

Discussion Points - Council Worksession on STR Ordinance Amendment

July 19, 2023 @ 4pm

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Definitions and Standards

- During the June 20 worksession, Council seemed to be in consensus that regulations should be established for minimum parking requirements and limits on number of guests for STR uses. As previously mentioned all other City standards and regulations would have to be met i.e. noise ordinance, limits on pets, etc.
 - The limit on guests can be defined in different ways. Either by number of bedrooms, an absolute number, etc.
 - Should there be a limit on number of days the property can operate as an STR?
- Should the City's ordinance distinguish between a resident "hosted STR" and a "non-hosted STR" use?
 - PC and Staff recommend the ordinance distinguishes between the two types of STRs and almost all jurisdictions distinguish between the two.
 - A "resident hosted STR" use can be defined in different ways. Either the host must live there a certain number of days a year, must be onsite during the rental, etc.
- Should signs for STR uses be prohibited in residential neighborhoods?
 - PC recommended the ordinance prohibit advertising signs in the neighborhood.
 - Some jurisdictions require a small sign be posted on the property identifying the point of contact for non-hosted STR uses
 - Could require signage to be conspicuously posted showing the phone number and email of the emergency contact person (even posted inside the home like a hotel), etc.
- Should language that prohibits commercial uses at an STR be incorporated?
- Should language requiring the designated contact for the STR to promptly respond when necessary to resolve issues be incorporated?

Location

- Should the number of STR uses within a specific residential neighborhood be limited?
 - PC recommended the ordinance limit the number in a specific neighborhood.
 - This was typically only found in larger jurisdictions.
 - Staff could use neighborhood boundaries established for HUD programs as the neighborhood boundaries, but would require additional tracking by staff.
- Should STR uses be prohibited near schools?
 - PC recommended the ordinance limit STR uses near schools.
 - Staff believes this regulation is not needed. Typically uses are prohibited near schools due to their clear and immediate impact to children such as adult entertainment uses, industrial uses with toxic or dangerous chemicals, firing ranges, etc. Staff would not place an STR use in the same category as those uses.

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- Should an accessory structure be allowed to operate as an STR?
For example, mother-in-law suites, accessory apartments.
 - This item was not presented to PC for consideration.
 - Accessory structures are allowed for family to stay only with the approval of an SEP.

Process

- Should an inspection process be established prior to the operation of an STR?
 - PC recommended an inspection of the premises prior to the operation as an STR.
- Does City Council want an annual registration process and fee for STRs?
 - PC discussed but no formal recommendation. State Code allows jurisdictions to require a registry and a registration fee up to \$500 but it exempts licensed realtors from the requirement. PC was unsure of how to best handle this scenario but thought the City should get all revenue deserved.
 - Staff will be able to track the STRs upon the approval of a zoning permit for such a use regardless of whether a formal registry and fee is established. Since State Code exempts VA licensed realtors from the requirement of a formal registry fee and the registry, enacting either of these may not be fruitful as many “non-hosted STRs” will use a licensed realtor to manage the property.
 - Richmond requires a biennial permit with a \$300 fee. The STR unit is inspected and the permit has to be renewed every two years which includes paying the permit fee. This option may not be available if the SEP process is chosen as the SEP requires Council approval and additional State Code provisions apply to SEP applications.
- During the June 20 discussion, City Council discussed different options for “hosted STR” uses to obtain approval to operate. Again, hosted can be defined as requiring a resident to be onsite during rental, or living onsite a minimum number of days in a year. Council can choose an administrative or legislative process for Staff to process the application for denial or approval (more detail below).
 - Administrative - Council can, if it desires, approve specific standards that must be met before Staff approves or denies a zoning permit for a hosted STR. These standards will be used by Staff to review the zoning permit; a process similar to a Home Occupation or an Accessory Apartment (see Attachments 1 and 2).
 - OR
 - Legislative - Council can, if it desires, choose a legislative process such as a SEP to hold public hearings at PC and Council before deciding whether to grant approval of a hosted STR use. Conditions of Approval can be placed on the application; however, staff believes many of the conditions of approval imposed on STR applications by other jurisdictions can be incorporated within

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the zoning ordinance for administration.

- Planning Commission was split on this recommendation (3-3).
- Staff recommends an administrative approval process for “hosted STR” uses as many localities have an administrative process established for “hosted STR” uses. In addition, Staff recommends drafting the ordinance amendment with an administrative process with specific standards for hosted STR uses due to the extensive time it will take to craft such standards for incorporation within the ordinance. Council can always revert to the SEP process for a hosted STR prior to ordinance adoption if they so desire; however, there would not be enough time to craft the specific standards for the “hosted STR” use within the ordinance towards the end of the adoption process. With this recommendation, Council can see the specific regulations crafted to address impacts of the use and determine a comfort level with the process.
- What level of scrutiny does City Council want to establish for “non-hosted STR” uses? Again, this is a scenario where the owner/manager for the STR does not reside not onsite. Council can choose an administrative or legislative process for Staff to process the application for denial or approval.
 - Administrative - Council can, if it desires, adopt specific regulations placed within the ordinance that must be met before Staff approves or denies a zoning permit for a non-hosted STR. These standards will be used by Staff to review the zoning permit for the use; a process similar to a Home Occupation or an Accessory Apartment (see Attachments 1 and 2).
 - OR
 - Legislative - Council can, if it desires, choose a legislative process such as a SEP to hold public hearings at PC and Council before deciding whether to grant approval of a hosted STR use. Conditions of Approval can be placed on the application. Many jurisdictions use the SEP process for non-hosted STR uses; however, Staff believes many of the conditions imposed on STR uses could be incorporated into the zoning ordinance to regulate “non-hosted STR” uses (see Attachment 3).
 - Planning Commission recommended a SEP be required prior to the operation of a “non-hosted STR” use.
 - Staff recommends drafting the ordinance amendment with an administrative process with specific standards for non-hosted STR uses due to the extensive time it will take to craft such within the ordinance. Council can always revert to the SEP process for a non-hosted STR prior to ordinance adoption if they so desire; however, there would not be enough time to craft the specific standards for the “non-hosted STR” use within the ordinance towards the end of the adoption process. With this recommendation, Council can see the specific regulations crafted to address impacts of the use and determine a comfort level with the process.

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Other Aspects Regarding STR

- State of Virginia requires tax collection for the use (§ 58.1-3826. Scope of transient occupancy tax).
 - The Transient Occupancy Tax must be applied uniformly to the uses; therefore, the transient tax rate that applies to hotels would also apply to STR uses.
 - Commissioner of Revenue states that a BPOL is not required for the renting of one's own property. If an agency or business is hired to manage the rental of property, the agency or business is required to have a business license.
- Penalties for non-compliance with City Code.
 - Currently the Zoning Ordinance, Noise Ordinance, etc. stipulates penalties for non-compliance.
 - Does City Council want additional penalties in place for non-compliance with the STR provisions of the ordinance?
- Once the use is defined in the Zoning Ordinance, all ordinance provisions will apply including the requirement for permit approval before operation of the STR use.

Attachments

- o Attachment 1 – City Home Occupation Regulations
- o Attachment 2 – City Accessory Apartment Regulations
- o Attachment 3 – Sample Conditions of Approval for STR uses