City of Alexandria, Virginia
Department of Finance

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.
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.
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.
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:
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
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
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