

VIRGINIA BEACH CITY COUNCIL

November 17, 2015

4:00 p.m.

INFORMAL SESSION
 CITY MANAGER'S BRIEFING
 EVENT HOMES

VERBATIM**CITY COUNCIL**

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MAYOR SESSOMS: Our next thing is Event Homes, and Bill Macali. Jim, did you want to give an introduction here?

CITY MANAGER: I think, as you all know, this has been an issue that's kind of been brewing for a while, and Mrs. Henley brought it up, I guess, several months ago to create an internal working group to work with her and try and study the issues, see what other areas are doing around the country in addressing it, and we're here, I think, today to give you kind of a status report, progress report, talk about a possible draft solution just for your information, and then really kick off the process to go out and meet with the community to talk about it in greater detail. So, Karen and Bill are here to really, I think, do most of the presentation.

MAYOR SESSOMS: Karen, you're going to kick it off, then? We're glad to have you here.

KAREN LASLEY: I get to go first. I really had the easier job. I'm going to give you kind of a short overview history about Event Homes, and then Bill Macali has the much harder job of talking to you about potential solutions. And this is just going to be a brief overview. We didn't have time to put all of the information in the PowerPoint, so you'll have at your package you'll find a package of further information that we put together. Chris Lancaster is here with me. He's a Senior Planner in Zoning Enforcement. He did the research and summarized some of it for you.

This is a picture of a wedding being held in what is referred to as an Event Home. This one is not in Virginia Beach, but it is representative. Virginia Beach has some wonderful Oceanfront and Bayfront residential neighborhoods. You've got the Shore Drive neighborhoods, the Northend, Croatan, and Sandbridge. All of these neighborhoods have residential lots that were platted in the early 1950s prior to the adoption of any Zoning Regulations in Virginia Beach, and currently these neighborhoods are zoned various forms of Residential. In the Shore Drive Area, Northend, you've got Single-Family and Duplex Zoning. Croatan and Sandbridge is a mixture of Single-Family Zoning Districts.

Most people love to vacation at the beach. Many enjoy the option of short-term vacation rentals where they rent out a home for a week to have a vacation with your family. The Zoning Ordinance does not at all address short term or even long term dwelling units. Traditionally, long-term rental,

which is yearly rental, has occurred in all residential neighborhoods and short term, weekly, or even nightly rental, has occurred in neighborhoods that are on the Atlantic Ocean or Chesapeake Bay. So, short-term rentals in resort residential neighborhoods have become a standard, accepted practice over many decades, but short-term rental of homes is now evolving into a different animal.

In Virginia Beach, this is most common in Sandbridge. The size of the homes are increasing. I think sanitary sewer when it became available in Sandbridge in about 2001 contributed to the larger homes. Homes could get bigger with the sewer. It also seems to me that the financial crisis in '08 contributed to the shift in use. The bigger homes had ben built and several owners told me that they were under water on the value. They had mortgages and they started to market some of the homes for weddings, family reunions, and other events in order to keep from losing the homes.

Now, especially, the last two years, new homes are being built primarily in Sandbridge that are specially designed to be Event Homes. They can be over 5,000 square feet in size. The new ones are actually 10,000 square feet in size. They can sleep 40 people, 12 bedrooms, 13 1/2 bathrooms, and they've got many amenities. I included a few pictures of some in Sandbridge. They have large kitchens. They seem to have two of everything in the kitchen; two refrigerators, two stoves, they've even got two coffee pots, multiple dining room tables and a large dining area where you can seat and serve food to a lot of people, and lots of recreational amenities, exercise equipment, pool tables. This one has air hockey, foosball, video games. Several of them have movie theaters with stadium seating. They've got nice outdoor pools, lounge areas, fire pits, and this one also has an indoor pool.

So, this more intense use has caused -- they create more noise. They, especially for the big events, have inadequate parking. They generate more trash, and it's just a much more intense use of a dwelling unit that's disruptive to neighboring traditional single-family homes, the neighbors that live there year round. In Sandbridge, just to give you some rough numbers, there's approximately 1,300 single-family homes. About 610 of those are in the short-term rental pool, and of those 50 are advertised as Event Homes where you can rent it for a wedding or a large party.

It's a very difficult issue. We all have occasional parties and events in our homes. Several years ago, I worked with the City Attorney's office and came up with a Zoning interpretation that basically by right you can have three of

these events per year on any one property. We felt that was reasonable and kind of typical of the activity level that you would find in a single-family home. If you had more than three per year, we'd consider you, classify you, as an assembly use, and assembly use means Commercial Zoning and a Conditional Use Permit, but this is very difficult to enforce and hard to document. Most of these events occur on evenings and weekends, and some of them are spontaneous. The rental company's position is that they are voluntarily complying, but the civic league and full-time residents in Sandbridge continue to report problems and concerns, and they find the homes are not compatible with their residential community.

Now, it's Bill's turn.

WILLIAM MACALI: Karen and I have worked with Mrs. Henley, we've had quite a number of discussions and pretty thoroughly vetted this issue, and the one thing I can tell you is there is no easy answer that's going to be a tenable answer. You can just throw up your hands and say "do whatever you want", or you can say "nobody can have a party". I don't think that's what Council had in mind, but our ordinance reflects that, which I will go through now in a relatively quick fashion. If anybody has any questions, please, feel free to just ask them. I'd rather have you ask the question and give you the answer than to think about your question while I'm talking.

So, this Draft is a Preliminary Draft, and it's preliminary because we do not think that it's ready to go to City Council yet. For one thing, it hasn't been discussed by any of the interested parties on either side. So, what we did, we drafted an ordinance that would not completely eliminate this kind of activity of Event Houses, but it would regulate them, and so it's kind of a middle-of-the-road ordinance that, again, we're not recommending it to Council, but we're using it as a template to try achieve consensus, as difficult as that would be, and we're not deluding ourselves. Consensus will be very difficult, but it certainly doesn't hurt to try and we will try as hard as we can.

It's only a starting point to facilitate discussion. There's been a lot of discussion that is very emotional on both sides. We hope that when we meet with people we can all calmly, rationally, discuss it, and come up with something that is acceptable to all parties. Although everybody is not going to be happy, we're hoping that at least they won't be but so mad at us. So, if you do reach an ordinance that is agreed upon in provisions, then we'll just bring it to Council for Council's approval. If we can't reach any kind of consensus

on what the ordinance would say, then with your approval we'll be bringing forward an ordinance for Council action that is not agreed upon and take it from there, but we do really hope that we can achieve a consensus.

MAYOR SESSOMS: We're your biggest cheerleaders, Bill and Karen, right Barbara?

COUNCIL LADY HENLEY: Absolutely.

WILLIAM MACALI: So, the intent of the ordinance is to allow occasional rentals for purposes of having large events. We want to preserve the predominantly residential character of these neighborhoods because they are residential. The feeling is that it shouldn't be a case of single-family dwellings in residential neighborhoods used primarily for commercial purposes. We understand, though, that people come to Sandbridge or anyplace in the City for renting a house for a week in the summer with their family, and they may want to have a party there. There's nothing we feel is wrong with that. Of course, there are limits. You can't have wild, crazy, parties and people doing all sorts of things, but I don't think that would be a great big problem. It's just that the commercial aspect of these should not predominate, as opposed to the residential aspect of them.

So, the intent of this ordinance is not to require permits for family gatherings or similar activities that are ordinarily and customarily carried on in residential neighborhoods. There is a Special Events Ordinance which requires permits for certain activities. Those Special Event permits do not cover most of the events here, and so we need to take another approach besides just regulating them with the current Special Events permit. By the way, we keep mentioning Sandbridge. That's where the problems have essentially been, but this ordinance, unless Council gives explicit direction otherwise would be covering all of the residential areas in the City. It's not just Sandbridge where these large houses are used, but it could be everywhere, and it's really pretty much only fair to treat all the residential areas the same.

So, what this ordinance does is redefine an event function, which is what is being regulated, and that's an assembly of people at a single-family dwelling or duplex for a gathering, etcetera, where the total number of attendees at any time exceeds 75 people and the property is used, designed, maintained, advertised or held out as a destination for gatherings of invited guests. That's important. That is one thing that distinguishes if I have a house down there and I want to have a party and invite my friends there, I'm not

using that as a destination for gatherings and inviting guests, except for occasionally.

This is a difficult one right here. The difference between Event Houses, the way they're currently operated, and houses in which people simply come down here for a certain period of time, maybe have a party while they're here, is that the event houses are rented typically for periods of three days. So, this would require them, this would include those, but if you have a typical vacation rental which is seven days, you wouldn't be covered. We understand that that's probably the most important way of approaching this is to define an event function from one that's just a plain old party that somebody happens to have.

That is not perfect by any means. We discussed this at some length in our own office and with Planning and Mrs. Henley, and there are ways, quite frankly, where people could probably get around that. They could rent them for seven days and still have these great big parties or not. But, again, that's why we're saying that this is a Draft Ordinance which is put out there for comment, and we hope that that particular definition, that way of approaching the issue, can be improved upon.

I just mentioned before, a Special Events Permit is something that is used for larger events than this, but these are typically not covered under the Special Events Provisions and, therefore, don't really need a Special Events Permit. That's why we have a special ordinance that we're doing for this one. First of all, you need a permit. It's not a Special Event Permit. It's a different permit. If you don't do it, then the violations are punishable the same as violations of the City Zoning Ordinance a fine in that amount, \$10, to \$1,000, and can also be the subject of an injunction to a court. That, again, is something we need to discuss, not really the permit requirement; we think that's pretty fundamental to this approach, but the violations, that, again, is put out for discussion, and we felt that since this is not a Zoning Ordinance but it kind of is like a Zoning Ordinance, the punishment for starters, to suggest it anyway, should be the same as violations of the City Zoning Ordinance.

So, to get a permit, you have to file an application, submit it to the City Manager or his designee, and that is not something that will determine who the designee is, either; funny suspicion that it will be Zoning, but maybe not. Again, that's up to the Manager, whoever that may be in 2016. It's a \$200 fee to cover the cost of processing, which is just the same as the fee for a Special Events Permit, because the

process is so similar. It's got to be between 30 days and 6 months of the proposed event function; that's prior to the function. That, again, is something we took straight from the Special Events Permit Ordinance, just the same period of time. There's no magic to that.

And applications have to contain the following information: First, there's got to be a description of the proposed event, however many people you think would be there, if it's going to be indoors or outdoors or both, if there's going to be amplified music; just the basic information, like the date, beginning and ending times and location of the event; what you're going to do about litter control, traffic control, and parking, which is one of the big, big, issues with people down there, the roads are so narrow. They're made even narrower because the sand is blowing on them. And while the Police do tow and give tickets, we need to have some provisions in there where people are going to park other than right on the streets.

This is new. We would require copies of notices to adjacent property owners and owners of property when it's, I believe, like 500 feet of the event just so -- it is 500 feet of the nearest portion of the property where the event is. That is just so that people know about it. They would be able to give comments to the person who does the permitting and they can, extreme case, I guess, they can make plans to do something else that night. We were hoping that this Ordinance is not just so people know that there's a great big party and they all leave town. It's really something to try to calm down the issues that have arisen because of these. And the purpose of the notice is essentially to get people to be able to comment, just give us their feelings so the process is a fair one.

We also would require the name, address, and telephone number of someone who's responsible for ensuring compliance with the provisions of the ordinance and the conditions of the permit. That's just to ensure that someone is going to be out there to make sure, hopefully, that the provisions of the ordinance are complied with and the conditions of the permit are complied with, rather than just having a permit issued and nobody is responsible, so everybody is pointing fingers, "he did this, she did this", etcetera. A Certificate of Compliance from the Fire Marshal and one from the Building Official, just that the required standards have been met, additional information as the City Manager or his designee can require within reason, and the Ordinance states specifically in order to determine whether the provisions in the Ordinance and the public safety are preserved.

The application has to be granted or denied within 21 days. That's so that the people are not -- it's reasonable to require to give people a timely notice of whether or not the application is granted or denied. It's got to be in writing. If it's denied, it's got to set forth the conditions of the permit, and if it is denied the applicant can have a hearing before the City Manager or his designee.

So, when you have to grant a permit, all of these are met; that there's adequate parking either by shuttle services, on-site parking, or public parking lots. There's been some discussion, although way far from an accomplished fact of perhaps opening up one of the City parking lots at night and charging people to park there, requiring shuttle service. One way or the other, parking will not be met by parking on the street. That's a given. I don't think that anybody is going to be arguing with that.

This is a little bit general, but the proposed activity can't present a safety or health risk to attendees or persons residing in the neighborhood. That includes things like no fireworks or anything like that. There are fireworks that are not unusual for them to be there at many of these parties. The proposed activity is compatible with the surrounding area or neighborhood; I'm not sure -- that's very general, and I think we're going to have to go ahead and work on that particular language, but something along those lines, that there's a method of compatibility between the activity and the fact that people live in that same location.

The applicant has to have adequate liability insurance, of course. I think the realty companies that advertise these places do require that anyway, but this would make it codified. Also, the City Manager or his designee can also require other conditions besides the ones that are in the Ordinance, as long as they protect public health, safety, etcetera. They can include a reasonable fee for the use or allocation of City property not exceeding the actual cost incurred by the City; that is also something that was more recently put in the Special Events Permit Ordinance. There would be a posting of a performance bond or other surety. He can also include specific provisions for adequate crowd and traffic control, all these things, food handling, waste, refuse disposal. Again, these are specific conditions that he can impose. The duration, location, and number of any portable storage containers, which is another hot-button issue; there's a lot of trash after a lot of these, and there certainly shouldn't be.

And some other requirements which are very fundamental to this

Ordinance I saved for last, first, there can be a maximum of three event functions within a period of 12 consecutive months. No portion of any event shall take place after midnight or before 10:00 a.m., and a maximum of 100 attendees on the property at any one time. We understand that it would be pretty difficult to enforce. We're not going to station somebody out there and count noses or anything, but until somebody can think of some better way to do that, that's in the Ordinance, and, again, this is why we're putting this out as a template to try to attain some kind of consensus about. And let's face it, people have good ideas that don't occur to us. We're hoping that people will have some that we can incorporate into this Ordinance.

Then the people who are responsible for the compliance with the provisions of the Ordinance and the permit have to be on the property at all times during the event function. You can't just name your Aunt Te who's in Texas or something. The person has to be there.

Next steps, we're going to send the Ordinance to interested persons and civic leagues and solicit comments. We'll schedule workshops with them, as many as are needed. If the result is an agreed-on ordinance, we'll bring back to Council for the action. If no agreement, as we said, we will advise Council that despite our best efforts we just can't agree on a consensus ordinance and we'll seek further direction. If that means going forward with our Ordinance anyway, then we will do that. If Council decides not to, we will certainly abide by that direction, as well. At this point, we'll open for questions of Council.

MAYOR SESSOMS: Thank you very much. We've got some already. We've got Jim Wood, and then Rosemary, and then Amelia.

COUNCILMAN WOOD: I have a couple of questions. First off, has anybody talked to the people in the Outer Banks about how they manage them, because they have a great, great, deal of these large houses?

WILLIAM MACALI: I haven't heard.

KAREN LASLEY: Yes, we have. We've kind of put a summary of some things we found out in that package of information.

COUNCILMAN WOOD: The other question I have is I think it's -- I'm not minimizing the fact that there's a problem, but I think this is kind of overbroad

the way this goes. My question is, let's say that I'm coming down from Pennsylvania and I have one of these events, and the threat to me is a Zoning violation and I'm going back to Pennsylvania, so I don't care if you cite me for a Zoning violation. I'm still going to have the event. And then the question goes back, is the owner responsible or the tenant responsible for an event that's held on the property?

WILLIAM MACALI: Well, as to the first issue coming down from Pennsylvania, if you were renting it for more than three days, which it's typically seven days, you're not covered by this Ordinance. So, you can have your party. The other thing is the person responsible is, to answer your second question, it's whoever is responsible for the event under the permit, as well as the owner of the property is always responsible for what goes on there. So, I think probably --

COUNCILMAN WOOD: So, then taking that to the conclusion, then, if I own a mega house at Sandbridge or wherever in this City and I rent it out to John, who I don't know he's bringing 40 of his best friends and they're going to have a giant party and that sort of thing, it's my responsibility or is it his?

WILLIAM MACALI: Well, you own the house.

COUNCILMAN WOOD: I understand that, but I mean in terms of --

WILLIAM MACALI: In terms of 75 is the --

COUNCILMAN WOOD: Well, whatever, I'm just -- yes.

WILLIAM MACALI: I understand that. I think under common law, the owner is pretty much responsible for all of those things. It doesn't have to be that way. Again, this is our trial balloon, but the way that we're envisioning it is that primarily we would hold the person who's responsible on the permit for compliance. He's the person we would take to Court. But I think if we got in a situation where we sought an injunction, and that's something that we wouldn't do if it's just one time, there's no purpose, no sense in doing that, but a person keeps repeatedly violating the Ordinance or not getting the permit or something like that, I think we could go ahead and ask for an injunction.

COUNCILMAN WOOD: That's where it kind of falls apart for me, because, again, if I own the

house and I'm renting it to people, so John, for example, is going to have to, I hate to point to you, but he's going to be there one time in the year, and then somebody else is going to rent it one time. So, the house, itself, only gets so many parties a year?

WILLIAM MACALI: Not parties but event functions, and, again, if you're renting it to John for more than -- for seven days or not renting it for less than seven, the Ordinance doesn't apply. Typically, I think, from the information we have, the party rentals are typically for three days, and the vacation rentals are for seven. So, somebody coming down to Sandbridge from Pennsylvania, wherever, renting a house for seven days or more, isn't subject to this Ordinance, which is our intent. We share the same concerns.

COUNCILMAN WOOD: Isn't the result still the same for the people who live in Sandbridge, even if I rent it for seven days or four days and I still have the event? I'm still going to have all the cars on the road.

WILLIAM MACALI: A major conundrum is trying to fix every situation. But what we're really looking at is the commercial use of a property rather than somebody who is renting a house and happens to have a party. That's done everywhere. And, in fact, that can be a problem if someone owns his house and he's owned it for 20 years and never rents it. He has a bit party and the problems are the same. So, it's a very difficult issue. We looked at that from every possible angle and came up with the number of people as well as the rental period to try to separate the occasional problem from a recurring problem. It's not perfect, but it's not going to be perfect. We're just trying to get a handle on it and kind of reduce the conflicts there.

MAYOR SESSOMS: Rosemary?

COUNCIL LADY WILSON: Let me ask you a question about the permit. It's \$200, and then if it's a wedding is it the wedding fee on top of that, as well? There's a wedding fee. Not in Sandbridge?

WILLIAM MACALI: This is just for the permit, like any Special Events Permit.

COUNCIL LADY WILSON: I understand, but if you're having -- if your event is a wedding?

CITY ATTORNEY: If you have to get a Special Events

Permit for the wedding, which is, I think, one of the categories, then you would not have to. It would not fall under this Ordinance.

COUNCIL LADY WILSON: So, they're not paying double fees.

WILLIAM MACALI: You either have a Special Events Permit under the current Ordinance or you have a Party, Event Function Permit.

COUNCIL LADY WILSON: I just think that something we all need to keep in mind is we have allowed these houses to be built. People have invested a large amount of money to build a 12-bedroom house with 12 bathrooms, and we allowed this. And I'm sure that they built those houses with the --

KAREN LASLEY: When they built those houses, they have approval for a residential site plan and residential building code. They were built as single-family homes.

COUNCIL LADY WILSON: Let me finish what I was saying.

KAREN LASLEY: I'm sorry.

COUNCIL LADY WILSON: So, we still allowed these 12-13-bedroom houses to be built, and we also collect hotel taxes on them, which is, how much is it, John, 15%-16%?

COUNCILMAN UHRIN: More in Sandbridge, because they pay the SSD.

COUNCIL LADY WILSON: Yes. So, not only have we allowed them to be built, we charge them a large amount of money for hotel taxes, which is higher than the Oceanfront, which, I think, is 15% or 16%. So, while we're looking at that, I just think we should all keep in mind that we're part of that.

MAYOR SESSOMS: Amelia?

COUNCIL ROSS-HAMMOND: Well, as you know, Karen, remember we had the same kind of situation at Chicks Beach.

KAREN LASLEY: Right.

COUNCIL ROSS-HAMMOND: Theirs, they didn't have fences for

or anything across, so the party spilled over into the neighborhood yards, and that's when I was called in about that. Again, what you're saying is residential. Rosemary is saying they're paying hotel taxes, which means we are aware that they're being used in this form.

COUNCIL LADY WILSON: Yes. We collect hotel taxes on them. That's a lot, maybe as much as 16%.

WILLIAM MACALI: There are two sides to this issue, for sure, and it's very, very, difficult to reconcile, and we understand all of that.

COUNCIL ROSS-HAMMOND: Well, there should be some civility. For example, what happened on Chicks Beach, the garbage was full, the dogs were running around right into the next people's neighborhood, which is a safety threat. So, this at least will help in some way. But like Rosemary is saying, I didn't realize that part of it that they are also paying.

MAYOR SESSOMS: Bobby?

COUNCILMAN DYER: Thank you. A lot of these properties, do they have a property manager that's common, a local person that oversees?

WILLIAM MACALI: Yes. Typically, they're advertised for these purposes by a realty company.

COUNCILMAN DYER: So, wouldn't they be a natural person to bear the responsibility for a lot of the permits and compliance and things of that nature?

WILLIAM MACALI: Could be, yes. That's one way to approach it, sure. But if I were a representative of a realty company and I rented a house or one of these places, I'm not going to take sides here, but they do some things to make sure that to the extent possible, I guess, that the activities are -- that there's parking provisions, that there's insurance, things like that. I don't know if I could really be responsible for what happens at one of these because I rented -- the agent rented the property for them. What happens if there's two different houses or three different houses that my realty company represents and they're all having an event function on that same night? That's why we're saying somebody has to be designated as the responsible person, and I'm thinking whoever it is that is renting the house, paying the money, and is going to be the host of the

party should be probably the person who's responsible. And, again, it's something that we will be discussing, who is ultimately responsible for that, yes, sir.

COUNCILMAN DYER: Because I would think that the owners, the managers of the property, would want to make sure of that, you know, a lot with the rentals in the Outer Banks, there's a lot of damage with these parties that have the potential to go on. And the other thing is, I think a lot of companies nowadays are using these types of facilities for retreats and things of that nature, and some of these places I know they're maybe, what, \$10,000 to \$15,000 a week?

WILLIAM MACALI: I wouldn't doubt it.

COUNCILMAN MOSS: It cost my mother-in-law \$18,000.

COUNCILMAN DYER: But I think the main concern for the neighborhoods that these are going to be events, even though they're technically private property, the parking has got to be the biggest nightmare for the residents, because I've been to places in the Outer Banks where parking was challenged, and I think that's where a lot of the inconvenience comes, and the shuttle parking concept, I think, would alleviate a lot of the problems. The property manager can have a constant in-place operation that becomes part of it where maybe the City can get some of the money for offering parking or things like that. I don't know. But this is a tough one, but I think the people, agencies, that are responsible for the party have to at least play a major part of this for consistency reasons.

WILLIAM MACALI: I suspect that when, first, if this is adopted and the first permit comes in, there's no such place as a single-family residence there that has space for 75 cars. So, I think, probably the requirement would be for some form of shuttle or valet service, something like that, park someplace else and it will take you to the party. They do that a lot now, I understand, but I don't see any other way of accomplishing getting all the cars out of the road and all that kind of thing. It gets so bad that Police have to tow sometimes because they can't get through for Fire or Ambulances or something like that.

COUNCILMAN DYER: And it's just not fair to the neighbors, the year-round residents.

WILLIAM MACALI: Right, yes, sir, absolutely.

MAYOR SESSOMS: Shannon, then Barbara?

COUNCIL LADY KANE: I'm not an advocate for anarchy; however, I'm not an advocate of more laws, more rules, more restrictions. It seems so complicated. I guess, what I'm getting ready to ask you to do is almost the impossible, is if we could simplify it and dummy it down, I mean, it is so laborious. It's just so complicated.

But then the second thing is, why we're looking at this, coming from an events background, as I talk to folks in organizations throughout the City all the time who struggle with the clarity and the Special Events Permits and the cloud of confusion that sometimes overcasts those in the sense that the Oceanfront has this, and Sandbridge has this, and then at Town Center there's something else, and I would hope that at this time we can take, as we're looking at this and incorporating the Special Events Permit in with this, take a look at that Special Events Permit licensing and experience, as well, because it's not as straightforward as it probably should be and not as simple as it probably should be. So, I would hope that we would be able to simplify this a little bit better.

WILLIAM MACALI: We will do our very best.

COUNCIL LADY KANE: I know.

WILLIAM MACALI: It's difficult because there are so many different ways of getting around the permits -- well, not so many, but just you have to write ordinances to prevent the loopholes, and that makes it longer. When it's long it's more complicated, but we will do our very, very best. We can promise you that.

MAYOR SESSOMS: Barbara?

COUNCIL LADY HENLEY: I know there's long been the Special Events Permit process, and that applies anywhere anybody has something that comes under this category of a Special Event. This, though, is different, and you all are beginning to understand just how complicated it is, and we have been talking about this for quite some time down in the Sandbridge area. But I guess Sandbridge, being different from some of our other Oceanfront neighborhoods because it has evolved kind of recently, I think other Oceanfront areas have long also been places where people have a second home and they vacation and then they rent it for different lengths of time.

And this has happened in Sandbridge since building began there, which I think started in probably the mid-50s. So, this short-term rental of houses for a family vacation has been a part of Sandbridge from the beginning, but Sandbridge is also Residentially Zoned and is a residential community. And over time, more and more full-time residents are in Sandbridge, but the short-term rental or the family vacation coming down, families coming down and vacationing for a week and having a good time and then going back, has worked. And I'm sure there were occasional noisy parties and so forth, but that's been okay, and I think this is the thing that the community understands and accepts.

But this uniqueness of these Special Event Houses, for lack of a better term, we'll call them "Special Event Houses", has evolved in just the last few years, and we see that though not only in Virginia Beach but all over the country. You mentioned the Outer Banks and Karen and her folks have done a real good job of looking at how other cities are addressing them, but it's that commercial nature. And I think this definition of an event function being "an assembly of people for a special event", if you notice as it has here is that this property is "used, designed, maintained, and advertised or held out as a destination for gatherings of invited guests".

And that's clearly different from a residential facility in a residential neighborhood, and it's that commercial nature of it that people are questioning because when does it stop being that commercial structure and commercial property that would require a Commercial Zoning designation and when it's become a residential. And this has sort of hit that tipping point that as things have happened and they've really evolved to the point that it's causing a lot of problems to people who live there, who even vacation there. They come for their week of enjoyment and they've got one of these Event Houses next to them and it's quite a problem.

And so, it is sort of a hybrid, and it's very difficult to try to be fair, but as far as our allowing these parties, Karen is very right. These properties came in and they got a building permit for a residential home. And there are a number of residential homes where people live full time who do have 10 bedrooms and 15 bathrooms, which I would never want to have to worry about keeping clean, but they do. And there are single-family homes that are like that, and many of them at Sandbridge, but it's the ones that are being used, designed, maintained, advertised, held out as the definition for these Special Events; that's not a single-family home. That's some kind of commercial thing, and so it's trying to keep that

commercial from dominating the residential that we're attempting to do in a fashion that recognizes that there are some of these.

So, that's why this attempts to allow some but not allow something on an unregulated basis. And I think the permit, we've talked all around it, but one of the things that is very difficult about anything we do is enforcement, and we don't want to do anything that we can't enforce. And in order to enforce something, we have to know what's going to happen, and I don't think it's good to require the neighbors, the adjoining neighbors, to be the enforcers for us, or the people who set the enforcement in motion. It's just not right to put them in that position that they have to be the ones to call the Police. And it's also not right that we ask the Police to be our Zoning Enforcement Officers. They've got many other things to do.

And so, the permit process allows us to know that it's going to happen and requires that these things that are problems be addressed in the permit. You've got to show us where you're parking is going to be. You've got to show us how many people you're going to have. You've got to show that your property, the Fire Marshal says that it's okay for it and so forth. And so, then we can also keep track that we don't have a property that is having two a weekend, which some of them do. That's asking a lot for the adjoining property owners to tolerate.

So, I know all of these things are difficult and so forth. And so, the community has really been struggling with this because they want to continue allowing vacation home rental, but recognizing that there are now over 50 of these identified Event Houses and knowing the kinds of problems that they're creating, the community has said, hey, wait a minute, let's -- and I think this has got e-mails and so forth that I received on both sides over the last few months -- it's an issue that we really do need to address, and I really appreciate Karen and Bill spending all the time that they have on this. And I hope that you all will allow me to share some of the information that's come to me from people who say I'm not trying to stop people from renting their home to people in the summer for vacation the way they always have, but we really can't tolerate it. Something has got to be done to control this commercialization that's occurring.

And I will say, as far as the taxing situation, I don't know if that kind of hinges an awful lot on the agreement that we came to in the community back in the 90s when we established the Sand Replenishment Project, and then we came up with the SSD that not only addressed additional tax revenue that the

residential properties pay but also additional revenue that these rentals pay that goes specifically to the SSD, which has allowed Sandbridge to have recurring Sand Replenishment projects, which at the beginning were supposed to be substantially federally funded, now are completely local funded. So, it's a really important thing that we address that, and I don't think we want to mess that up at all, because Sandbridge has something that none of our other Oceanfront communities have, and that's a process for paying for sand replenishment. So, that's why the fee for the tax fees on these rentals is just higher, and there the money goes.

So, I appreciate all of your interest and concern, and I'll be glad to try to answer questions, and we'll certainly continue to work with everybody to try to come to something that is feasible and the community can support.

MAYOR SESSOMS: Very good. John Moss?

COUNCILMAN MOSS: Well, as the son-in-law of a mother-in-law who owns a property across from one of these Event Homes, I'll share a little bit of experience that I've had and also the rationale of why they do it. It's kind of interesting. So, this is 11 master bedrooms. It has an indoor pool and an outdoor pool. The indoor pool is on the second deck. Imagine that.

COUNCIL LADY KANE: Your mother-in-law's property or the rental home?

COUNCILMAN MOSS: No, this is the house across the street, so I'm familiar. So, I went over and I asked the gentleman, and I had one of these only because we went to be at the beach house, it's not a rented property, and our parking lot was full of cars, not our cars, but cars. So, I went across the street, was very nice, and said "you can have one side of the driveway, but we would like the other half cleared so we can get in". He was very nice. And I said, "can I just ask you what the economics are?" Because I think it's important to understand why, what's the business logic, because in the end it gets back to Rosemary's fundamental question about let's make sure we know what we're doing and what expectations we set. He said, "Oh, this is much cheaper than being at a hotel," he says, "because they charge you a fortune for the food and for the liquor, but they give you the room for free." He says, "Here, I can put the wedding guests in the house, I can get my own caterer, provide my own booze, and I got my own place, and this is much cheaper," and it is a logic you'll hear over and over.

To Bobby's point, I won't mention the firm, rented this place for three weeks consecutively, and they were bringing clients out to stay there, and every three days, this is over a three-week period, there was a different gathering that took place at this place, some more interesting than others. Sidebar, I'll tell you about some of them. But my point being, getting back to your point, there's a business case that talks about what they built these properties for, good, better, or different, when you change the frequency of events, you change the cashflow of the properties, you change what happens with the properties, you change valuations people can adjust.

So, I think we also need to make sure that what we really want to do is manage the effect of the properties. And I do think the parking is a big one, and numbers, but every place can have a Fire Code, could have a Parking -- I think, can you get the properties precertified somehow for events so you know right up front what the fire -- because you think, 100 people, each lot is 10,000 square feet, 100 by 100; that's one person per 100 square feet, if I've got my math right. That may or may not be the right number, but my point being is there has to be some kind of science for that, but pre-certify the properties.

And, obviously, anybody who has anything has to have trolley parking. I've seen that happen when they have a van. I'm sure you've all seen it down there moving back and forth, but rather than trying to regulate maybe the frequency of events is manage the effects and hold the property owners to the effects of the thing where you can deal with that like you would any event service at the beach. We've got to have parking. We've got to have whatever. And rather than having -- then you know what you have to have and it's consistent for that property. Like TSA precertification, you go through the speed line for things. If you want to have one of these, you've got the speed line for certification. But I just think we've got to have, there's got to be, a happy medium.

Now, someone can say, yeah, they're having these commercial things. This is a residential neighborhood, and that, Barbara, I agree with, but we have to also remember since they can do it legally by law now, otherwise we wouldn't be doing this, that somehow the current ordinances there's some vested, not vested right-wise, but the ability without violating any laws to do what they do. That gets back to Rosemary's point of they built something on a business proposition that if we change may not be sustainable. There's a consequence; not

saying we still shouldn't do it, but we should be aware of what that means.

So, I think now when we have an ordinance, I think we need to understand the business case why that works, like they'll do two rentals in one week versus one and they make no money on two versus one. That's why they don't like weekly rentals as much. There's a reason. Unless we understand the underlying business case analysis of those places, we're not going to get the right inventory result from what we pass. That's my only concern. We really need to understand the business that's making that work to effectively regulate it to get the result Barbara's looking for, I think.

MAYOR SESSOMS: Rosemary, then Barbara, and then Shannon?

COUNCIL LADY WILSON: Well, again, even though this is Zoned Residential, we still allowed them. We could have put things in place that you could only have so many bathrooms or so many bedrooms, and we didn't. And these things, I think, going forward if you wanted to put some things on going forward that controls the size of the property on the size of the lot, then that's a different story. These people have built these things. They've built them for the reason to make money. They could rent them out and make money. And I do think it's a little unfair, we've allowed them to do it, and to all of a sudden sort of say "no, you can't do it but this many times". I think it's going to really economically hurt some of these people.

Now, being bad neighbors is not good, either, and maybe we need to look at the penalties for being a bad neighbor. These are the rules, and if you break the rules this is what's going to happen. I'm just throwing things out there, because I've got a lot of concerns about this. I live at the Oceanfront. I live on the Boardwalk, and Christmas lights are going up now. They're very exciting. And part of living in a resort area, we're going to have things. Sometimes it gets noisy. Sometimes I can't get out of my driveway because there's a parade. I mean, that's part of where you live.

KAREN LASLEY: It is. It's a tough issue.

MAYOR SESSOMS: Barbara?

COUNCIL LADY HENLEY: The Oceanfront is Zoned Commercial, and that's expected there.

Sandbridge is Zoned Residential, and if these people built something for a business plan, then they misrepresented what

their application was. Their application is for a residential home, and as I say there are many residential homes down there that are lived in by the owner that are pretty large. So, if we're going to start telling people the size of their house that they can build, I can think of a lot of them all over the City that are pretty large, not just ones in Sandbridge. And remember, this is going to apply everywhere, but the difference is this is a Residentially Zoned area.

Now, if we're going to knowingly approve a building that is for a Commercial use, something is wrong in our permitting process for our Building Permits, because we require proper zoning. And we very tightly control home occupations and so forth in neighborhoods so that we are not allowing Commercial uses in Residential neighborhoods. But I think the allowance and what Zoning did do over the last couple of years was say "okay, three per year is perhaps what could work in the neighborhood". And so, that's how we started or how Zoning tried to accommodate these that were happening, was that you could have three of these special events per year and so forth, and that is what this ordinance allows, as well. It allows us to know that they're going to be occurring and when they're going to be occurring and to make certain that the things that are the problems are addressed.

But I think we really have to be careful if we're going to say, because as Karen indicated, more than that and you're an Assembly use, and you need to be Commercially Zoned. And so, you might think of Croatan, I think of North Virginia Beach, all of these places that we could have the same kinds of things if we're going to say in our Oceanfront areas Zoned Residential you can have, you can go ahead and make your business plan and build these homes, or you can't build a house above a certain size because we're going to regulate that; this is why it's so difficult. I think we really have to come to grips with this, what is a Commercial use and what is a Residential use, and what's allowed in Residential Zoning from a commercial standpoint. And if folks built them, then they should have looked for someplace that was zoned that allowed these kinds of activities.

KAREN LASLEY:

That's what I wanted to point out, too. I find it unbelievable that people are making, property owners are making, this kind of a multi-million-dollar investment without a written Zoning Verification Letter, without a determination from the Zoning Administrator, that, yes, it's okay to operate it this way. They just went ahead and did it. And then the other point that Bill wanted me to point out is that we can't -- Zoning Regulations can't trump the Building Codes. You can't really

set a maximum number of bedrooms or bathrooms or house size. That makes it harder. It's very difficult.

MAYOR SESSOMS: We've got another question. Shannon?

COUNCIL LADY KANE: Do you know the amount of revenue we're getting from these Event Homes on average the past two years?

KAREN LASLEY: We can get that.

COUNCIL LADY KANE: Could you get that?

WILLIAM MACALI: The Building Code does specifically supercede Zoning Ordinances, but the State Code does allow some degree of control over how large a house can be by means of, typically we would control that my means of, (inaudible) ratio or lot coverage. Aside from that, if you build a single-family home, the Building Code only sets forth minimum standards. So, if you want to have 20 bedrooms and you can fit it in the house, that's fine. If you want two stoves, two refrigerators, you can. It's just that our control over how large these can be on the outside is limited by what they call bulk regulations, the volume of the house compared to the lot. What goes on inside it is something else. So, if somebody applies for a single-family dwelling building permit, you can have as many bedrooms as you can fit in there, all that kind of thing. So, it's extremely, it's a very difficult situation we're presented with.

MAYOR SESSOMS: John Moss, did you have something else?

COUNCILMAN MOSS: Yes.

MAYOR SESSOMS: Then we'll wind up.

COUNCILMAN MOSS: You, Karen, mentioned that you were surprised anyone would build this structure without getting a letter from the Zoning.

KAREN LASLEY: A Zoning Verification Letter. We do them all the time when people get a bank loan to open a business, the bank wants to know for sure that they're zoned appropriately for that use. It's routine.

COUNCILMAN MOSS: The reason I'm asking this question is, we can't cite them for a Zoning Ordinance Violation today, from what I understand, correct; you can't cite them for a Zoning Violation today; is that

correct?

KAREN LASLEY: Right, yes, and we have. It's an interpretation, though, that it's an assembly.

COUNCILMAN MOSS: Well, this is an important point, because it will get to the point of Barbara about going forward. I'm trying to make, because you made a very -- well, I need to ask the City Attorney afterwards, as well -- but if someone were to come in for that house, that house you show right there, and said "I'm going to be operating it this way", the way you suggested, can legally, assuming this Ordinance is not adopted, can you as the Zoning Administrator legally deny the building permit?

WILLIAM MACALI: Yes -- the building permit?

COUNCILMAN MOSS: Well, they're coming in there for something. This letter from Zoning is to say they have the proper zoning for the bank.

WILLIAM MACALI: Yes.

COUNCILMAN MOSS: We can deny that?

WILLIAM MACALI: If they came in and said "we are going to use this property primarily for renting, for parties and events, things like that, the answer would be "you can't".

MARK STILES: We would classify it as Assembly Use and it would have to have appropriate zoning.

COUNCILMAN MOSS: Okay. Now, I'm just a slow person, but bear with me. So, now, if that's true, what precludes us without any adoption of any ordinance today for people who are operating in this way to say it's the same violation, that they're nonconforming? What precludes us from doing that?

KAREN LASLEY: We've got in your package, you've got a copy of a letter that we sent out to maybe at the time we did there were maybe 30 of these Event Homes letting everybody know that because the Ordinance probably isn't clear that we let everybody know, so we've actually taken that position.

COUNCILMAN MOSS: Very interesting that we could.

KAREN LASLEY: Yes, but it's very difficult. Zoning Inspectors have to catch them having these events three times. We've done things, the neighbor can tell a wedding is going to be held when the truck comes with the chairs, so then we sent the Zoning Inspector out. It's very tough to catch and document the events.

COUNCILMAN MOSS: I'm just trying to make sure I understand. We have a law that's not practical to enforce.

KAREN LASLEY: Right.

COUNCILMAN MOSS: Okay. So, proposing something new, would we then be getting rid of the law we can't enforce, so a net gain of zero?

KAREN LASLEY: I think we're clarifying the law. It would be clarified. We need to clarify the law and require permits so that it's easier for us to track this type of event. It's not easy either way.

CITY ATTORNEY: The other thing it would do is it would make the requirements clearer so that when Karen issues a Zoning Determination Letter and she gets appealed to the BZA, the BZA would have a clear standard by which to determine whether or not her interpretation is, in fact, the right interpretation.

MAYOR SESSOMS: This has been a great discussion, and I just know you have a short road to go, right? You've got a long road to go, but we wish you the very best. I know everyone is trying to do the right thing.

(Whereupon, the discussion of this matter was concluded.)