



TIARA

(Tybee Island Association of Rental Agents)

www.TiaraTybee.com

Tybee Ordinance Issues – March 2011

Feedback on Issues provided by George Volsky, Industry consultant at the request of TIARA

We are in favor of the goals addressed by the proposal:

- Those who require public services should pay for them;
- Rental homes should not overburden parking facilities;
- Homeowners should bear primary responsibility to monitor guest conduct;
- Renters should not unduly disturb the community.
- Non-managed rental homes need to be compliant.

The question, as always, is whether these goals can be achieved by special regulation and, if so, by what type of regulation.

The Ordinance would direct the city to do the following:

1. Set occupancy and parking limits for each rental home;
2. Discourage weddings in rental homes;
3. Impose new occupancy and parking limits;
4. Penalize homeowners for infractions by renters.

The concerns raised by this Ordinance:

- The ordinance is too vague to be properly enforced.
- It will discourage investment in the City's lodging infrastructure;
- It may reduce tourism and tax revenues for Tybee Island.

In evaluating the proposed ordinance, we are mindful that Tybee Island has interests that could be adversely affected by regulation:

- Nurturing a tourism industry that provides the bulk of city tax revenue;
- Negatively impacting other Tybee businesses (retail, restaurants, attractions)
- Negatively impacting local employment (administrative, housekeeping, maintenance, and other services that support lodging)
- Avoiding regulation that:
 - a. Fails to achieve legitimate public needs;
 - b. Imposes impossible or unjustified burdens;
 - c. Leads to arbitrary or unreasonable penalties.

Preliminary Issue—Is there a need for Complex Regulation? The ordinance would direct City staff to engage in regulatory activity that is likely to be expensive, administratively burdensome and legally murky. Before engaging in such activity, common sense requires that we first be confident of the need for such an endeavor. While certain premises underlying the proposed ordinance are set forth in the following quote, it is not clear that they are correct. Apart from occasional or emotional feedback from a handful of persons opposed to vacation rentals, there is no evidence that establishes the need for regulation.

“Whereas the City has experienced difficulties associated with parking, trash, noise and over-occupancy of properties in residential neighborhoods that are used for short term rental purposes and such properties have increased demands on City services by way of police services, utility services and have further caused disruption to other residents and tourists...”

Many of us have attended most of the City Counsel meetings and, as reasonable people, cannot concur that we have seen evidence that short-term rentals impose “undue” difficulties associated with parking, trash, noise and over-occupancy of properties.

- Are there occasional instances of this? Yes. But are these instances significantly greater than those associated with residencies?
- If so, are the related problems of a nature that can be remedied without undue burden on our City’s tourism lodging infrastructure?
- More importantly, do the few instances that have been reported reflect a level that is intolerable given the very significant economic benefits to the community from tourism?
- Finally, could the sponsors of this ordinance possibly be assuming—against all economic common sense—that this ordinance can be imposed without adversely affecting the City’s tourism revenue?

No one would disagree that tourism requires services or that those services cost money. But no one should argue that the costs of services are not already covered by tourists.

- It is likely that tourism dollars generated by vacation rental homes generated far in excess of half of the city and county budgets (as high as 80%).
- Until the balance between costs and revenue is determined, the City is today not in a position to assume that vacation rentals are failing to pay for services costs associated with this revenue.
- Imprudent regulation could actually decrease tax revenues.
- Vacation rentals are occupied on average less than 1/3 of the year – demanding no service for the remaining 250 plus nights they are vacant.

Despite the “whereas” clause statement to the contrary, there is no evidence that vacation rentals pose a level of “disruption” that warrants the kind of regulation that burdens city staff and potentially threatens an undue decline in the city’s tax revenue.

- We cannot assume that a registration fee will increase city revenues. We know that the registration fees will be passed on to renters in the form of higher rents. In this new world of Internet shopping, consumers compare rents on Tybee Island with those of nearby competing destinations. Even a small increase in rents across the board can divert millions of dollars of rents from Tybee.

We do not object to the City’s right to reduce rentals. We simply urge that the City owes it to its residents not to make such a decision without first investigating and estimating any potential reduction in tax revenues that may result from regulation of vacation rental homes.

- For Tybee Island, vacation rental homes constitute the primary lodging for tourism. (900 properties are vacation rentals out of 3100 properties with water meters. There are less than 500 hotel rooms)
- Out-of-state homeowners are the investors who build this lodging. Most of these “investors” experience negative cash flow, losing up to \$3000 a month to subsidize the lodging that generates so much economic activity on Tybee. Every new tax—and most importantly every regulation that is perceived by homeowners as an unfair burden, discourages them from owning a rental home on Tybee Island.

- It may well be that there are residents who don't care if tourism is discouraged. And there is no reason why the City cannot determine to reduce tourism revenues (and associated tax revenue). But a responsible City government is charged with making such decisions with full and accurate knowledge of the consequences. To date, no one can produce financial information that accurately projects the dollar importance of vacation rentals. E.g., in addition to the normal benefits included in tourism, vacation rentals generate most of the revenue on Tybee Island in the realm of:
 - Construction;
 - Real estate sales
 - Insurance
 - Financing
 - Furnishings
- It is not wrong for the City to decide, after investigation, that it wants to impose burdens on vacation rentals. It would be irresponsible for the City to do so without fully understanding the economic penalty to owners of small businesses here and, ultimately to the jobs of citizens who must still work for a living. Ultimately, any downturn in City tax revenues may have to be shouldered by those residents who remain after tourists depart. Residents who oppose vacation rentals have no obligation to understand economics. The City counsel does.

There are many aspects of this ordinance that are likely to discourage investment in vacation rental homes on Tybee:

- No homeowner—no matter how diligent—can guarantee the conduct of renters. It is simply a matter of luck and numbers which homeowners will find their permits revoked.
- Many homeowners live across the country, and all are likely to have jobs that prevent them from attending a hearing in person on two weeks notice. The requirement that they travel here or forfeit their permit is itself punitive as travel may equate to a \$1000 fine, even when the City decides they are not at fault.
- As with past proposals, it is difficult to imagine how local traffic enforcement can determine that a parked car is tied to a particular rental car. Yet they would be tasked with trying to cite homeowners for allowing too many cars at the premise:
 - Would he lose his permit if a service person came to the home to do a repair at the time that the home was fully occupied?
 - How would enforcement personnel ascertain whether people in the home for a party were guests or day visitors? Or would the homeowner lose his permit simply because a friend of the guest happened to come by for an hour?
- The issue of weddings continues to emerge in the anti-rental ordinances. Initially, does everyone agree that weddings often involve multiple rental homes and hundreds of thousands of dollars for local businesses? In some cases, wedding guests may rent 25 homes. Will the ordinance prevent them from assembling for the day at one large home? Will it prevent weddings at rental homes?
 - Weddings at rentals do not pose different service or disruption issues than weddings held at the homes of local residents. Are we saying that this is a privilege reserved for local residents? What would this mean for a local resident who needs to rent homes to house his wedding guests? If he can hold a wedding, doesn't this pose the same burden for neighbors of the homes he rents?

There are other administrative concerns that cannot be left open ended.

- What happens if the City staff cannot process rental applications within the ninety day period? Many renters have had reservations for a year and expect to use the rental home for their longest vacation of the year.
- Why is existing parking and noise regulation inadequate? The City has general powers to prevent unruly congregations and can do what other cities do when parking is a problem: they can designate permit-only parking streets, where the burdens are imposed equally on residents and non-residents and where enforcement is simple, not complex.

Local vacation rental managers are not overly burdened by the proposed regulation. They might welcome a regulation that requires individual self-managed homes to have a designee available 24 hours a day. But local vacation rental managers are concerned about any ordinance that discourages vacation rentals. There are elements of this ordinance that would do so. The economic impact would likely be greater than anticipated by the sponsors and could significantly affect the economy.

No ordinance that can adversely affect the economy and tax base should be passed under the guise of mere “administrative” process. The City owes it to its residents to address the matter on its real merits and to both understand and address the very significant economic consequences.

- This ordinance is not primarily about parking;
- It is not primarily about noise.
- It is primarily to address the persistent efforts of those opposed to vacation rentals.

They deserve to be heard. The City has the right to meet their demands, but not under the guise of a parking and permit procedure. The real issue is whether Tybee needs revenue from vacation rentals. The City should address this issue directly, educate itself about the economic consequences, and inform all city residents of them. This ordinance will affect Tybee’s small businesses, employment, and tax revenue.

Summary: Apart from a handful of complaints, there is an absence of evidence that the ordinance is needed or can be enforced fairly. On the other hand, the ordinance has a likelihood of discouraging investment in vacation rental homes and, should that occur, of reducing not just tourism revenue but revenue, jobs and benefits associated with Tybee Island construction, finance, real estate sales, furnishings, landscaping, maintenance and other ancillary property care services. This ordinance is not simply about insuring public services or maintaining order. Its primary impact will be to discourage vacation rentals by imposing unreasonable burdens on homeowners. This should not be done without a thorough evaluation of the economic impact of vacation rentals on Tybee Island.



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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.

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