

# Short-Term Residential Rental Registry

October 17, 2017





# What is Home Sharing?

- “Home sharing” refers to the rental of houses, condos, or apartments to short-term guests.
- Has become a popular way for owners and tenants (“operators”) to earn extra income.
- Typically occur through online home-sharing platforms, such as Airbnb, craigslist, Expedia, FlipKey, HomeAway, TripAdvisor, and VRBO.



# Why are we talking about this now?



- A new State law ([§ 15.2-983](#)) enacted in 2017 allows localities to adopt an ordinance to establish a local registry of short-term rental properties.
- Registration is administrative in nature.
- The law does not change any existing tax or zoning requirements, condo or lease provisions, homeowner association restrictions, or other agreements or rules.



# Background

- Key taxes pertinent to Home Sharing~
- **State and Local Sales Taxes** totaling 6%
- **Regional and Local Transient Lodging Taxes** of 8.5% plus \$1 per room per night must be collected and remitted to the City *for any rental that can lodge four or more persons at any one time*
  - Staff is considering a proposal to City Council to amend the ordinance by removing the “four or more persons” reference. This would promote equity between short-term rentals of various sizes.
- **Business, Professional and Occupational License (BPOL)~** if gross revenue is greater than \$10,000 annually, and host rents more than four separate dwelling units (each having cooking facilities).
  - A BPOL license is only required if they meet these two conditions.

# Background



- Nationwide, many localities are working to ensure that all taxes are assessed and collected fairly.
- This starts with identifying home sharing properties. Estimates of the number of short-term rental properties in Alexandria vary widely.
- A couple of tax collection processes are under consideration for the Transient Lodging Tax:

# Transient Lodging Tax Process



- Voluntary Collection Agreement (VCA) with Airbnb (Airbnb has an estimated market share of around 70-80% in the City)
  - Efficiency, simplicity
  - Audit limitations
  - Still need solution for remaining 20-30% of rentals

# Transient Lodging Tax Process



- Use local Registry to contact other platform hosts
- Requires more manual staff intervention
- May supplement discovery & compliance efforts with information from third-party vendors~
  - Companies identify hosts from platform data mining
  - Fee based, but revenue expected to exceed cost
  - Less precise for condo buildings

# Proposed Ordinance, Please Share Your Input



- This Fall, City Council will consider a proposed ordinance to implement the new **Local Registry to identify and help the City collect taxes from Short-Term Residential Rentals.**
  - This simply implements the new state law
  - This is not a proposal to allow/disallow or regulate the operation of short-term residential rentals