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Renting Private Rooms Makes Sense

By Michael Thompson

The General Assembly is debating how best to allow private homeowners to rent their extra bedrooms on a short term basis. That decision may be made this year or next, but it is an important one in this changing economy.

Over 4,000 Virginians are renting their extra bedrooms to travelers today but the regulatory structure is left to the localities. The General Assembly is being asked to permit this private room sharing statewide and to develop a reasonable framework for this growing private sector industry.

Last year, the General Assembly recognized the new “Sharing Economy” when it broke the monopoly of the taxi cab companies by allowing a business such as Uber, Lyft to do business in Virginia.

Our new “Sharing Economy” allows participants to make extra money by sharing products or services through internet promotions. Online marketplaces enable anyone who owns property, in this case a home, to become an entrepreneur. As our state leaders struggle to confront Virginia’s sagging economic outlook, this relatively new, internet based business is one way to bolster household incomes in our state.

Companies such as Airbnb allow individuals to use extra space in their homes to make extra money through short-term rentals. This has become a safe, reliable tool and a global phenomenon. Hundreds of thousands are doing this today here in the U.S. and around the world.

Here are four areas that the General Assembly needs to tackle to bring this new industry to all interested homeowners in our state.

- 1) Virginia localities are currently able to prohibit this activity and create obstacles that prevent people from using their primary residence for this limited business purpose. These local laws infringe on the freedom of Virginians to earn money and diminish the property rights of our fellow Virginians. This is similar to the monopolistic laws that used to give the taxi cab companies exclusive rights, The General Assembly ended this practice two years ago and it should do the same with private home properties.
- 2) It makes sense to have a statewide, uniform framework that allows people to use their primary residence for short-term rentals and prevent local governments from standing in the way of a homeowner’s economic opportunity subject only to certain reasonable regulations. The General Assembly just approved limiting proffer authority at the county/city level and creating a statewide framework for renting out rooms is much the same idea.

- 3) Home Owner Associations should be able to approve or not approve this use of homes in their associations under their current authority.
- 4) Appropriate collection and remittance of lodging and sales taxes should be assured through mechanisms established through a hosting platform such as Airbnb.

The legislation currently before the General Assembly is consistent with these principles.

Denying the use of personal homes to rent out, on a temporary basis, an extra bedroom or two is denying the reality of what is happening in the world today. Hundreds of thousands of people are participating in this new and growing room sharing industry. Virginia should encourage this new home-based industry in our state within a reasonable framework that allows both the locality and state to collect the taxes owed on these transactions.it.

We are struggling here in Virginia to get out from under the too-heavy-reliance on the federal budget to provide our economic future. Most everyone agrees that we have to create truly private sector job opportunities and find ways to increase the household incomes of our citizens here in our state.

Giving the homeowners the right to rent out their extra bedroom will provide a service that is needed and one that is working in areas all over the world today. Individual room rentals are less expensive than motels or hotels, and not much unlike bed-and-breakfasts that dot our landscape.

Let's get this new idea some breathing room and help make it a growing part of our economy. Allow these rentals of private home bedrooms through a state law and structure the regulations so as to be reasonable and encouraging to the homeowner. Taxes can be charged and groups like Airbnb can work those into the price the traveler pays.

This makes idea makes good sense. Hopefully the state legislature will agree and pass the necessary laws to make this new industry welcomed statewide.

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