

12-02-2020 Town Council Meeting

Responses to Council Questions

ITEM #2: Short-Term Rentals

Council Question:

At our last meeting, three types of STRs were described by staff, along with how they are classified by the LUMO. It would be helpful if we could also know in which zones each of these types are permitted.

Staff Response:

- *Home Occupation: RT, R-LD5, R-LD1, R-1A, R-1, R-2, R-2A, R-3, R-4, R-5, R-6, R-SS-C, TC-1, TC-2, TC-3, CC, NC, OI-1, OI-2, OI-3, OI-4, HR-L, HR-M, HR-X, PD-H, PD-MU, DA-1*
- *Tourist Home: TC-1, TC-2, TC-3, CC, OI-1, OI-2, OI-3, OI-4, PD-SCI, PD-OI, PD-MU*
- *Overnight Lodging: WX-5, WX-7 (Blue Hill)*

Council Question:

What would be the impact of the recent decision in Wilmington be on our LUMO and any future attempts to regulate STRs if the decision is substantially upheld by an appellate court?

Staff Response:

Based on our work with Rebecca Badgett, UNC SOG expert, we do not believe the Wilmington case will change the process in Chapel Hill. The Wilmington ordinance required operators to “register” with the City. However, state law provides that a rental registry for any rental property is illegal; resulting in the ordinance being struck down. Chapel Hill is not proposing to register properties. Instead, the town would issue zoning permits to operators. This approach should not violate state law because zoning permits are different from rental registries.

Council Question:

Do we know how many of the so-called “investor-owned” STRs we actually have currently operating in Chapel Hill?

Staff Response:

No, we do not know the specific number. From our past research using AirDNA, we know that the majority of STRs operating in Chapel Hill are whole-house rentals. Based on this, we know that the majority are dedicated and unhosted STRs. Staff will provide an overview of this at Wednesday’s meeting.