



City of Virginia Beach

VBgov.com

OFFICE OF THE CITY MANAGER
(757) 385-4242
FAX (757) 427-5626

MUNICIPAL CENTER
BUILDING 1
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9001

October 28, 2016

The Honorable William D. Sessoms, Jr., Mayor
Members of City Council

Subject: On-line Home Sharing Economy Ad Hoc Committee Recommendations

Dear Mayor and Council Members:

As chairman of your On-line Home Sharing Economy Ad Hoc Committee, I am pleased to provide you with the committee's report. We convened a total of five times including three occasions for public comment. The City staff also provided us with excellent support in the form of a Virtual Town Hall, which received almost 300 responses.

Our group was intensely focused on producing a quality product for Council's use. We had almost 100% attendance at all of our meetings, which standing alone in my view speaks volumes about the commitment of the members.

Attached you will find recommendations we suggest you adopt as part of your Legislative Agenda Package for presentation to the 2017 Session of the General Assembly, and local ordinance changes. I suggest that these be offered to the Housing Study Commission of the Virginia General Assembly when it convenes in December. The workgroup of the Housing Study Commission will be meeting in early November prior to the Council reviewing our work; nonetheless little or no harm will be caused by this delay in that the real audience for your final recommendations is the General Assembly.

As mentioned, the recommendations are split into two Sections: Local Ordinance Changes and Statewide Enabling/Regulation. Quite a bit of thought went into these proposals which we believe present a balanced and fair approach to the phenomenon of On-line Rentals. The committee's primary goals were the preservation of health, welfare, and safety of visitors to and residents of Virginia Beach, the collection of appropriate taxes (primarily to the City from residents who engage in the business of renting their homes) and lastly (although most importantly) the peaceful possession and quiet enjoyment of rented and neighboring homes.

The Honorable William D. Sessoms, Jr., Mayor
Members of City Council
October 28, 2016

Page 2

As one committee member astutely observed early in the process “the paste is out of the tube on the issue of On-line Rentals”. There is no opportunity to prohibit On-line Rentals, nor do we think that such is an appropriate avenue for the City to pursue. We heard numerous times that persons renting their homes or leasing a room in their homes (which is a violation of current City ordinances) use that revenue as a way to financially stay afloat in the turbulent economic times we have experienced in the past and no doubt will face in the future. Thus, we do not believe that outlawing On-line Rentals is a proper remedy.

Nonetheless, we strongly believe that renting a room or your entire home is a business which should be regulated as are hotels, motels and bed and breakfast establishments. “Leveling the playing field” between existing brick and mortar businesses and this new virtual on-line rental phenomenon was a phrase repeatedly heard throughout our discussions. This concept underscores our concern about health, welfare, and safety. We also do not know if homeowners leasing their properties have adequate insurance to protect themselves and those who rent from them, or if even basic health, welfare, and safety precautions such as smoke detectors, etc. are in place. These specific concerns form the bedrock of our recommendations.

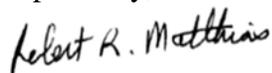
I look forward to presenting these proposals to you on November 1, and am confident that a number of Ad Hoc Committee members will also be present. Further, I understand that Council will consider making a formal recommendation to the General Assembly based on our recommendations at your November 15th meeting, which I will also attend.

Finally, I’d like to thank the City Staff for its excellent work in supporting our effort. The City Attorney, the Commissioner of Revenue, the Planning Department (particularly Kevin Kemp, Interim Zoning Administrator) and Bob Matthias and his staff particularly Candace Jenkins, have provided invaluable assistance. We could not have asked for more comprehensive, professional support than we received from the outstanding City Employees with whom we worked.

On behalf of the Committee, I want to thank you for allowing us to serve the City of Virginia Beach. We believe that we have provided a quality product for the City’s consideration.

Please feel free to contact me if I need to provide any further information.

Respectfully,



Robert Matthias on behalf of Chairman Jack Drescher

Attachment

cc: David L. Hansen, City Manager
Robert Matthias, Assistant to the City Manager
On-line Home Sharing Economy Ad Hoc Committee
Phil Kellam, Commissioner of Revenue
Mark Stiles, City Attorney
Beverly K. Wilson, Deputy City Attorney
Barry Frankenfield, Planning
Kevin Kemp, Planning

Summary of Committee Findings to Date

Recommendations relating to legislation in the General Assembly:

- A. Committee believes that online rentals in residential communities already exist, are widespread, and cannot be effectively eliminated (the toothpaste is out of the tube); however, the regulation of this activity should be subject to local ordinances rather than statewide control.
- B. Committee believes that all local taxes should be remitted directly to the locality rather than the state and that the local tax official should have the ability to audit.
- C. Committee believes that a requirement for appropriate insurance coverage is critical. Many homeowners may not realize that they do not have coverage for rental of their homes under their homeowners' policies.
- D. Committee believes that the General Assembly should grant authority to localities to promulgate health and safety requirements to address parity with other transient occupancy providers and to ensure that rental dwellings are reasonably safe.

Recommendations relating to City Ordinances:

1. Committee believes that the City Zoning Ordinance should be amended to bring conformity between land use and taxation regimens. This would begin with defining short term and daily rentals. A draft of proposed revisions approved by the Committee are as follows:
 - a. Daily Rental means any rental for a period of less than 7 days. There may be no more than one (1) rental contract per seven day period on any residentially zoned dwelling within the City.
 - b. Short Term Rental means any rental for a period between seven (7) days and 29 days. There may be no more than one (1) rental contract per seven day period on any residentially zoned dwelling within the City.
2. Daily& Short Term Rentals: Understanding that Daily and Short Term Rentals are an essential part of our commerce in Virginia Beach, but also appreciating the importance of preserving the character of our residential neighborhoods, Council should carefully revisit our current residential zoning classifications to determine where daily and short term rentals may be permitted.
3. Rental Registration and Permits: All residential properties offered for daily or short term rentals must register with the Commissioner of Revenue (COR) and obtain a rental permit from the appropriate City Department.
4. Committee considered but rejected any use of a conditional use permit process to limit short term and daily rentals in residential districts.
5. Committee considered but rejected drawing a distinction between rentals of owner occupied properties and non-owner occupied properties.
6. Committee recommends that all daily and short terms rentals in residential districts, shall be registered through the Commissioner of Revenue and shall be required to obtain a permit to be issued by an appropriate City department subject to specified conditions, the violation of which could result in the suspension or termination of the permit.

7. A key aspect of the permit would be a requirement that the owner or a designated agent be identified and available to respond in person to the property in a reasonable period of time at all times during the rental period.
8. Committee believes that an effective registration/permit requirement is the key to ensuring that all taxes are paid and that daily/short-term rental hosts are on a level playing field with other providers of transient lodging.
9. Committee believes that the City must more effectively enforce existing laws and that by doing so any adverse impacts associated with daily and short term rentals may be significantly lessened. This may require the dedication of additional city resources, which may in turn be derived from the permit fee and from the taxes generated by the rentals.
10. Committee believes that the City should consider health and safety requirements to address parity with other transient occupancy providers and to ensure that rental dwellings are reasonably safe.
11. Committee recommends that Council allocate necessary funding to procure through appropriate process the services of a provider which would identify on-line hosts and afford such additional related and necessary services as determined by the Commissioner of Revenue.