



Homestays/Short-Term Rental Study

City Council Work Session

May 2026

Neighborhood Development Services

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Agenda



- Introduction and Overview
- Study Process
- Research and Data Insights
- Option Considered for Changes to the Development Code
- Community and Stakeholder Engagement
- Implementation and Next Steps

Project Webpage: [City of Charlottesville Homestay/Short Term Rental Study](#)

Key Study Takeaways

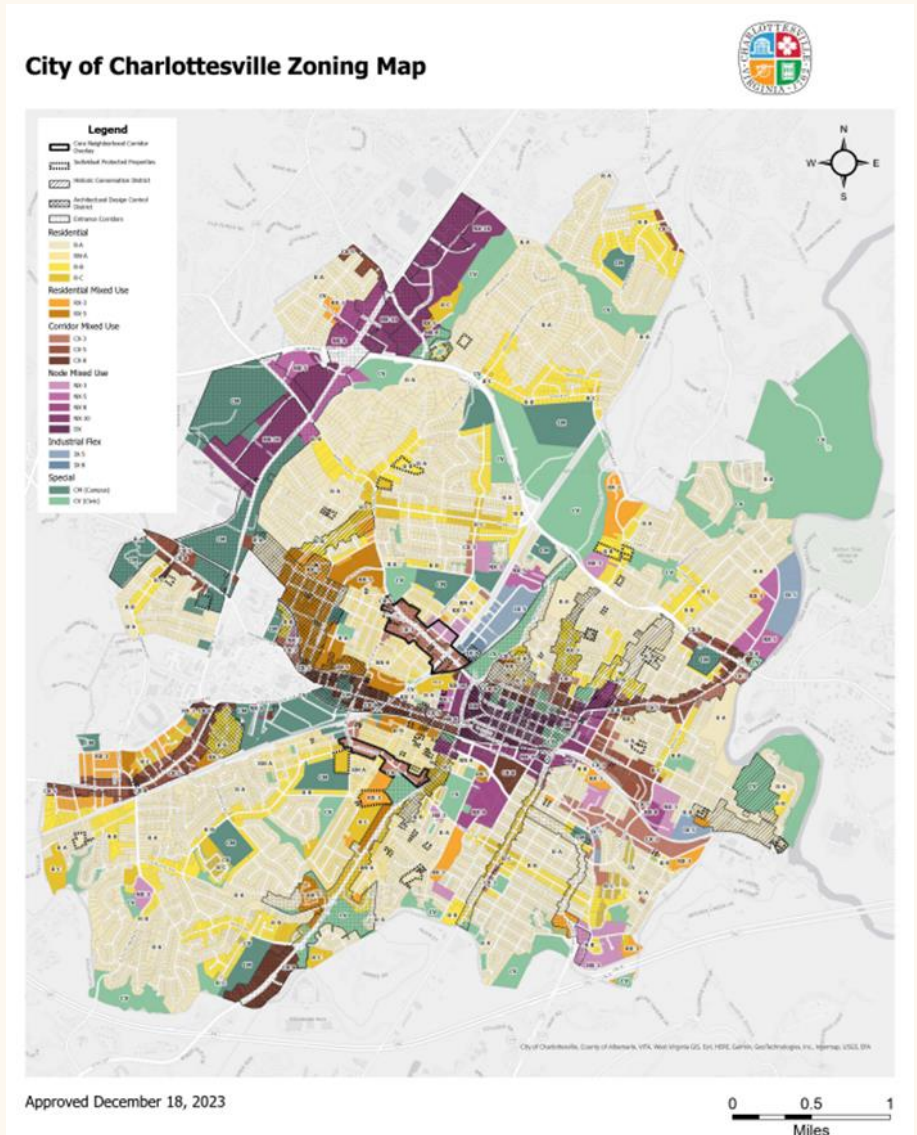


- Study process included:
 - Research on other jurisdictions and state code
 - Preparation of potential options for Development Code amendments
 - Community engagement
- Presentation provides overview of potential options
- There is an unknown potential impact of state code provisions requiring allowance for renters to operate homestays, with changes to local homestay ordinances
- Benefits of possible code changes may not outweigh potential issues/concerns
- Additional staff resources are now available for enforcement
- Staff recommends maintaining existing ordinance and continuing to monitor for potential future changes

Homestay/Short Term Rentals (STRs) Study Overview



- What is a Homestay:
 - A residential property that is rented for less than 30 days
- What Properties are affected:
 - Homestays located within Residential (R-A, RN-A R-B, R-C) Districts (yellow-shaded areas)*
- Who can operate a Homestay:
 - Property owners who reside at the residence for at least 185 days of the calendar year
- Current issues and concerns:
 - The current code was created in 2015
 - The number of homestays have increased significantly
 - Existing policies may not support Comp Plan goals for housing and community stability



*Homestays in other Zoning Districts are considered "General Lodging", permitted without special permit, and outside of the scope of this study



Current Regulations in Residential Districts

- The property owner must provide proof of residency by providing a photo ID
 - A voter ID doesn't provide proof of residency
- A Homestay Permit is valid for 1 year, with a fee of \$100
- The code states that an operator is required to have smoke detectors and carbon monoxide detectors, fire extinguisher
 - Code requires that a permit holder allow staff to access the premises once a year if notified in advance
- Must reside in the unit at least 185 days a year
- Up to 6 adults and any number of children may lease a homestay



What are the Key Issues/Concerns?

- Code compliance
 - Obtaining Homestay Permit
 - Maintaining permanent residency
 - Enforcing requirements
 - Collecting business license fee
 - Ensuring safety
- Impacts on Neighborhoods
 - Nuisance: Noise, parking, traffic issues
 - Loss of housing units for permanent residents

Study Process



Process Timeline



PROJECT TIMELINE & PROCESS FLOW: 2025-2026

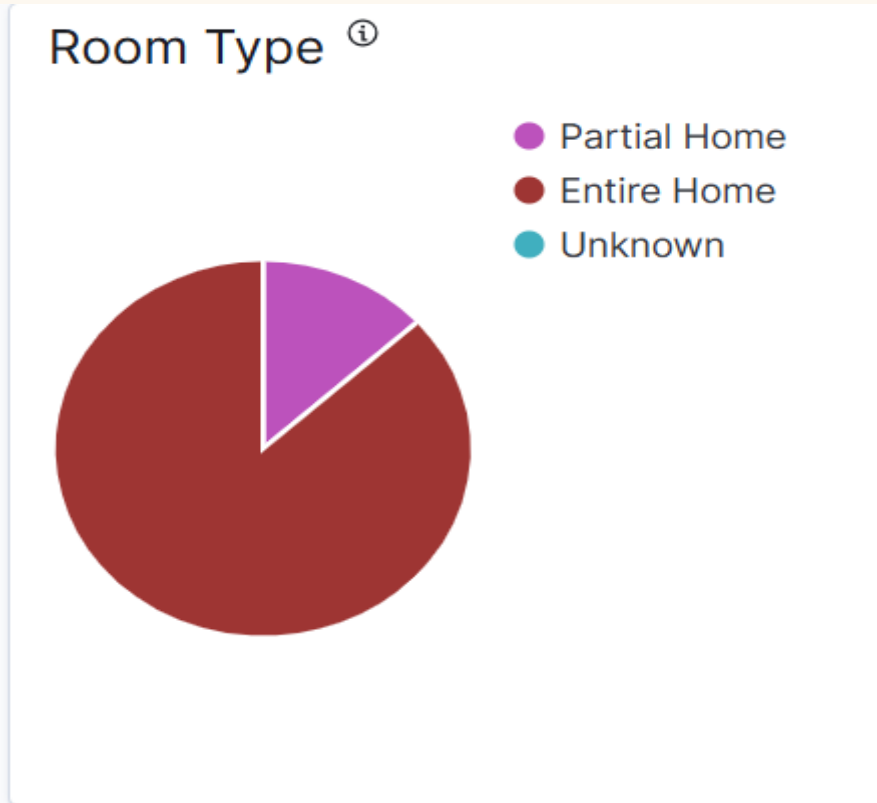


Research and Data Insights

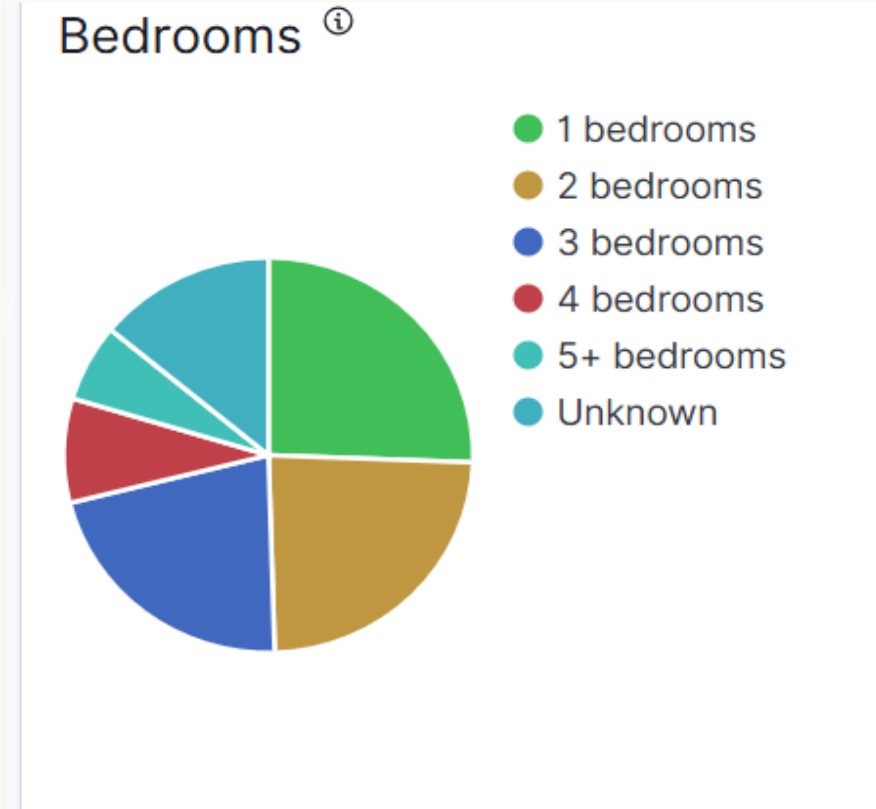


- Software tailored for City of Charlottesville
 - Locate Short Term Rentals
 - Assist with proactive enforcement and licensing
 - Ensure that all occupancy taxes are collected (9%)
 - Letter generation
- Highlights:
 - Identification of 529 short term rentals (83% on single family properties)
 - Tracks rentals from every platform
 - Catalogs rental history
 - Enforcement tool

Charlottesville Homestay Data



Source: Granicus
Entire home rental: 85%
Partial home rental: 15%



Source: Granicus
Rental Unit bedroom count:
1 bedroom: 25%
2 bedrooms: 24%
3 bedrooms: 22%
4 bedrooms: 9%
5+ bedrooms: 6%



Budgetary Impacts of Homestays: 2025

	STRs/Homestays	Hotels/Motels
Business Tangible Property Tax	\$12,390.82	\$182,998.80
Meals Tax	\$0.0	\$394,308.16
Transient Occupancy Tax	\$1,547,126.92	\$7,613,163.24
Business License	\$18,283.68	\$292,115.02
All Taxes Total	\$1,581,322.70	\$8,482,585.22

Key Takeaways:

- More revenue is generated from Hotels/Motels

Source: Commissioner of Revenue



Area Guest Accommodations

For the Charlottesville & Albemarle Area

- Over 4,100 guest accommodations in market.
- Approximately 1,518,035 listing nights available
- In 2024, short-term rentals accounted for 14% of inventory.

Source: AirDNA, ConventionSouth



Economic Impacts of Homestays Continued

Industries benefiting from Short Term Rentals

- Tourism dollars
- Wedding Industry
- Breweries and Vineyards
- Local restaurants and businesses
- Cleaning agencies
- Repair companies



Comparative Research

- Comparative Research Highlights (Other Localities):
 - Proof of Residency: Most localities (ex., New Orleans, Arlington, Blacksburg) require primary residency proof, similar to Charlottesville.
 - Permit Validity & Fees: Varies from annual to bi-annual, with fees ranging from \$40 (Greenville, SC) to \$560 (York, VA).
 - Inspections: Many require safety inspections (ex., smoke/CO detectors, evacuation plans) by city departments.
 - Guest Limits: Common to limit guests per bedroom (ex., 2 per bedroom) or total property (e.g., 6-10 total).



Comparative Research

- Comparative Research Highlights (Other Localities)
 - Proof of Insurance: Often required (ex., \$1,000,000 liability in New Orleans, Roanoke, York County).
 - Proof of residency requirements: driver's license, sworn affidavit,
 - all localities require documentation to prove that a property is owned by the applicant.
 - (New) Human Trafficking Certification
 - all Virginia Operator's will be required to comply with new regulation



State Code Provisions

- Virginia General Assembly passed new law which requires localities to allow for tenants to be able to operate a short-term rental with the permission of the landlord
- Only required if the City amends the current ordinance
- Opens up the use of Homestays to more operators
- Increases the number of potential Homestays
- Increases impact on neighborhoods

Options Considered





Options Considered

Regulation	Current	Option Considered
Permanent Residency	Property owner must reside at the property for at least 185 days of each calendar year.	No change considered.
Proof of Residency	Must provide proof of residency with a photo ID. Voter ID is not a valid form of ID.	An affidavit would be required in addition to a photo ID. Applicant to sign a statement that they agree to comply with all regulations in the homestay ordinance.
Permit and Validity Fees	\$100 for a 1-year permit	\$500 for a 3-year permit. The permit fee will help pay for the mandatory internal safety inspection.
Mandatory Safety Inspection	Operator is required to have smoke, CO detectors, and a fire extinguisher. Code requires that a permit holder allow staff to access the premises once a year if notified in advance.	Mandatory safety inspection before permit issued. Must have smoke, CO detectors, and a fire extinguisher. Bedroom square footage, 2 points ingress/egress, and an evacuation plan.
Maximum Occupancy	Up to 6 adults and any number of children.	Maximum occupancy of 2 adults per bedroom up to 8 people. Only bedrooms can be used for sleeping. Limiting the number of nights a homestay can be rented out to 90 days.
Required Training (proposed)	State mandated human trafficking training. Training certificate to be submitted at the time of application.	



Cost/Benefit Analysis of Options Considered

Benefits:

- More stringent requirement to demonstrate owner occupancy
- Internal Safety Inspection Requirement
- Occupancy allowance increased from 6 to 8 increases flexibility while still limiting potential for larger rentals that could have impact on neighborhoods
- Permit term reduces staff time need to approve permits on an annual basis

Costs:

- Increased staff time to conduct internal inspections
- Changing the code will require allowance for tenants to operate a short-term rental
- Potential impacts of allowance of more guests

Community and Stakeholder Engagement





Community Outreach

- Survey:
 - The City conducted an online survey about Homestays in the City of Charlottesville and received over 500 respondents
 - The survey was conducted from May 2025 to June 2025
- Community Meeting: December 3rd, 2025
- STR Advocacy Group Meeting: February 17th 2026
 - Group of local short term rental operators that wants to be included as Stakeholders in the development of proposed code amendments



Community Survey Highlights

The City conducted a survey with over 500 respondents

- Key Benefits:
 - Economic for Owners
 - Tourism Boost
 - Visitor Options
- Primary Concerns:
 - Housing Impact
 - Neighborhood Fabric
 - Nuisance: Noise, parking, traffic issues.

A subset of respondents (approximately 20%) indicated they had no concerns regarding short-term rentals, primarily those that identify as Resident-Homeowners.



Community Meeting Highlights

- Demographics:
 - Diverse participants from various neighbors, ages and housing situations attended the December event
- Benefits:
 - Homestays generate economic benefits, boost tourism and offer unique lodging options supporting local businesses
- Concerns:
 - Rising housing costs due to lack of availability
 - Loss of permanent resident base



STR Advocacy Meeting Highlights

- Through the Community Meeting, a group of STR operators contacted the Zoning Division, with a different model for regulating homestays
- Feedback:
 - Pause the development of potential Development Code amendments to allow for more transparency
 - Understand why the proposals are being brought forward
 - Review the effects of STRs on affordable housing
 - Opportunity to incentivize creation of new accessory dwelling units
- Recommendations:
 - Replace 185-day rule
 - Local steward accountability
 - Fair permit & fee structure
 - Proportionate guest limits & occupancy

Key Findings and Staff Recommendations





Key Findings

- Community engagement indicates support for Short Term Rentals with increased enforcement efforts
- Current occupancy limits of 6 adults limits larger properties, but provides opportunities for many operators
- Strengthening requirements for home occupancy would be challenging to enforce
- ***There is an unknown potential impact of state code provisions requiring allowance for renters to operate homestays, with changes to local homestay ordinances***
- New software in place to assist with enforcement
- Dedicated staff member in place for permitting process and enforcement
- Safety inspections can occur without changes to the ordinance



Staff Recommendations

- Maintain existing ordinance, without amendments
- Strengthen monitoring of Homestay compliance, permitting requirements, and education about homestay requirements
- Monitor impacts of state code provisions requiring allowance for renter homestays throughout Virginia
- For homestays located in in other zoning (i.e. Mixed Use) districts (not subject to study during this effort):
 - Conduct yearly inspections
 - Consider potential for study of issues and opportunities as future NDS workplan priority



Planning Commission Comments

Key Themes

- Support for maintaining existing regulations and pursuing additional enforcement
- Interest in understanding potential impacts of allowing renters to operate homestays for potential consideration in the future

Other Comments

- Allow current codes (Fire, Building etc.) to determine maximum occupancy
- Continue discussion on permit timeframes
- Lack of support for 90-day max rental nights
- Support for operators to sign that they are adhering to the rules
- Can Virginia localities join together to lobby platforms be required to comply with local regulations?
- Consider two unit minimum on site to apply

Thank You!

