

Homestay Compliance Updates as of July 27, 2021

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. That service was used to generate mailing lists, and continues to be used as a tool for homestay compliance verification and monitoring. The tables below summarize the number of homestays contacted since the program began, their response rates, and additional data. For several reasons, fewer operators were contacted over the past year. For approximately eight months, staff did not have access to the third-party service while an appropriation was pending, and the contract needed to be renewed. Staff also believes that fewer mailings will be needed as the compliance gap continues to decrease. However, this use typically fluctuates, and the study period has included 14+ months impacted by the COVID-19 pandemic.

Finance and Budget	Prior to May 12, 2020	May 13, 2020-May 13, 2021
Number of letters to homestay operators	295	Additional 32
Percentage responded	61%	72%
Captured Revenue including TOT	\$96,997	\$190,874

Zoning Enforcement

As of July 27, 2021, the Zoning division has tracked compliance for those who received inquiry letters based on the third-party software. The table below details the number of inquiry letters by year, with a total of 377 properties contacted. Ninety percent of the homestay listings identified are now in compliance or had no zoning violation(s) found.

Year	Homestay Investigations
2019	200
2020	99
as of May 13, 2021	78

Homestay Zoning Clearance Applications

CDD continues to see an increase in the number of homestay applications submitted. Up until 2016, staff received an average of two applications per year. Beginning in 2017, when the Homestay study process began, applications began increasing to an average of 46 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, 122 clearance applications have been submitted. Approximately 87% of the homestay applications received are in the Rural Areas zoning district, with 13% 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
as of May 13, 2021	34

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. To date, 70 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 July 27, 2021

Since August 2019, a total of 43 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	3		1	2	

Special Exceptions to Reduce 125' Setback in the Rural Areas

The most frequently requested (and approved) special exception has been to *Albemarle County Code* § 18-5.1.48(j)(1)(v) and § 18-5.1.48(j)(2)(v). Forty requests have been submitted, with 27 approved, 2 denied, and 10 under review and scheduled for Board meetings in September and October. Those approved have included a condition for buffer/screening consistent with that applicable to Commercial uses adjacent to RA properties. Staff estimates that the special exception review process takes an average of 20-30 hours to complete, from preapplication meetings with applicants through Board action.

Based on the high volume of applications over the past two years, 125' may not be the appropriate setback and might be reduced, as long as screening requirements are added to the ordinance. Staff recommends that the Board initiate a zoning text amendment to revisit this regulation.