

### Homestay Compliance Updates as of December 31, 2022

As of August 2019, a number of homestays were operating in Albemarle County without obtaining applicable zoning clearances or remitting taxes, creating a “compliance gap.” Following the adoption of the homestay zoning text amendments on August 7, 2019, the Community Development Department (CDD) and Finance staff developed a plan to use a third-party service to identify homestay listings within the County. The use of the third-party vendor was successful in establishing the initial homestay compliance program, and in significantly closing the compliance gap. However, after evaluation by Finance Staff, it was determined that the service costs currently exceed the County revenue collected from homestay uses, and the service will not be renewed. Instead, staff will be using a combination of reports generated by a select number of the listing companies and TOT collection report to identify non-compliant homestay operators. The remainder of the homestay compliance process will remain unchanged. The tables below summarize the number of homestays contacted since the program began, their response rates, and additional data. Please note that the revenue captured in the first two columns also includes the collection of previously unpaid TOT.

<b>Finance and Budget</b>	<b>Prior to May 12, 2020</b>	<b>May 13, 2020 - May 13, 2021</b>	<b>May 14, 2021 - June 30, 2022</b>	<b>July 1, 2022 – December 31, 2022</b>
Number of letters to homestay operators	295	Additional 32	Additional 44	Additional 46
Percentage responded	61%	72%	70%	45%
Captured Revenue including TOT	\$96,997	\$190,874	\$33,793.00	\$12,180.00

### Zoning Enforcement

As of July 27, 2021, the Zoning division has tracked compliance for those who received first contact letters based on the third-party software. The table below details the number of first contact letters by year. The majority of the homestay listings identified are now in compliance or had no zoning violation(s) found.

<b>Year</b>	<b>Homestay Investigations</b>
<b>2019</b>	200
<b>2020</b>	99
<b>2021</b>	95
<b>2022</b>	71

### Homestay Zoning Clearance Applications

From its adoption up until 2016, staff received an average of two Bed and Breakfast or Accessory Tourist Lodging applications per year. Beginning in 2017, when the homestay study process began, applications began increasing to an average of approximately 53 per year. During the years 2017-2019, a total of 184 applications were received prior to the beginning of the proactive compliance program.

Under the new zoning regulations, approximately 215 clearance applications have been submitted. The majority of homestay applications received are in the Rural Areas zoning district, with about 15% located in residential zoning districts. Approximately 60% of homestay listings in the County offer two or fewer bedrooms.

Year	Homestay Applications
2019	27
2020	61
2021	57
2022	70

### Short Term Rental Registry

With the ordinance changes in 2019, Short Term Rental Registry provisions were also added. The registry provides an additional enforcement tool for homestay violations, including fines and a “three strikes” provision, which prohibits an owner from offering a homestay for rental upon more than three violations. Not all homestay operators are required to register, including those represented by a real estate licensee or licensed by the health department. As of December 31, 2022, 163 homestays, including those approved prior to ordinance changes as accessory tourist lodging or bed and breakfasts, have registered. Also, as of the date of this report, there are no homestays listed on the short-term registry with active violation(s).

### Total Special Exceptions data through December 31, 2022

Since August 2019, a total of 55 special exception applications have been submitted to waive or modify homestay zoning regulations. Some applications include a request to waive or modify more than one section of the ordinance. The table below details the specific requests and review status.

Waiver/Modification	Submitted	Approved	Denied	Under Review	Withdrawn
125' Setback Reduction	40	27	2	10	1
Increase Guest Rooms	7	3	2	2	
Accessory Structure	5	2		3	
Owner-occupancy / Resident Manager	3		1	2	

### Next Steps

Based on the approval history, staff recommends that all homestay special exceptions be acted upon as consent agenda items unless an objection or concern is raised about the special exception, consistent with the procedure for all other special exceptions acted upon by the Board. Staff will continue to monitor the types of homestay special exception applications that are submitted and processed. Staff will report those findings back to the Board of Supervisors in late summer or early fall of 2023 and may make recommendations regarding the need for additional zoning text amendments.