**Short Term Rental Resolution**

**Background**

Sharing homes has been commonplace for as long as there have been spare rooms. Whether through word of mouth, ads in newspapers or flyers on community bulletin boards, renters and homeowners alike have always managed to rent or share rooms in their living spaces. Traditionally these transactions were analog, local and limited in nature, but with the internet and the sharing economy on line resources such as Airbnb.com and HomeAway.com have become mainstream for people to advertise and rent out their entire home or spare bedrooms to complete strangers from far-away with a few mouse-clicks or taps on a smartphone. As a result, the number of homes listed for short-term rental has grown to about 4 million, a 10-fold increase over the last 5 years.

With the rapid growth of AirBnB and other similar platforms, communities across the country are experiencing the effects of transient occupants in residential communities.

As a result, how to effectively regulate home-sharing and short-term rentals has become one of the hottest topics among government leaders across the country.

Why regulate home-sharing and short-term rentals in the first place?

1. Increased traffic from short-term renters can transform residential communities into “communities of transients” impacting the fabric of communities where people are less interested in investing in one another’s lives, be it in the form of informal friend groups or church, school and other civic and community organizations.
2. Short-term renters are unlikely to be knowledgeable and follow local rules, resulting in public safety risks, noise issues, trash and parking problems for neighboring residents.
3. Homes that are rented to larger groups of people with the intent to hold parties can severely impact neighbors and drive down home values.
4. Conversion of residential units into short-term rentals can result in fewer affordable housing options and higher rents for long-term renters in the community.
5. Loss of tax revenue (most often referred to as Transient Occupancy Tax / Hotel Tax / Bed Tax or Transaction Privilege Tax) as 70-80% of short-term hosts fail to remit those taxes even if it is required by law. The loss of tax revenue has a deleterious effect on maintaining infrastructure such as roads.
6. Lack of regulation or enforcement of existing ordinances causes tension between short-term landlords and their neighbors.
7. Short Term Rentals in residential neighborhoods, often in violation of existing local zoning ordinances, i.e. R-1, will lead to further disillusionment with local government officials who may be perceived as ineffective in protecting the interests of local tax-paying citizens.
8. Home sellers may have more difficulty closing a sale if prospective home buyers became aware that a short term rental property was next door or across the street. What is the liability of the homeowner and agent to reveal that short term rental property is nearby?
9. Some Economists have determined that, on average, property values in neighbors with commercial operations such as short term rentals drop by 7.3 percent for every one percent increase in commercial activity.
10. AirBnB plans to offer a new service this year to book concierge like services including personal chefs, restaurant reservations, tours, and theater tickets, making AirBnB nearly equivalent to hotels in service offerings.

While it may be very lucrative for private citizens to become part-time “innkeepers”, the negative effects are borne by the neighbors and the surrounding community who get nothing in return.

The big question is not whether it makes sense to regulate short-term rentals, but how to do it to preserve communities and neighborhoods.

**Resolution**

**Whereas,** the Virginia General Assembly passed legislation in the 2016 session known as SB416, The Limited Residential Lodging Act (“Act”), on April 1, 2016; and

**Whereas,** the “Act” requires the Virginia Housing Commission to convene a Working Group of interested parties to consider issues related to short term rentals who need to complete their work by December 1, 2016; and

**Whereas,** the “Act” creates a statutory mechanism for the regulation and taxation of short term rental transactions by allowing home owners and residents to rent out all or a portion of their homes on a temporary basis and provide procedures to collect and remit sales and uses taxes and transient occupancy taxes; and

**Whereas**, the “Act” provides no equivalent Virginia licensing, inspection and tax requirements that are mandated for traditional Bed and Breakfast facilities; and

**Whereas**, there is no one size fits all regulatory approach that will work for all communities in Virginia and regulations should be written and adapted to fit county, city and municipality circumstances and objectives; and

**Whereas**, the “Act” proposes to preclude county, city and municipal localities from enacting local ordinances that prohibit the use of a residential dwelling as short term or limited residential lodging or that would impose additional regulations on host homeowners; and

**Whereas**, § 15.2-2200 of the Code of Virginia states the General Assembly’s legislative intent that localities are encouraged to improve the public health, safety, convenience and welfare of its citizens and that residential areas shall be provided with healthy surroundings for family life; and

**Whereas**, § 15.2-2283 of the Code of Virginia authorizes localities to enact zoning ordinances for the general purpose of promoting the health, safety or general welfare of the public and of further accomplishing the objectives of § 15.2-2200. Furthermore, the zoning ordinance is to give reasonable consideration to reduce or prevent congestion in public streets, facilitate the creation of a convenient, attractive and harmonious community, protect against overcrowding of land; and

**Whereas**, we support the ability of Fairfax County to maintain local authority to plan and regulate land use within its boundaries with input of its residents; and

**Whereas**, Fairfax County has a Zoning Ordinance that contains limitations on the occupancy of a dwelling unit to one (1) family, which may consist of one (1) person or two (2) or more persons related by blood or marriage with any number of and with not to exceed two (2) roomers or boarders with a Home Occupation Permit; and

**Now, Therefore Be It Resolved**, that Mount Vernon Council of Citizens Associations expresses its opposition to SB 416, Limited Lodging Act as currently written and supports the following revision to the “Act”:

* Permit local county, city or municipality to exercise discretion and authority to enact local ordinances that regulate the short term rental of residential dwellings and inspect and tax each dwelling or facility that rents or lease short term rental accommodations.
  + - Require any dwelling or facility that rents or leases accommodations for over 15 days per in Virginia to register as a business.
    - Require full, open and transparent identification of every Virginia facility, listed on any on line short term rental platform, such as AirBnB, with the full identification of the owner/operator.
    - Require that all dwellings and facilities that rent or lease accommodations for more than 15 days per year meet applicable State requirements and codes for Buildings, meet applicable State Fire and Safety requirements and codes, applicable State Health Department Regulations and meet applicable State ABC laws and Regulations.
    - Require all short term on line platforms or the actual host owner/operator, to collect and pay all applicable state sales tax and transient occupancy taxes.
    - Require all short term rental on line platforms to provide a full accounting of all income/revenue collected by its dwellings or facilities, and account for any taxes collected and paid by the hosting "platform".
* Require that all facilities that rent or lease accommodations for more than 15 days per year money have appropriate commercial business insurance.
* Permit Home Owner Associations (HOAs), Condominium Associations and similar organizations to have covenants that include leasing restrictions, such as a minimum leasing periods of six months.