



# TIARA

(Tybee Island Association of Rental Agents)

[www.TiaraTybee.com](http://www.TiaraTybee.com)

## Tybee Island Vacation Rental Ordinance – Facts and Concerns - July 16, 2010

### **What is good for vacation rentals should be good for the rest of Tybee.**

Full time/Part time residents, long term/short term rentals – all should have to follow the same rules.

1. What is the goal?
  - a. If the goal is to **solve issues** such as trash, noise and parking then that can be achieved by enforcing existing ordinances and by working with agencies to assist in enforcing those codes with their guests.
  - b. To curb unsupervised RBOS – inform property owners that they must enforce the codes and be available 24 hours to mitigate issues, and if they cannot be they should designate an local agent to act on their behalf in case of an issue.
  - c. If goal is to identify the short term rentals and collect on taxes – the city should institute a registration process and strictly enforce registration and tax compliance on all renters – especially RBO properties.
  - d. There could be some good indirect benefits of creating a short term rental ordinance – but such an ordinance cannot be unreasonably burdensome on homeowners or rental managers
  - e. **Primary goal should be to increase tax revenues – a goal everyone can get behind.**
2. Registration/Licensing
  - a. Recommendation – goal of registration should be to identify all rental properties and to make sure all are paying the occupancy taxes and have a valid business license.
  - b. Cost for such registration should not be unduly high so as to discourage people from registering. The goal is compliance not to encourage cheating.
  - c. Process should be simple and affordable – a fee of \$25 such as the city of Malibu CA requirement would generate approximately \$25,000 in annual revenue for the city (based on 975 units on Tybee).
  - d. Enforcement – New registration and licensing codes would require that the City have a way to enforce RBO (rent by owner) properties, as those are the current parties who are not all paying the tax or abiding by current licensing codes already in place. Unfairly burdening professionally managed rentals that are already adhering to tax and business licensing codes will only create a further burden of those who are in compliance.
  - e. Rental agreements: Owner or their agent should require a written rental agreement (NOT a lease) outlining acceptable codes of conduct.
3. Violations
  - a. Goal should be to have the owner or owner’s agent to act and respond with due diligence to enforce existing codes regarding trash, parking, noise, etc. Trash, parking and noise are not issues contained solely to short term rentals. Existing ordinances should be enforced for all properties.
  - b. Any fines for violations should be the same for permanent residents, unoccupied residences and rental homes.
  - c. When a problem occurs, the reasonable solution is to respond to the issue, enforce the rules, and if necessary get the offending party out of the house – not fine the property owner.
  - d. It is impossible to predict what occupant – either renter or owner or owner guest – may cause a problem. The solution should be the same.
  - e. Homeowners and managers want the same thing as the authors of the ordinance: respectful renters. If managers have the power to evict a short-term renter on short notice, they then have the clout to break

up a party. Rental managers can control parties and they often have the legal tools to do so. But it is overkill, unreasonable and unduly punitive against rental homes to approach this with a "the owner is the absolute guarantor of renter behavior and this is a two-strike and you're out game."

4. Selective Zoning issues –

- a. If the City wants to add a layer of enforcement to residential use of residential property then it should apply to ALL residential property owners.
- b. If they want to segment the vacation rentals, then they should segment the entire Non-Owner Occupied residences rather than targeting a specific business, use, or industry. This is less subjective for one since solely based on Residency (either you live there or not) not on the "use" of the residence, and secondly they will have a majority of households on the island getting inspected and a more level playing field for both VR companies and individual property owners with regard to equitable enforcement of codes.

5. Taxes:

- a. Registration and licensing is a very good way to make sure that rent-by-owners can be spotted and monitored for tax compliance. The biggest problem managers and local governments face today from RBOs is that they don't charge or collect tax, which puts managed homes at a disadvantage price wise and puts stress on the local tax system. As more RBOs avoid taxes, local governments find themselves in dwindling revenues to support increasing more services.
- b. Rental property owners pay a higher rate of property tax which is needed to provide the high cost of service to run the city. City needs to strengthen its enforcement and compliance policies to collect on properties which not paying at all or paying late. The penalties should be appropriate to discourage non-payment or late payments.

6. Enforcement

- a. How will the City enforce or staff property inspections due to current budgetary restraints, plus if restrictions are placed on rental properties, the inventory and revenues will most like decline.
- b. Why would the city limit inspections to only short term vacation rentals? What about hotels, B&Bs, long term rentals, campgrounds, unoccupied second homes, and occupied residences?
- c. The city has challenges enforcing the current license and hotel tax code. How will they manage the new level of enforcement and make sure it is enforced fairly to all parties both registered and unregistered?

7. Occupancy and Parking

- a. **Occupancy should be determined by available bed sizes which determine sleeping capacity.** Owner or agent should set occupancy limit and could register that amount with the city – and enforce any violations, overcrowding etc.
- b. Overnight occupancy limits – Proposed restrictions would limit occupancy to 2 per "sleeping space" plus 2. Should not apply a maximum to rentals that would not apply to other residences.
- c. Would occupancy restrictions apply to hotel rooms? If so all double rooms on Tybee would be in non compliance. Hotels would also be in non compliance if parking requirements were based on occupancy requirements. Most hotel rooms are 350 square feet, sleep 4 and have only 1 parking space.
- d. Maximum occupancy should be able to be waived at the agent's discretion for children 4 and under.
- e. **Parking should be determined by the number of legitimate available off street parking spaces** and should be enforced by that number. This number could be registered with the agent, the owner, and on the rental application should the city require registration. Again, all types of properties should be required to register.
- f. If there is to be one parking space for every sleeping area, this should be true for full-time residents.
- g. If guests must pre-submit vehicle license numbers, then the same should be true of guests and visitors for full time residents.
- h. The end result should allow a city police officer to ticket every car that does not have a permit or sticker. This enforcement should not be based in any way on which home the parked car is near. There is no fairness to an enforcement scheme that forces managers and homeowners to do a ton of work just prove that a car does not belong to guests in a home they manage.

- i. More than 50% of homes and condos on Tybee would be in non compliance of the proposed parking requirements of (1 parking space per sleeping space plus 1).
- j. Vehicle registration – will not accomplish achieving any goal. Most agencies issue parking passes as a business practice and enforce parking limits.

#### 8. Trash

- a. The City should work with property owners and rental agents to find solutions for our island wide trash issues during peak season in all properties, business districts, and public spaces. There are solutions to address trash issues that do not require further ordinances (ie.. Altering collection schedule during peak season, offering compactor use, public private partnerships, etc).

#### 9. Events/Gatherings

- a. If there is to be a limit on gatherings (party size), it should apply to full-time and unoccupied residents as well. If a resident can have a wedding reception at this home, why isn't this disruptive?

#### 10. Use Facts

- a. Vacation rentals are occupied on average less than 1/3 of the year. So, 2/3 of the year the property does not have issues regarding trash, noise, occupancy, cars, water usage, etc. Many full time residents and long term rentals create more of a constant nuisance and burden than vacation rentals.

#### 11. Economic Impact

- a. Restrictions should not inhibit the growth of the lodging industry, and the full economic impact should be meticulously reviewed and advertised prior to the passage of any type of restrictive ordinance.
- b. Fact: In 2009 Vacation Rentals paid \$821,605 in hotel tax to the City of Tybee, and \$958,539 in state sales tax. This represents gross rental rate revenues of \$13.69 million creating and additional \$9.59 million in indirect and induced expenditures (restaurants, retail, and attractions).
- c. There are many implications that could negatively impact revenues for the city, state, county, lodging businesses, employment, property owners, the real estate market, and the overall local economy.

#### 12. The Reasonable Solution:

- a. Draft an ordinance that applies to everyone, and let the rental manager enforce it for short-term rentals. There will be periodic situations where problems arise, just as there are situations where traffic cops give speeding tickets. But we don't suspend a father's registration because the insured son gets two traffic tickets.

#### **Additional Resources**

**San Diego, CA**, still ranked as one of America's premier cities, is considering increasingly restrictive language on residential zoning uses. Before they do, however, they seem to be exploring the justifiability of other jurisdictions. There is good economic sense in such a survey: economic analysis in Hawaii suggests that restrictions on STVR rentals send the business associated with those rentals to other jurisdictions...and the impact is significant. Put in simplest terms, Ben Franklin once remarked, "Either we all hang together...or most assuredly, we will hang separately." San Diego ultimately rejected zoning staff recommendations for a ban or restrictive code on STVRs.



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#### **GOOD NEIGHBOR PROGRAM**

TIARA member companies are committed to being good neighbors. We work to avert potential problems and to ensure that developing problems are resolved. We ask that guests recognize TIARA member companies' dedication to maintaining a peaceful family atmosphere for all residents and visitors of Tybee Island. TIARA has implemented a Good Neighbor Program and members pledge to inform all of our guests about local laws, subdivision rules, and beach rules.