



# Land Use Management Ordinance Text Amendment Short-Term Rentals

May 19, 2021

# Recommendation

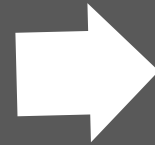
- Open the Public Hearing;
- Receive comments in this meeting and up to 24 hours via email at [planning@townofchapelhill.org](mailto:planning@townofchapelhill.org)
- Move to close the public hearing at that point
- Enact the Ordinance on June 23, 2021

# Text Amendment Process

**Staff  
Review**



**Planning  
Comm.  
Review  
5/4/2021**



**Council  
Public  
Hearing  
5/19/2021**



**Council  
Action  
6/23/2021**

# What's in your packet?

- Staff Report
- Resolution A, Resolution of Consistency
- Ordinance A, enacting the amendment
- Resolution B, denying the amendment
- Planning Commission Recommendation

# Text Amendment Background



- Short-Term Rentals (STRs): Rental of residential dwelling units for a period of less than 30 days
- Current LUMO only permits STRs as:
  - Home Occupation
  - Tourist Home
  - Overnight Lodging

# Text Amendment Background

<b>June 2019</b>	<ul style="list-style-type: none"><li>• CHALT, Chamber for a Greater Chapel Hill-Carrboro, and local hoteliers submit a petition</li><li>• Council directs staff to develop updated standards for STRs</li></ul>
<b>Fall 2019 – Winter 2020</b>	<ul style="list-style-type: none"><li>• Council appoints a 13-member taskforce focused on dedicated STRs</li><li>• Taskforce meets monthly from October – February</li><li>• Taskforce creates a final set of findings</li></ul>
<b>March 2020</b>	<ul style="list-style-type: none"><li>• Staff reviews taskforce findings with CCES</li></ul>
<b>June 2020</b>	<ul style="list-style-type: none"><li>• Council accepts taskforce findings and dissolves taskforce</li></ul>
<b>Fall 2020 – Spring 2021</b>	<ul style="list-style-type: none"><li>• Staff meets with Town Council to receive input on possible STR ordinance provisions</li></ul>

# Council Feedback

- Support for primary residence STRs
- Dedicated STRs do not belong in residential neighborhoods; they may be appropriate in mixed-use and commercial areas
- There should be a cap on the number of dedicated STRs
- Concerns for the impact of STRs on residents and residential neighborhoods
- Interest in requiring permits to collect data and clarify the number of STRs operating in the community

# Community Feedback

- Concerns for protecting residential neighborhoods from STRs
- Demand for STRs as not all guests are interested in staying at a hotel and STRs provide a home-like experience, particularly for longer stays
- STRs provide opportunities to save for homeownership
- Neighbors fear enforcement responsibility falls on them
- STR operators found that the review system on hosting platforms prevent neighborhood nuisances
- Interest in providing a sunset clause for existing STRs



# Planning Commission Feedback

## Planning Commission Feedback

- Proposed changes are not merited
- Support for sunset clause
- Allow existing STRs to maintain their operations
- Allow STRs in all zoning districts
- Ordinance was too burdensome for STR operators

## Changes to Draft Ordinance

- Removed requirement for dedicated responsible party to respond on-site
- Allow dedicated STRs in Historic Districts, rather than prohibit them
- Remove 100 ft. notification requirements from LUMO, but maintain it as a policy
- Removed trash and recycling as this is already in the LUMO
- Clarified definitions and requirements

# Summary of Proposed Changes

- Require zoning compliance permits (STR permit) for all STRs
- Allow primary residence STRs in all zoning districts
- Permit dedicated STRs in high-density residential, mixed-use, and commercial zoning districts
- Limit dedicated STRs to only 2 units or 3% of units, whichever is greater in multi-family developments
- Provide operational requirements for STRs
- Three strikes, you're out clause



# Definitions

- **Short-term rental (STR):** A dwelling unit rented in whole or in part for fewer than thirty (30) consecutive days for a fee or other valuable consideration as defined in section 6.27.
  - **Dedicated STR:** A residential dwelling unit(s) located on a property not used as a primary residence in which the dwelling unit is rented in whole or in part for fewer than thirty (30) consecutive days for a fee or other valuable consideration.
  - **Primary residence STR:** A primary residence rented in whole or in part for fewer than thirty (30) consecutive days for a fee or other valuable consideration.
- **Primary residence:** A dwelling unit, a single-family dwelling unit with accessory apartment, or a dwelling unit with an attached duplex unit owned by the same property owner, in which the host resides a majority of the year (219 days per year or 60 percent or more of the time).

# Definitions

**STR local responsible party:** the local contact responsible for responding to emergency complaints or issues stemming from the use of the dwelling unit as a short-term rental.

**STR hosting platform:** a public platform that allows an operator to advertise a residential dwelling unit for use as a short-term rental and facilitates the booking transaction between the operator and the guest.

**STR property owner:** The owner of record of the short-term rental property as recorded in the Orange County Register of Deeds. The property owner maybe an individual or individuals or any form of business entity recognized by the State of North Carolina. If the property owner is a form of business entity, it shall maintain current registration with the North Carolina Secretary of State.

# Definitions

**Short-term rental (STR) operator:** A property owner or authorized agent advertising, managing, and/or facilitating the use of the property as a primary residence STR or dedicated STR.

**Short-term rental (STR) permit:** The zoning compliance permit issued by the Town to property owners or designated agents to certify that a residential dwelling unit or accessory structure may be used as a primary residence STR or dedicated STR.

# Operational Requirements

## (a) Rentals

- Primary residence STR – rent out accessory apartment and/or single-family dwelling unit. No simultaneous rentals if operator is not on-site.
- Dedicated STR – No simultaneous rentals.

## (b) Maximum Overnight Occupancy

- 2 guests/bedroom + 2 guests
- Does not include children 12 and under

## (c) Designated Responsible Party

- Someone local able to respond within 2 hours

## (d) Noise



# Operational Requirements

## (e) Parking

- Provided on-site and not in the right-of-way

## (f) Signs

## (g) Taxes

## (h) Minimum Rental Age of 18

## (i) Minimum Rental Duration of overnight, or no less than 18 hours



# Enforcement & Compliance

- **“Three strikes, you’re out” clause**
- **6 months from the effective date of the ordinance:**
  - Existing STRs shall come into compliance and receive a STR permit
  - If they are out of compliance, then they shall cease operations





# Council Feedback Required

## 1. Primary residence STR

- Is 219 days/years (60%) sufficient?

## 2. Operational Requirements

- Does Council want to allow simultaneous rentals?

## 3. Sunsetting Existing STRs

- 6-month, 12-month, or 18-month amortization?
- Grandfathering only applies to legal nonconformities.

# Recommendation

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