

April 11, 2022

TO: Town Council of Irvington, VA
Mayor Julie Harris, Irvington VA

From: Irvington Short Term Rental (STR) Committee

Members: Phil Robinson (Chair)
Mary Burgess
Wayne Nunnally
Mary Carol Taylor
Tara Thurston

Subject: Recommendations for Short Term Rentals (STR) in Irvington

Summary of Recommendations

1. Occupancy Tax and Tax Collection

- a. The town staff should continue to work, as best as possible, with the intermediaries (platforms such as VRBO) and the Virginia Dept of Taxation, to ensure tax payments are remitted. We suggest letting larger jurisdictions, who are working the same issue, do a lot of the legwork in sorting out a solution, which Irvington can eventually emulate. Furthermore, it would be prudent to see if Virginia Senate Bill 651, which is awaiting the Governor's signature, provides a resolution to the issue, upon its effective date of October 1, 2022. (Note: This bill went into law the day after this document was approved by the STR committee)
- b. If STR's are privately marketed (not through an intermediary), Irvington should continue to accept occupancy tax payments directly from the STR owner
- c. Irvington should require tax forms to be filed quarterly, versus monthly, to save paperwork for all involved.
- d. We recommend Irvington update its website to allow for online tax form filing and payment

2. Numbers of STR's

- a. We recommend that the Town limit the number of STR's to 35 via the establishment of a Zoning Overlay **ordinance** for R-1, R-2, M-1, B-1, and B-2 Zoning Districts
- b. Grandfathering of existing STR's:

- i. We recommend that STR's who have been:
 - 1. Actively paying occupancy taxes (either directly through the town or through intermediaries); or
 - 2. Who are registered with the Town; or
 - 3. Can demonstrate that they have been legally operating their property as an STR and paying occupancy taxes

Can apply to the Town Zoning administrator to be grandfathered in via a single combined CUP or other administrative process by the Town Council.

 - ii. If legally possible, the initial approval to operate an STR expires with the sale or transfer of title of the property. (Note: Many STR's are LLC's. If the LLC is sold to another entity, then that does not change the ownership of the property, and the STR could continue to operate.)
 - iii. The number of STR's initially grandfathered in shall not exceed 35
 - iv. All grandfathered STR's must meet the safety and liability insurance recommendations of this report.
- c. New requests for STR's:
 - i. Approval to operate as an STR, if not provided in section b above, must be sought via the CUP process.
 - ii. If legally possible, any CUP approved for an STR should include a provision that the CUP expires on transfer of ownership or sale of the property. (Note: Many STR's are LLC's. If the LLC is sold to another entity, then that does not change the ownership of the property, and the STR could continue to operate.)
- d. We recommend an **ordinance** stating that any tax map number that has been specifically approved by the Town Council via a Conditional Use Permit (CUP) for an Inn, Hotel, Motel, or Tourist Home is exempt from the STR cap.

3. Safety

- a. We recommend that the Town require STR owners to certify the following as a part of their application:
 - i. Smoke detectors are installed in each bedroom, in hallways outside sleeping rooms, and on each level.
 - ii. In homes with propane, Carbon Monoxide (CO) detectors are installed on each level, and outside sleeping areas.

- iii. A working fire extinguisher is provided in the kitchen in an easily accessible location
 - iv. No portable kerosene or oil heaters are in the home or will be allowed in the home
 - v. Detectors will be tested quarterly, and the fire extinguisher gauge must be checked for discharge quarterly.
- b. We recommend that a self-certification statement of a quarterly test of fire and CO detectors and inspection of fire extinguishers be included on the quarterly tax form.
 - c. We recommend requiring an STR owner to maintain a Commercial General Liability Insurance policy, specifically endorsed for Short Term Rentals, for a minimum of \$500,000 in liability, from a firm licensed to provide insurance in Virginia. A Certificate of Insurance (COI) should be provided with the initial registration.
 - d. If Lancaster County adopts a STR safety inspection requirement, we recommend that Irvington endorse and follow this requirement.

4. Rental Rules and Renter Conduct:

- a. We recommend limiting STR occupancy to 2 adults (12 years old or older) per bedroom up to the "Bedroom number" limit of the Virginia Department of Health approved septic system, plus 1 child (under 12) per two adults. If the residence does not have a Virginia Dept of Health approved septic permit, then the number of bedrooms for occupancy calculation shall be determined by the Town Zoning Administrator.
- b. We recommend allowing a maximum of 10 people, of any age, to inhabit a single STR accommodation.
- c. Staff should keep a complaint file and forward any repeat issues to the Town Council. Town Council may revoke the CUP or license
- d. We recommend an **ordinance** requiring an STR owner or registered agent to be able respond in person to the STR property to resolve any issues within 90 minutes

5. Annual Registration and Registration Form

- a. We recommend requiring only one annual STR registration be required per tax map number.
- b. We recommend that the number of Virginia Dept of Health septic-approved bedrooms for the STR be listed on the registration.
- c. We recommend an annual STR registration fee of \$50 (only a nominal fee is allowed by VA 15-2-983)

- d. We recommend that the registration form list an agent or owner who can respond in person to issues within 90 minutes
- e. We recommend an **ordinance** setting the penalty for Non-Registration, or operating an STR without Town Council approval– at \$500 per offense, the maximum allowed by VA 15-2-983
- f. We recommend an **ordinance** calling for permanent revocation of an STR registration after the third offense of no registration or non-payment of taxes. Restoration will only be allowed by permission of the Town Council.
- g. We recommend the town staff be allowed to update the annual STR registration form, as necessary.
- h. We recommend advertising the new STR rules on the Town website and in the Rappahannock Record
- i. We recommend an **ordinance** stating that STR registration is not required for pre-sales occupancy of a home.

6. Use of Taxes

- a. We recommend that proceeds from the occupancy tax be used to build additional sidewalks in Irvington, including sidewalks to Vineyard Grove and to West Irvington
- b. We recommend that proceeds from the occupancy tax be used to modernize the town website including online payment of taxes and fees.
- c. We recommend that proceeds from the occupancy tax be used for public safety initiatives, including funding supplemental police protection for the town.
- d. We recommend that proceeds from the occupancy tax be used to bring free wifi back to public areas in town.