



City of Lexington

Short Term Residential Rental Fact Sheet

The City of Lexington adopted a revised Zoning Ordinance on October 5, 2017 that includes new regulations for short term residential rental businesses and those short term rental regulations were further refined by City Council on March 21, 2019. The following is a summary of the regulations found in Section 420-11.3.22 of the Lexington Zoning Ordinance.

A. Definitions for Short Term Residential Rentals and the two different types of rentals.

Short Term Residential Rental: a residential dwelling unit that is used or advertised for rent for transient occupancy in increments of less than 30 consecutive days. (This use type does not include bed-and-breakfast establishments.)

Type A: rentals where the host is present during a short term rental, and no more than two (2) bedrooms of the unit are rented. **A maximum of 104 nights of this type of rental is allowed in each calendar year (any Type B Rentals count in the 104 night maximum).**

Type B: all other rentals, including ones where more than two (2) bedrooms of the unit are rented or the host is not present during the short term rental. Example: you rent your home out for Parent's Weekend and you go visit friends. **A maximum of 45 nights of Type B rental is allowed in each calendar year.**

Primary resident (or Host) means the owner of the short term rental unit, or lessee of the short term rental unit with a lease agreement that is one year or greater in length, who occupies the property as his or her principal place of residence and domicile. The host has the burden of demonstrating that the dwelling unit is his or her primary residence.

Bed-and-Breakfast: A dwelling unit occupied by the owner that provides up to five bedroom accommodations. Bed and Breakfast establishments require a conditional use permit in the residential zoning districts (R-1, R-2 & R-M) and can only be located in the R-1 zoning district along Main, Washington, and Nelson Streets, and can only be located in the R-2 zoning district along South Main Street. Bed and Breakfast establishments are permitted by right in the commercial zoning districts (R-LC, C-1 & C-2).

B. Important Short Term Rental standards and information for all such businesses.

- 1) Please make sure your guests are good neighbors. You want them to respect your home and also your neighbors. Repeated substantiated complaints can result in loss of ability to have a short term rental use and may be subject to penalties.
- 2) A short term rental business must be registered with the Lexington Department of Planning and Development prior to any rental (540-462-3704).
- 3) The registration shall be valid January 1st through December 31st of the calendar year and shall be renewed annually. The annual registration fee is \$50 and is nonrefundable. Renewal applications must be submitted by January 30th and a late fee of \$50 will be assessed for renewal applications received after January 30th.

- 4) The Commissioner of Revenue collects a lodging tax of 8% for all transient rentals that are less than 30 days in length. Lexington lodging tax forms must be submitted to the Commissioner of Revenue on or before the 20th of the following month. The lodging tax may be new to you, so please ask the Commissioner of Revenue if you have any questions (540-462-3701).
- 5) The Commissioner of the Revenue assesses all tangible personal property used in your short term rental business (i.e. furniture, appliances, linens, etc.) as of January 1st of each year. A Business Tangible Property Return form will be mailed to each short term rental owner at the beginning of the calendar year and the completed return, with an attached listing of all tangible personal property used in the short term rental business, must be submitted to the Commissioner of the Revenue's office by March 15th of each year. The tax rate for business tangible property is \$4.25 per \$100 of assessed value. The business tangible property return may be new to you, so please contact the Commissioner of the Revenue if you have any questions (540-462-3701).
- 6) Have you checked on insurance? Make sure that your homeowner's policy covers this use or obtain other insurance to cover the rental of your home for transient occupancy.
- 7) A log book must be maintained and each entry must distinguish between Type A and Type B rentals for all booking transactions.
- 8) The name and contact telephone number for the host, or host's designee, must be posted conspicuously as the host must answer calls 24 hours a day / 7 days a week for the duration of the rental should there be any problems. Your guests need a way to contact you if there is an issue with the sort term rental unit.
- 9) The rental unit or dwelling must have an approved street address placed in a position that is plainly legible and visible from the street fronting the property.
- 10) Every room in which you have guests sleeping must have a smoke detector. Carbon monoxide detectors are required as well if you have gas heat or gas appliances in your home.
- 11) Every room in which you have guests sleeping must have adequate egress, other than the entrance point, in case of emergency. For example, a window that a person could open and fit through to exit the sleeping area in case of an emergency.
- 12) Fire sprinkler systems are required for transient accommodations in commercially zoned, non-owner-occupied properties.
- 13) You must post the day for trash and recycling collection prominently in the short term rental unit. Please make sure your guests know that trash and recycling must be out to the street the evening before your collection day.
- 14) A principal guest shall be designated as the contact person for City officials in the event of safety or behavioral issues at the unit and the host shall provide this information upon request to authorized City officials. We hope this will not be necessary but we need to be able to identify the guest if the need arises.
- 15) The principal guest shall be at least eighteen (18) years of age.
- 16) The maximum number of guests is limited to two (2) adults per bedroom.
- 17) The rental period cannot be less than overnight.
- 18) One off-street parking space is required for each sleeping room in addition to the parking spaces required for permanent residents of the dwelling. Please make sure the additional off-street parking does not detract from the character of your dwelling or the surrounding neighborhood. (Off-street parking is not required in the C-1 zoning district.)

- 19) Your guests are not allowed to park a recreational vehicle, bus, or trailer along the street or in a manner to be visible on your property.
 - 20) You are allowed as a property owner to participate once per year for up to 3 consecutive nights in a charitable fund raising event wherein your dwelling is occupied by transient guests and the proceeds are donated to a recognized 501(c) organization.
 - 21) Your registration may be revoked or suspended for failure to comply with all Short Term Rental regulations.
 - 22) Learn how your parcel is zoned. Residential zoning districts (R-1, R-2 and R-M) have more limitations than parcels located in the commercial zoning districts (R-LC, C-1 and C-2).
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C. Important additional Short Term Rental standards and information for such businesses located in the residential zoning districts (R-1, R-2 and R-M):

- 1) A host may only obtain a registration and operate one (1) residential dwelling unit in all of the residential zoning districts (R-1, R-2 & R-M) citywide as a short term rental.
 - 2) A host is permitted a maximum one hundred and four (104) nights of Type A and Type B rentals in each calendar year. Of these one hundred and four (104) nights of rentals, no more than forty-five (45) nights may be Type B rentals.
 - 3) The dwelling unit used for short term rental must be the host's primary residence, which means that he or she resides there for at least 185 days during each year.
 - 4) No signage advertising the short term rental is allowed on your property.
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D. Important additional Short Term Rental standards and information for such businesses located in the commercial zoning districts (R-LC, C-1 and C-2):

- 1) The dwelling is not required to be a host's primary residence in the commercial zoning districts.
 - 2) Transient rental accommodations in non-owner-occupied properties require the installation of fire sprinkler systems – please contact the Lexington Building Official at (540) 462-3704 prior to submitting a short term rental application.
 - 3) An owner may operate more than one dwelling unit as a short term rental business in the commercial zoning districts.
 - 4) The 104 night yearly rental restriction (and 45 night subsection thereof) does not apply in the commercial zoning districts.
 - 5) Signs are allowed in the commercial zoning districts.
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E. Important additional Short Term Rental standards and information for such businesses located on parcels containing an Accessory Dwelling Unit (ADU):

- 1) Only one short term rental unit shall be allowed per parcel. The unit must be registered with the Planning Department as a short term residential rental business.
- 2) If the Host is the lot owner, then (a) the lot owner must occupy the primary dwelling or the accessory dwelling unit as his or her principal place of residence and domicile and (b) the registered short term rental unit may be located in either the primary dwelling or the accessory dwelling unit.

- 3) If the Host is a long-term lessee rather than the lot owner, then (a) the lot owner must occupy either the primary dwelling or the accessory dwelling unit, (b) the Host must occupy the other dwelling unit as his or her principal place of residence and domicile, and (c) the Host's dwelling must be the location of the registered short term rental unit.
- 4) A short term rental unit located in the primary dwelling may be used either as a Type A or a Type B short term rental business. A short term rental unit located in an accessory dwelling unit may be used only as a Type B short term rental business.
- 5) The Host of a short term rental unit that is located in an accessory dwelling unit in the R-1, R-2, or R-M zoning district may not rent the unit for more than forty-five (45) nights in each calendar year.

For additional zoning and land use questions, please contact the Planning and Development Department at (540) 462-3704. For additional tax and business license questions, please contact the office of the Commissioner of Revenue at (540) 462-3701.

Notes:

- 1. Prior to submitting a short term rental registration application, the applicant is required to meet with staff for a pre-application meeting.***
- 2. Any application deemed incomplete by staff will not be accepted.***