



Albemarle County

Legislation Text

File #: 21-313, **Version:** 1

AGENDA DATE: 8/18/2021

TITLE: Work Session on Homestay Program

SUBJECT/PROPOSAL/REQUEST: Receive Homestay Compliance Program updates, discuss Potential Zoning Text Amendment, and identify topics for a future Work Session

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Walker, Kampthner, Herrick, Filardo, Birch, McCulley, Lin, Svoboda, Ragsdale, Green, Bradshaw

PRESENTER (S): Bart Svoboda

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: A "homestay" provides lodging and rooms to guests for less than 30 days, is accessory to a single-family dwelling, and may offer no more than five guest bedrooms for lodging. Homestays are also known as "short term rentals," "Airbnb," "VRBO," or "transient lodging," and were previously known in the Albemarle County Zoning Ordinance as "Bed and Breakfasts" or "Accessory Tourist Lodging." The number of homestays operating at the time without holding applicable zoning clearances or remitting applicable taxes created a "compliance gap." Study of the issue led to a series of amendments to the County's taxation, health and safety, fire protection, and zoning regulations in 2017-2019. Those amendments attempted to balance increased tourism with preserving the Rural Area and residential areas from potential negative impacts.

STRATEGIC PLAN: Quality Government Operations - Ensure County government's capacity to provide high quality service that achieves community priorities

DISCUSSION: This work session is in response to the Board's request to review the homestay compliance program and experience with the new regulations after implementation. After the first updates were provided to the Board in June 2020, the Board requested another update the following year.

1. **Proactive Compliance Program Updates** - With the assistance of a third-party service, staff began contacting homestay operators proactively to achieve compliance. Staff believes that 90% of homestays are now compliant and \$287,871 total revenue, including transient occupancy tax (TOT), has been captured. Attachment B provides additional updates. Staff recommends that the third-party service be extended for an additional year. The service has been essential to the proactive compliance program, capturing lost revenue, and success in closing the compliance gap. Staff will bring a future appropriation forward prior to renewing the contract for services.
2. **Initiate a zoning text amendment to amend the 125' setback for Rural Area homestays and parking** - Albemarle County Code § 18-5.1.48(j)(1)(v) and § 18-5.1.48(j)(2)(v) require a 125' homestay setback in the Rural Areas (RA) zoning district from any abutting lot not under the same ownership. To

date, 40 special exception requests have been submitted to reduce the required setback, and 23 have been approved as of July 27, 2021. Detailed information is provided in Attachment C. When a high number of applications is approved on a recurring issue, the best practice may be to amend the regulations rather than to repeatedly consider recurring special exception requests.

Staff recommends amending these County Code sections to save staff resources and build capacity for other work program priorities. Staff recommends that the Board direct staff to prepare a resolution of intent, public process, and schedule a proposed resolution of intent on the Board's next available consent agenda, tentatively, September 15, 2021.

3. **Future Work Session topics** - Staff has begun to identify other homestay topics that will need further discussion at a future work session. Board members may wish to identify additional future topics, such as considering amendments to owner-occupancy requirements - Albemarle County Code § 18-5.1.48(j)(1)(iv) requires owner-occupancy for each homestay located on a parcel of less than five acres in the Rural Areas Zoning District. Staff recommends that this ordinance be amended to allow special exception requests, regardless of parcel size or zoning district, and to make other necessary updates for clarification and ease of administration. Given some of the complexities related to this issue, if the Board is interested, an additional work session could be scheduled to discuss the scope of study prior to initiating a text amendment.

BUDGET IMPACT: The cost of the first year of third-party support, that expired on April 1, 2020, was \$9,465. The cost of extending the service for a second year (January through December 2021) was approximately \$7,572. The cost for extending the service for another year is \$7,572.

RECOMMENDATION: Staff recommends that the Board:

1. Endorse the continued proactive compliance program and funding for the third-party support service for another year.
2. Direct staff to prepare a resolution of intent to amend Albemarle County Code §§ 18-5.1.48(j)(1)(v) and 18-5.1.48(j)(2)(v).
3. Advise staff if a future work session on remaining topics is desired once the zoning text amendment to adopt the above-referenced resolution of intent is completed, tentatively in the first quarter of 2022.

ATTACHMENTS:

A - Section 5.1.48 Homestay Zoning Regulations

B - Homestay Compliance Updates and Special Exception Data