



DEPARTMENT OF
**PLANNING AND
DEVELOPMENT
REVIEW**

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



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TUESDAY, 5 SEPTEMBER 2023

What is our recommendation?

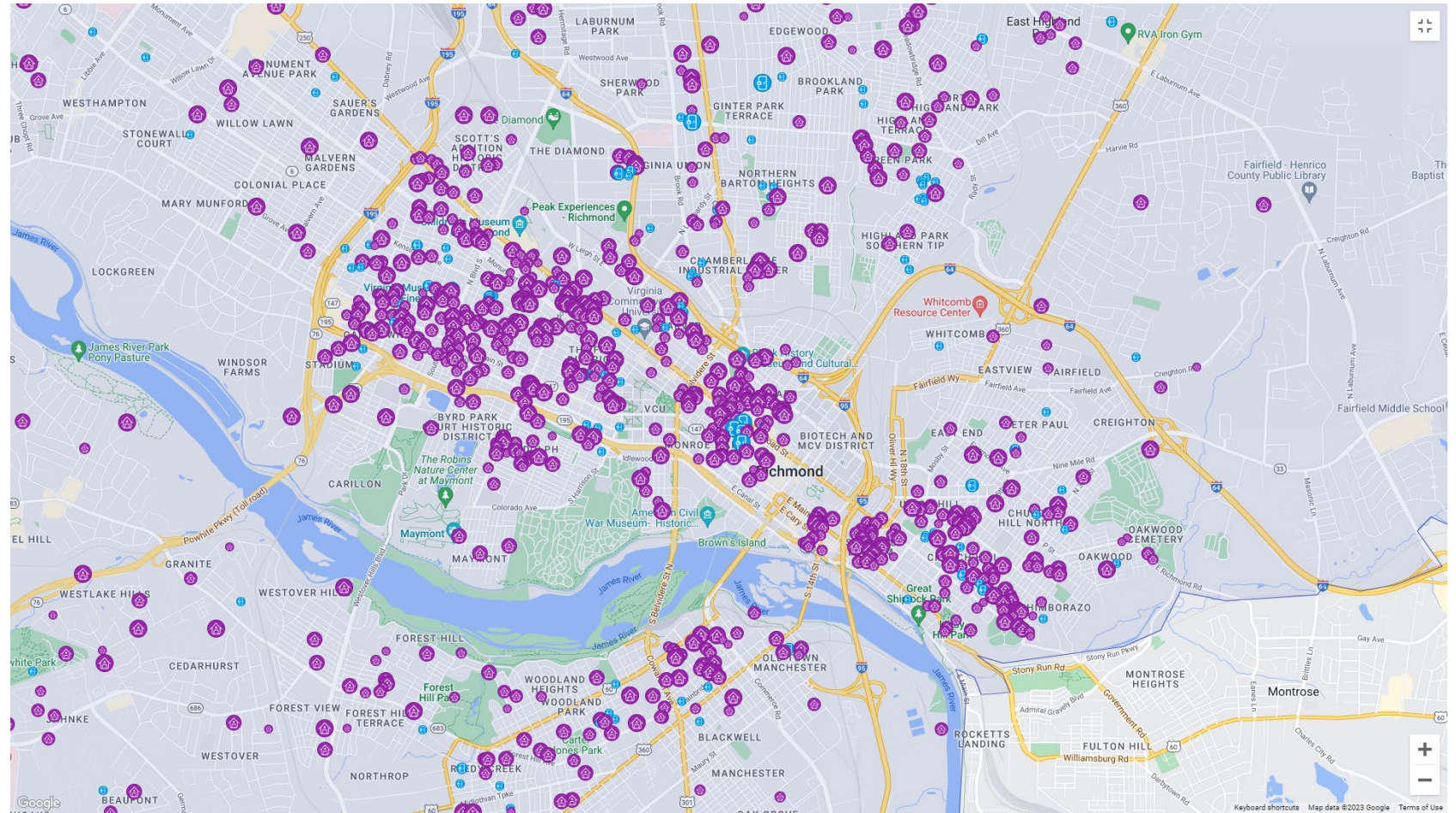
Recommend that the City Council **approve** ORD. 2023-235.

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?

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 two types of STRs?

accessory STR

aka homestay or homeshare

primary resident owner uses
their property as a STR

owner leases room(s) or
entire dwelling unit

owner may or may not be
present during stay

principal STR

aka vacation rental

non-resident owner uses a
property for a STR

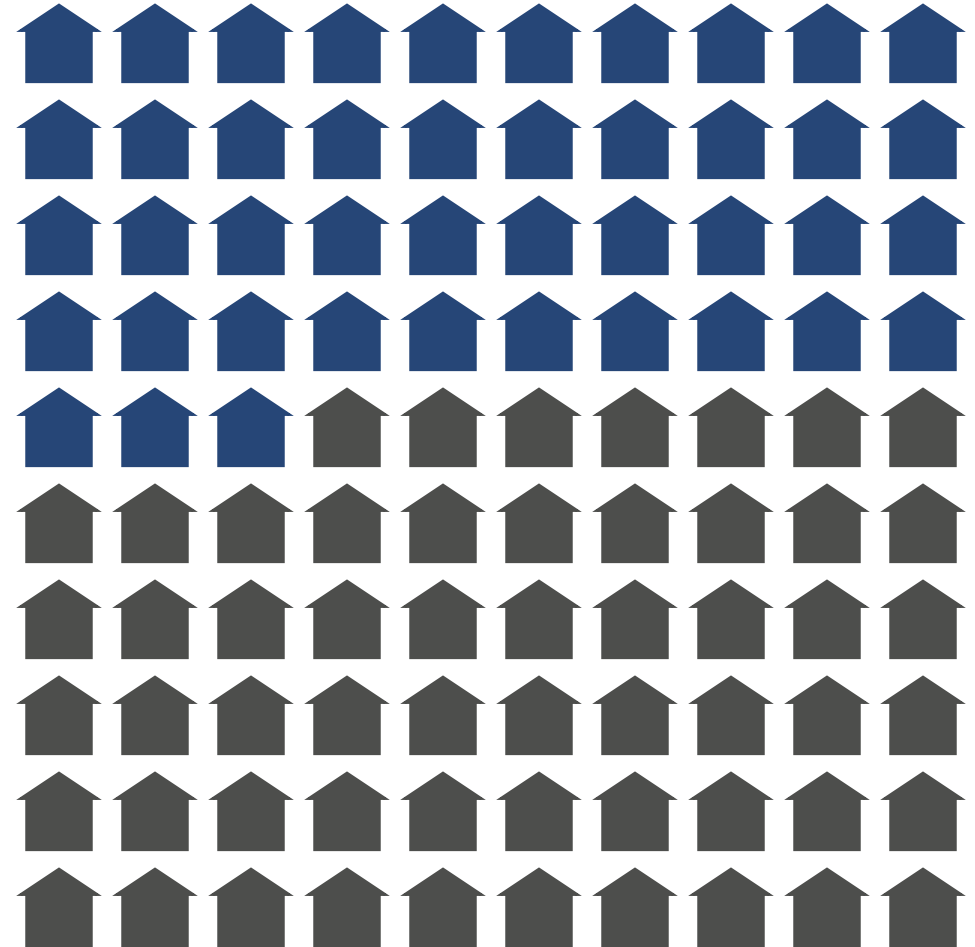
owner leases room(s) or
entire dwelling unit

owner not present during
stay

How do STRs impact housing availability?

When a **primary resident owner** uses their property as an **accessory STR**, it still houses the long-term owner

When a **non-resident owner** uses a property for a **principal STR**, it is no longer used to house a long-term renter



How did we draft this proposal?

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 about other jurisdictions?

Norfolk: permitted in several zoning districts; requires conditional use permit (CUP) in some residential districts

Virginia Beach: only permitted in two zoning districts: one requires permit, one requires conditional use permit (CUP)

Arlington: only permits one (1) accessory use STR at primary residence

Alexandria: uses registry approach under § 15.2-983 Code of Virginia

What changes are we proposing?

How can we regulate STRs?

limit the number of STRs on a parcel or in a structure

limit the number of occupants per stay

require installation of life/safety features and equipment

require remittance of occupancy and lodging taxes

limit STRs in specific geographical areas

regulate STRs in residential and commercial areas differently

Why focus on “R” zoning districts?

“R” zoning districts

while accessory uses are permitted, primary function is residential, not commercial

difficult to have a harmonious residential community with high percentage of transients

non-“R” zoning districts

many already contain similar transient uses at greater numbers and densities

property owners can more easily convert housing units to other non-dwelling uses by right

How do we limit STRs in “R” zoning districts?

permit one (1) accessory STR at primary residence

permit resident to operate one (1) principal STR

permit any entity to operate one (1) principal STR

permit a set number of principal STRs per geographic unit
(e.g. block, neighborhood)

How to regulate STRs in “R” zoning districts?

	PRIMARY RESIDENCE	ONE PER RESIDENT	ONE PER OWNER	ONE PER GEOGRAPHY
impact controlled by	ordinance	residency	market	ordinance
max # of principal STRs	zero (0)	# of owner-occupied units	# of registered entities	based on ratio
clustering potential	no	high	high	limited
administrative burden	medium	high	high	high

Why recommend a residency requirement?

first proposal recommended a geographic unit approach, but was changed after substantial negative public feedback

most straightforward means to prohibit principal use STRs, and thus preserve dwelling units for long-term residents

lower administrative burden, though additional resources will be required to assure compliance

Why make this change?

What is the purpose of our zoning ordinance?

promote health, safety, or general welfare of the public

provide for safety from fire, flood, impounding structure failure, crime and other dangers

facilitate the creation of a convenient, attractive, and harmonious community

promote preservation of affordable housing suitable for meeting the current and future needs of the locality

What guides our recommendation?

Richmond is in a housing crisis, both declared by resolution and evidenced by facts

principal STRs reduce the supply of dwelling units for long-term residents, and thus increase housing prices

clustering of principal STRs disproportionately impacts certain neighborhoods in the core of the city

given their individual and community benefits, we should permit STRs that do not reduce the supply of dwelling units

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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- 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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