remittance of Local Taxes

Changes in local taxation, including the applicability of the City's transient occupancy tax, will be considered separately at a future date by the Department of Finance, potentially to be effective January 1, 2021.

Effective Date and Review

- The proposed ordinance effective date is July 1, 2020
- From adoption to effective date, staff will:
 - Educate operators on legislation
 - Develop online application
 - Procure 3rd Party Enforcement Entity
- After one (1) year staff recommends review of the effects of the legislation to determine if amendments are needed.

Thank you

For more background information, visit:

<http://www.richmondgov.com/PlanningAndDevelopmentReview/ShortTermRentals.aspx>

Contact us directly:

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646-6305

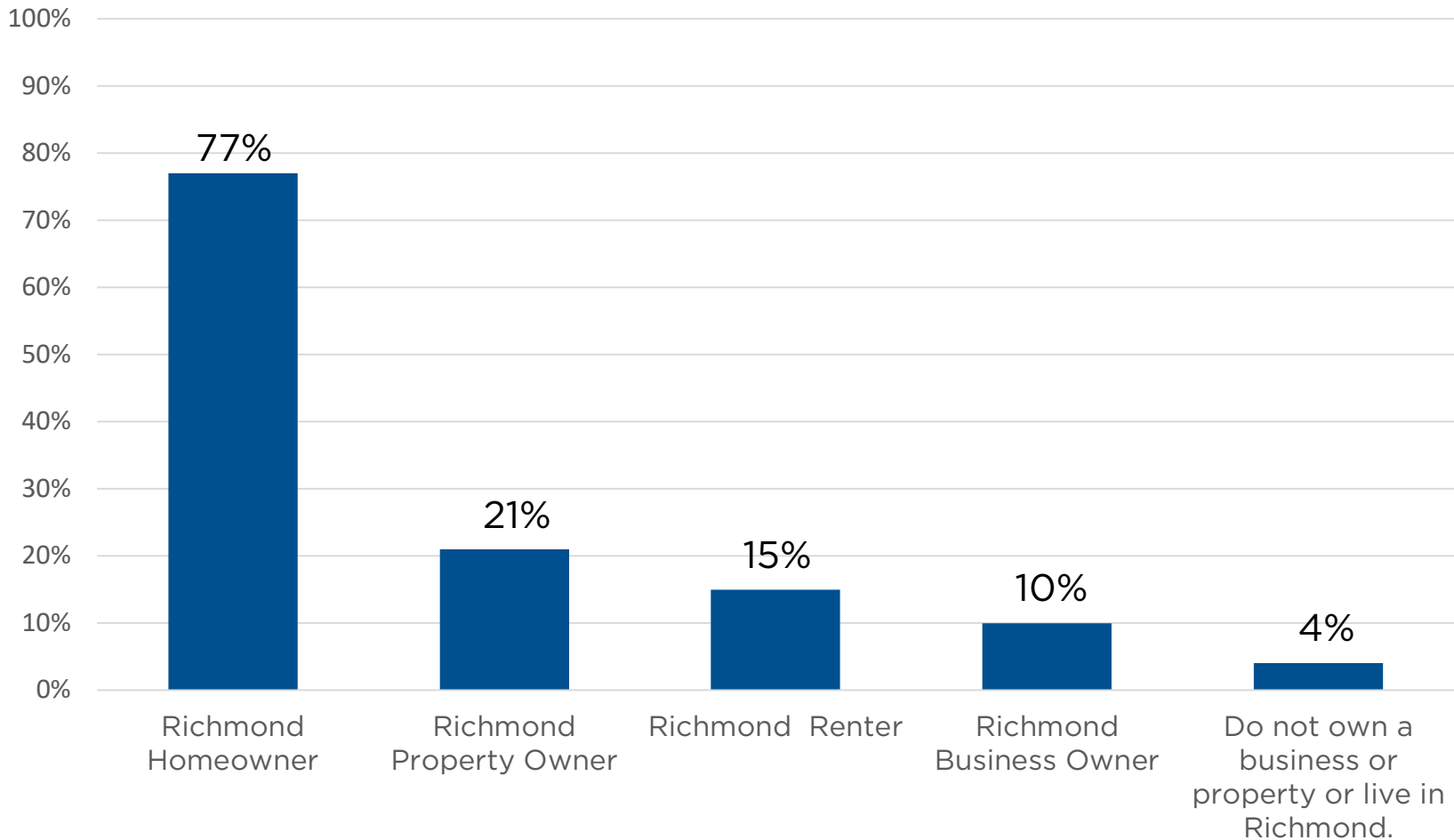
Marianne Pitts, Executive Staff Assistant

marianne.pitts@richmondgov.com,

646-5207

Survey Responses | Participant Information

Question 1: Please select the options that best describes you. (Select all that apply)

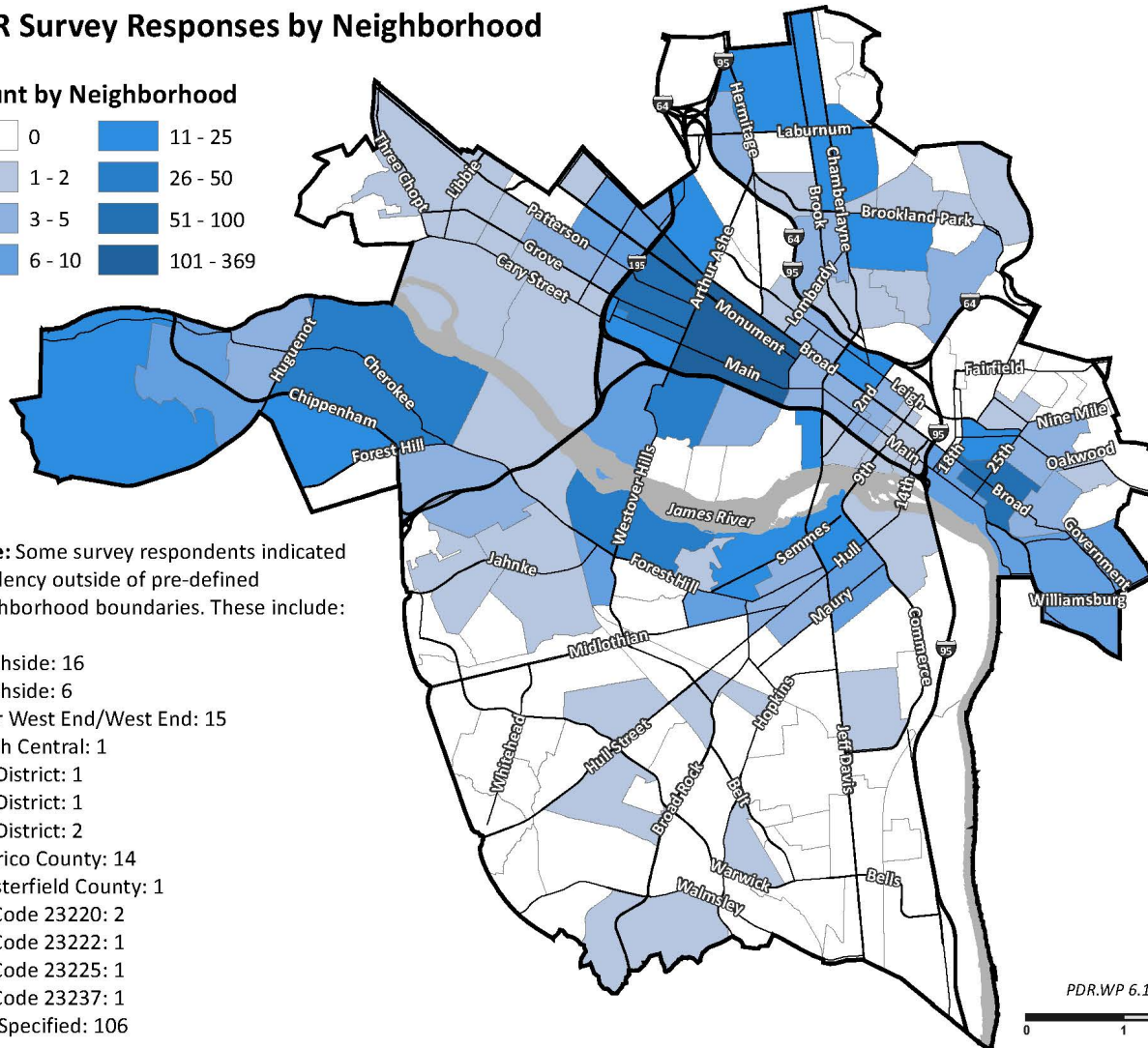
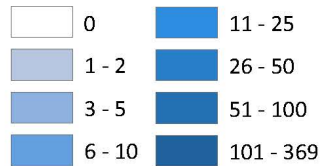


Survey Responses | Participant Location

Question 2: If you live in the City of Richmond, in which neighborhood do you live?

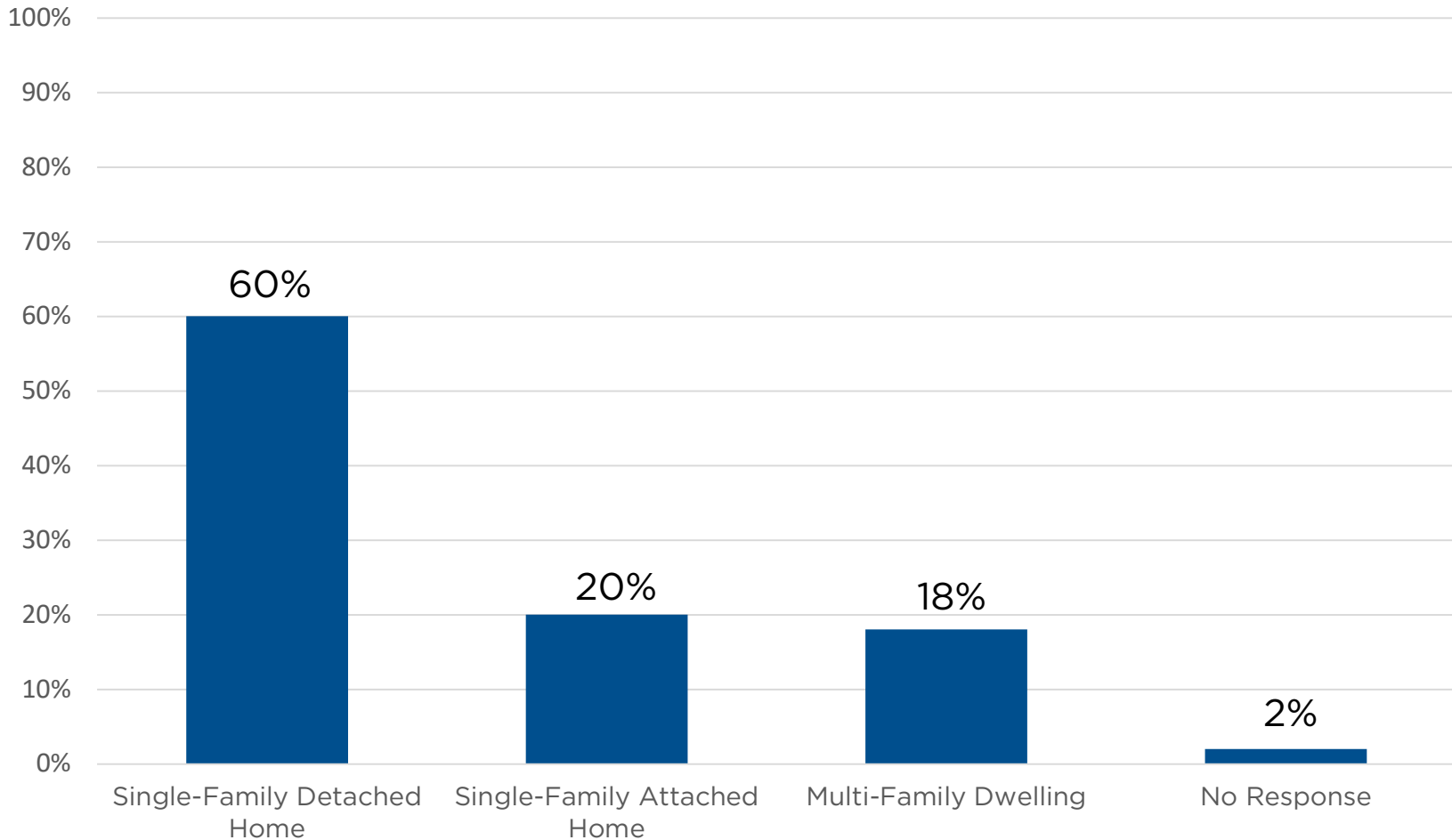
STR Survey Responses by Neighborhood

Count by Neighborhood



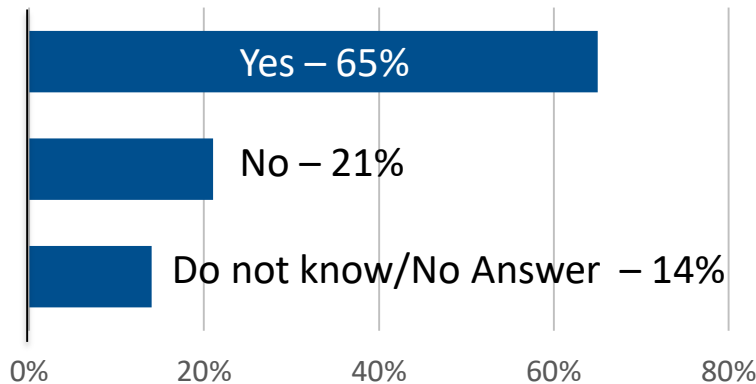
Survey Responses | Participant Dwelling Type

Question 3: In what type of home do you live?

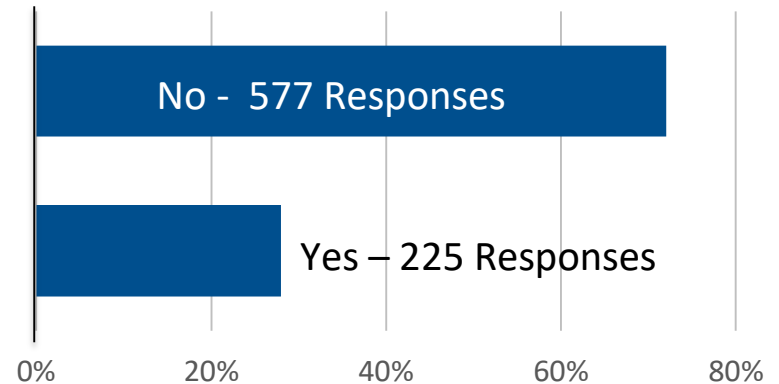


Survey Responses | Participant Dwelling Type

Question 4: Are you aware of short-term rentals operating in your neighborhood?



Question 5: If yes, do you have any concerns with these STRs?

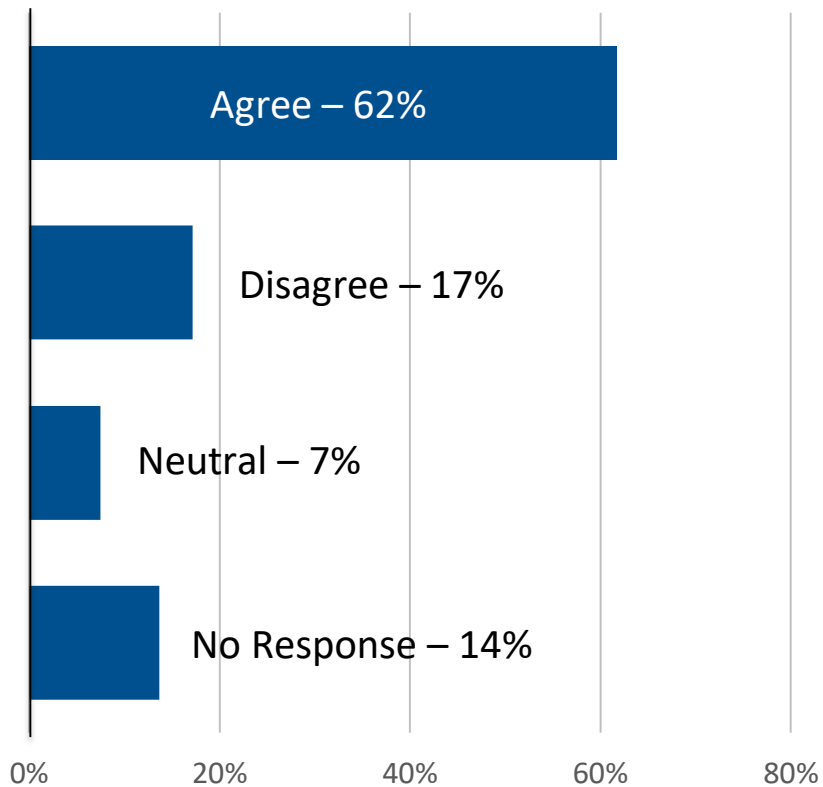


Open-ended Comments:

- **Benefits of STRs:** Better maintained and operated than long term rentals, Good for the economy by increasing tourism, Makes housing affordable for operators, Provides lodging for visiting friends and family in parts of the City where options are limited
- **Concerns about STRS:** Impact on housing availability and affordability, Change of residential neighborhood character with commercial uses and transient occupants, Increased noise, trash, and out of control parties, Less available parking, Absentee landlords who do not respond to concerns of neighbors

Survey Responses | Where can an STR operate

Question 6: STRs should be permitted as an accessory use in any zoning district that permits residential uses.

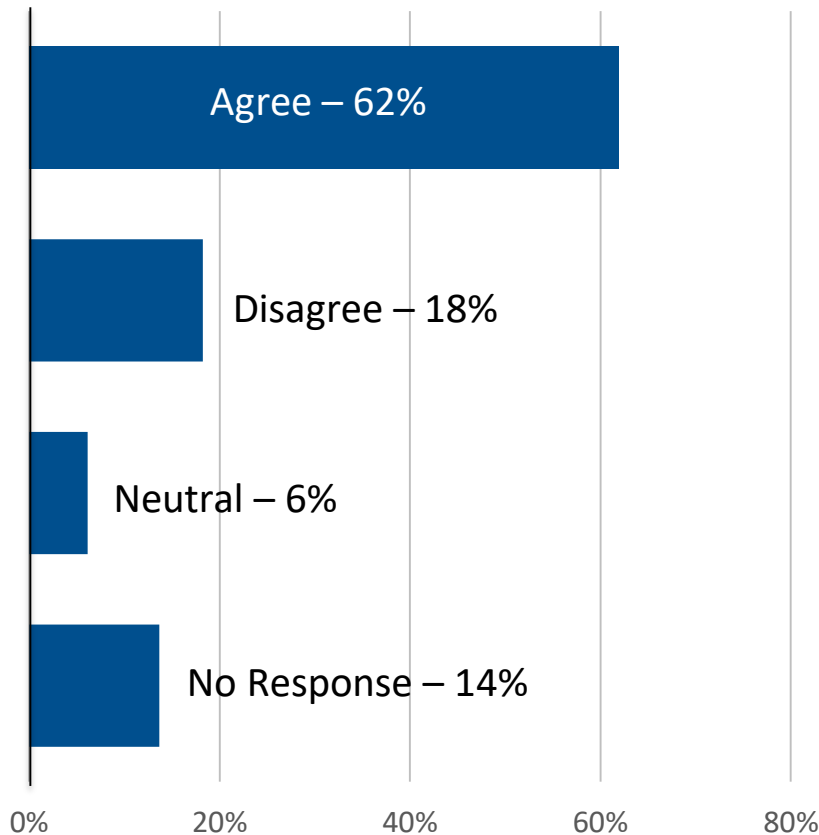


The participants who responded **disagree** noted:

- STRs should not be permitted anywhere (91 responses)
- There needs to be additional conditions and processes for STRs including neighborhood input on each STR approval and limiting the number of STRs (35 responses)
- The regulations should be different in different neighborhoods including not allowing STRs to operate in all neighborhoods/zones (24 responses)
- There should be no restrictions on STRs, and STRs should be permitted as a primary use (15 responses)

Survey Responses | Where can an STR operate

Question 7: STRs should be permitted in all types of dwellings (single-family homes, condos, apts., etc.) including accessory dwelling units.

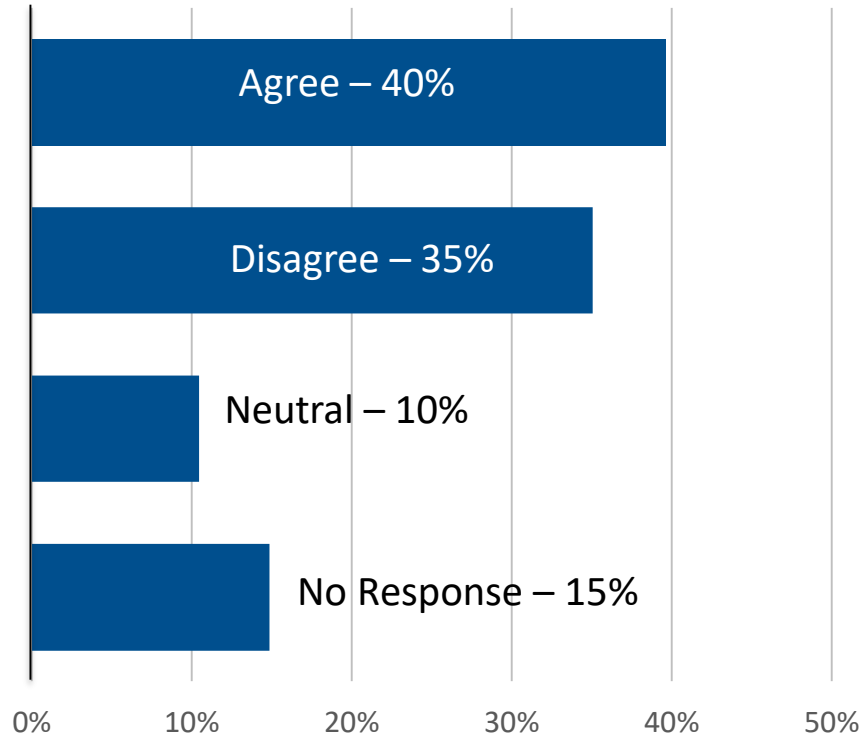


The participants who responded **disagree** noted:

- STRs should not be permitted in any dwelling type (64 responses)
- STRs should not be permitted in multifamily dwellings. (45 responses)
- There needs to be additional conditions including not allowing STRs in attached dwellings and not allowing tenants as operators (37 responses)
- STRs should not be permitted in single-family dwellings (19 responses)
- There should be no restrictions (6 responses)
- STRs should not be permitted in accessory dwelling units (4 responses)

Survey Responses | Who can operate an STR

Question 8: Both property owners and tenants of a residential unit qualify to operate STRs. For tenants, property owner approval is required; and for condos and co-ops, board approval is required. The STR must be the primary residence of the operator. Primary residence is established by occupying the dwelling unit for a minimum of 185 days out of the calendar year.

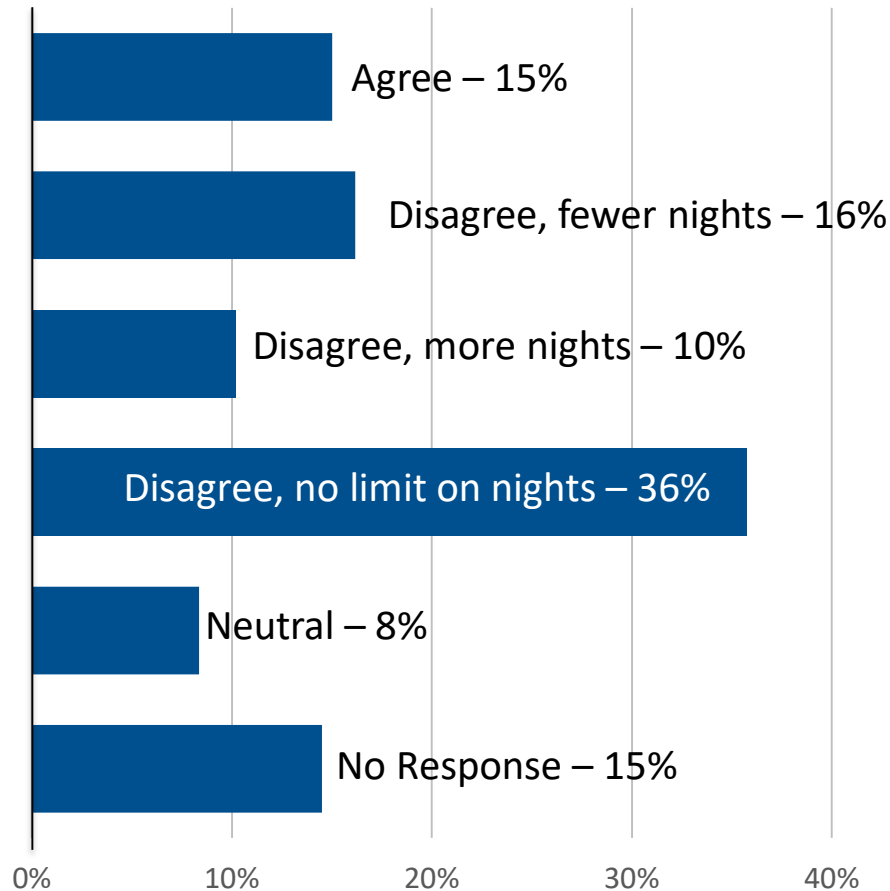


The participants who responded **disagree** noted:

- Primary residency should not be required (230 responses).
- Tenants should not be allowed to operate STRs (49 responses)
- STRs should not be permitted (25 responses)
- STRs should not be permitted in single-family dwellings (19 responses)
- Additional days should be required to establish primary residency (15 responses)
- These conditions are unenforceable (15 responses)
- There needs to be additional conditions (9 responses)
- Landlord approval should not be required for tenant operators (8 responses)

Survey Responses | Number of Nights of Operation

Question 9: A dwelling unit can operate as a short-term rental for a maximum of 180 nights in a year.



The participants who responded **disagree, fewer nights should be permitted** noted

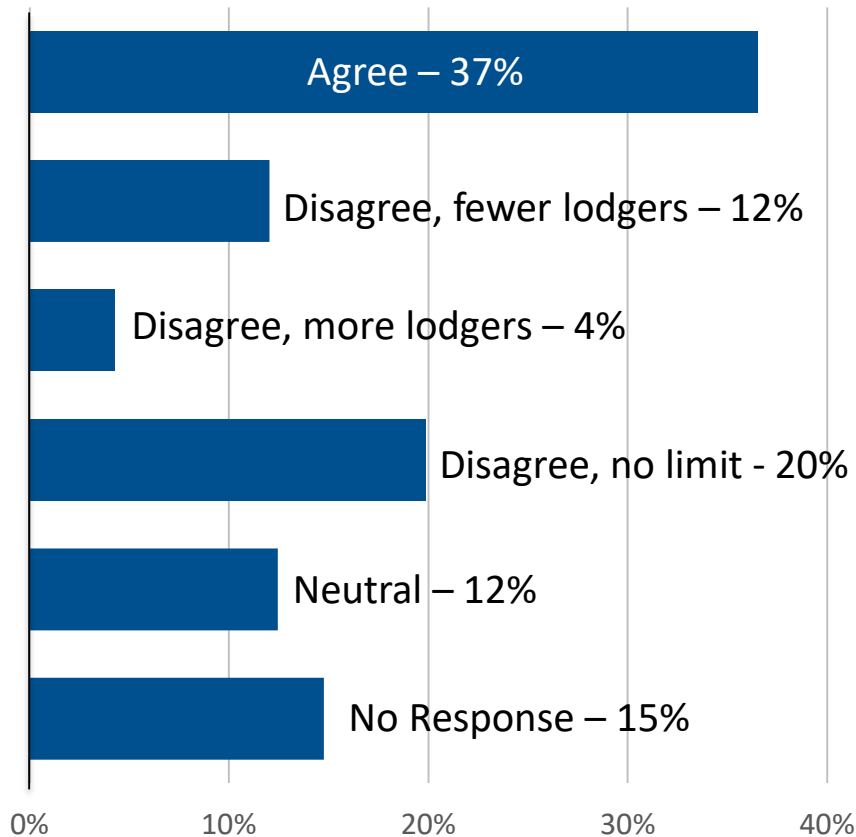
- STRs should not be permitted at all (40 responses)
- Varying numbers of nights from 14 to 150 should be permitted (36 responses)
- STRs will change the character of residential neighborhoods if they are permitted to operate half of the year/every weekend (9 responses)

The participants who responded **disagree, more or unlimited nights should be permitted** noted

- The 180 night limit is arbitrary (73 responses)
- Property owners have the right to use their property as they wish, and the market will dictate the number of nights an STR will operate (36 responses)
- Will limit operators ability to earn income (29 responses)
- Will negatively impact tourism and reduce city tax revenue (29 responses)
- Impossible to enforce (10 responses)
- Regulations should focus on safety and compliance with maintenance and nuisance regulations and not limiting nights of operation (10 responses)
- Not concerned with the number of nights as long as the property is the operator's primary residence (9 responses)

Survey Responses| Number of Lodgers

Question 10: The number of adult lodgers is limited to 2 per sleeping room. The number of sleeping rooms available for an STR is limited to 5 sleeping rooms. There is no limit on the number of children that can be associated with the adult lodgers.



The participants who responded **disagree, fewer nights should be permitted** noted

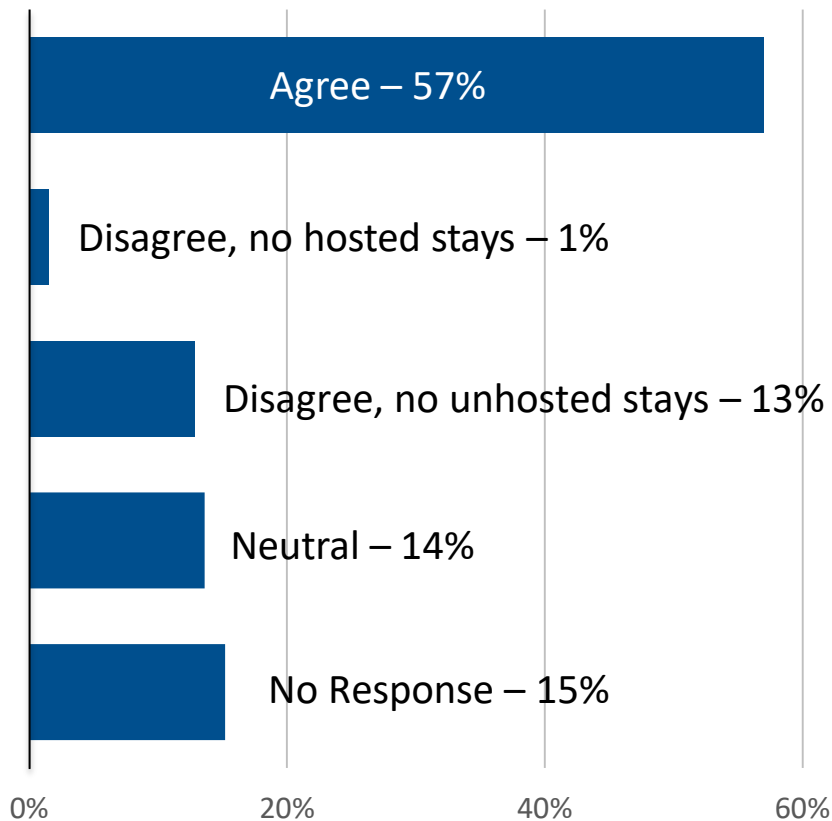
- Permitting this many adults and unlimited children would create too much noise, impact parking, and result in out of control parties (34 responses)
- STRs should not be permitted at all (22 responses)
- Varying numbers of lodgers from one family as defined by zoning to 8 adults should be permitted (11 responses)
- The number of children should be limited (10 responses)

The participants who responded **disagree, more lodgers or no limit other than Building Code** noted

- This regulation is arbitrary, and this should be the operator's decision (49 response)
- Regulations should be based on room size/building code requirements (21 responses)
- Sleeping can occur in other rooms (pull-out couches, sofas), and rooms can accommodate more beds (multiple bunk beds) (20 responses)
- More sleeping rooms should be permitted (8 responses)
- This should be regulated like hotels which allow 4 or more lodgers per sleeping room (6 responses)

Survey Responses| Hosted and Unhosted Stays

Question 11: Both whole house and room rentals are permitted as the operator is not required to occupy the unit during the stay. The operator must provide contact information with a phone number accessible 24-hours per day to the City.



The participants who responded **disagree, hosted stays should not be permitted** noted

- STRs should not be permitted at all
- These STRs should be regulated like a bed and breakfast.

The participants who responded **disagree, unhosted stays should not be permitted** noted

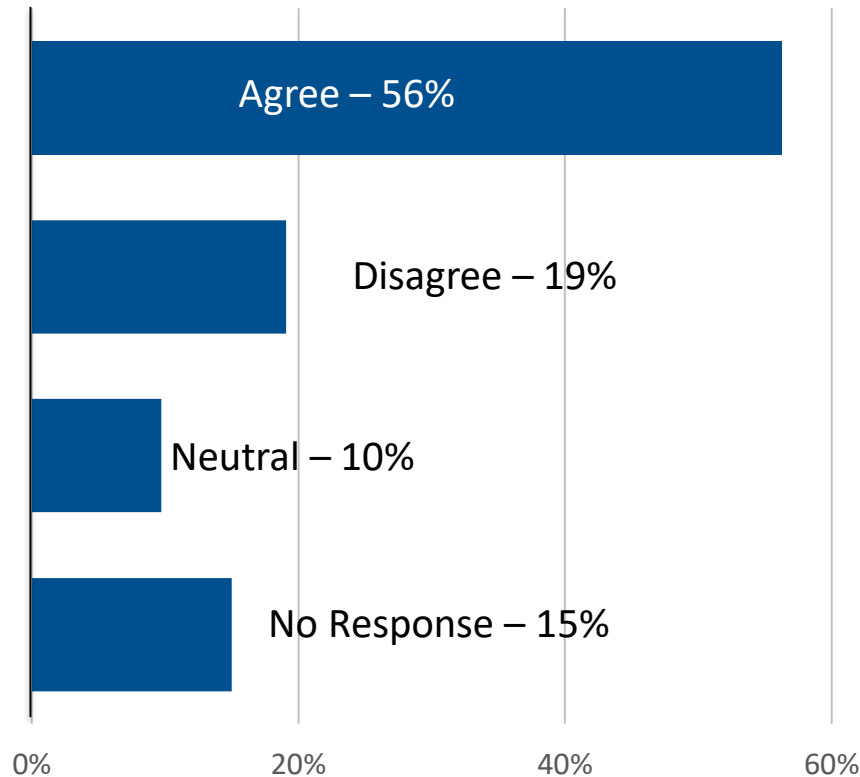
- Onsite hosts can address problems and ensure renters are respectful (32 responses)
- STRs should not be permitted at all (20 responses)
- There should be more regulations for unhosted stays (8 responses)
- Operators contact information should be provided to neighbors (5 responses)

The participants who responded **neutral** noted

- A phone number accessible 24-hours per day should not be required to be provided to the City. (20 responses)

Survey Responses| Parking Requirements

Question 12: No additional parking is required for the short-term rental use.

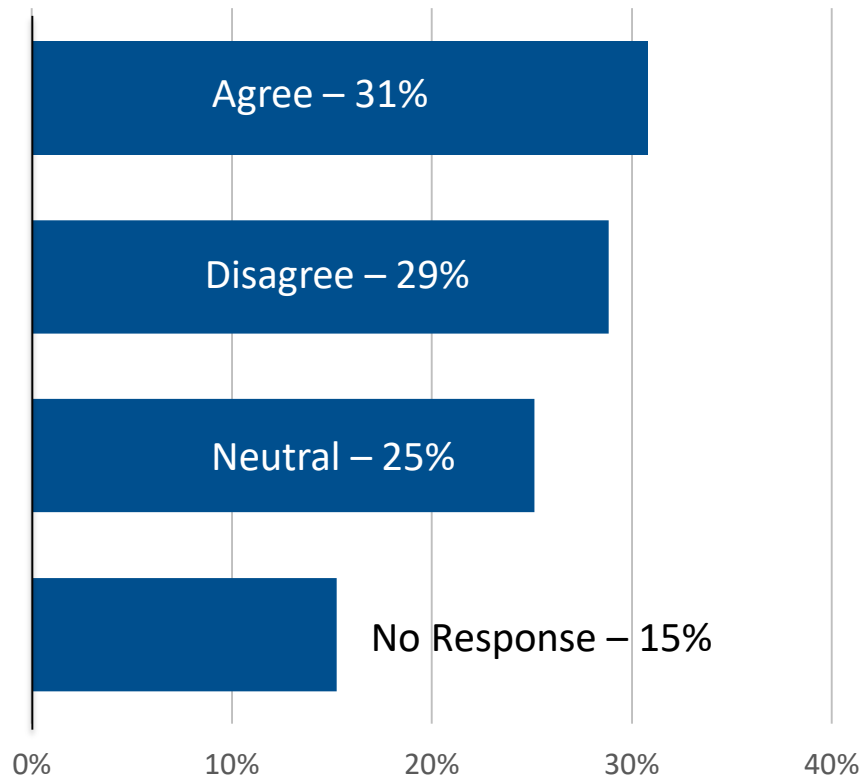


The participants who responded **disagree** noted

- STRs will exacerbate existing parking issues especially in the Fan (71 responses)
- STRs should be required to provide onsite parking (52 responses)
- There should be different parking requirements in the parking permit areas (20 responses)
- STRs should not be permitted at all (12 responses)
- Onsite parking should be provided based on number of bedrooms or number of lodgers (13 responses)
- Parking requirements should be determined on a case-by-case basis (11 responses)
- Limit the number of vehicles permitted at an STR (5 responses)

Survey Responses | Multi-family Buildings

Question 13: For any dwelling use in multi-family and mixed-use zones, a maximum of nine dwelling units, or twenty five percent (25%) of the total number of dwelling units, whichever is less, may be used as a short-term rental.

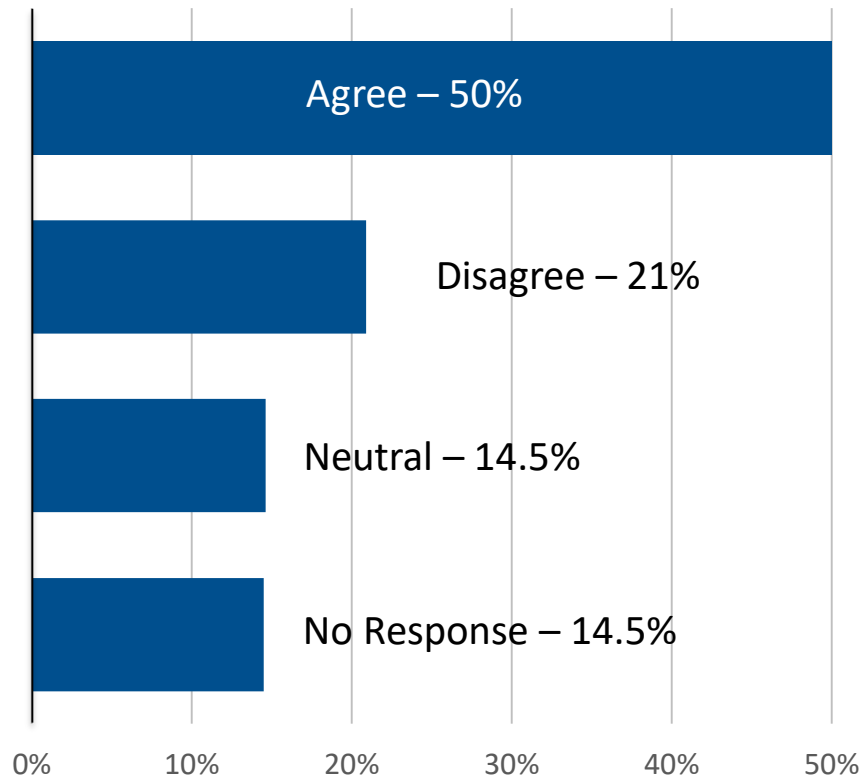


The participants who responded **disagree** noted

- There should be no limit (80 responses)
- Fewer units should be permitted (43 responses)
- STRs should not be permitted at all (36 responses)
- The limit is unfair/How will the City determine which units can operate as STRs and enforce this? (31 responses)
- The limit is arbitrary (23 responses)
- This limit should not apply to smaller apartment buildings (under 4 units) (14 responses)
- More units should be permitted (13 responses)
- Allowing multifamily units to be STRs would negatively impact housing availability (9 responses)

Survey Responses | Events

Question 14: Events such as parties, banquets, weddings, meetings, and any other gathering of persons other than the authorized lodgers are prohibited from occurring at an STR.



The participants who responded **disagree** noted

- The property owner has the right to decide what events can occur (64 responses)
- Events should be allowed on a case-by-case basis based on characteristics of the STR (size, parking, zone) and the scale of the event (30 responses)
- Existing laws will address concerns (noise, capacity) (21 responses)
- This is too restrictive, and some events with limited impact on neighbors should be allowed (business meetings, baby showers, small weddings, family gatherings, etc.) (18 responses)
- Require a separate event permit (8 responses)
- This regulation is an arbitrary restriction (6 responses)