



To: Council Work Session
From: Judy Johnson, Operations Manager
 Anya Grahn, Senior Planner
 Rebecca Badgett, UNC School of Government
Date: December 2, 2020
Subject: Short-Term Rental (STR) Regulations

OVERVIEW

A STR is the renting of all or part of a residential dwelling unit for a period of less than 30 days for compensation. Currently, the LUMO allows residents to rent their primary residence for up to 14 days per year without a permit; however, STRs are prohibited as they are not specifically addressed. STRs may be allowed under the following current LUMO definitions which do not fully describe this use:




- Home Occupation (allowed in most zoning districts)
- Tourist Home (allowed in non-residential zoning districts)
- Overnight Lodging (limited to the Blue Hill District)

FOLLOW-UP ON OCTOBER 2, 2020 CCES MEETING

Council directed staff to separate dedicated STRs from Hosted and Unhosted STRs. There were concerns about the operation of dedicated STRs having a greater impact to residential neighborhoods. Many of the Council members discussed that STRs were a business that required regulation. There was interest in balancing impacts to the neighborhood, the local economy, and the hotel industry. Council emphasized their interest in safety standards.

There was an interest in having a broader discussion on regulating the types of STRs before discussing specific regulations. Rebecca Badgett, UNC School of Government, will be leading a facilitated discussion with the Town Council to receive feedback on the following topics.

TERMINOLOGY

Hosted STR (AKA Homestay)	Unhosted STR	Dedicated STR
		
<ul style="list-style-type: none"> • Nightly rental of room(s) or an accessory apartment located on the same site as a private, resident-occupied dwelling. • The use is subordinate to and incidental to the main residential use of the dwelling unit. • Resident is on-site with guests 	<ul style="list-style-type: none"> • Nightly rental of a principal residential dwelling unit or an accessory apartment located on the same site as a private, resident-occupied dwelling, for a maximum of ninety (90) days per year. • A principal residential dwelling unit shall be occupied by the resident domiciled at that location for the majority of the calendar year. • Resident has vacated the site during the guests' stay 	<ul style="list-style-type: none"> • Nightly rental of a residential dwelling unit or accessory structure on a site that is not used as a principal residence. • There is no resident. The site is only used for STRs.
<p><u>Current LUMO Provisions:</u></p> <ul style="list-style-type: none"> • Home Occupation 	<p><u>Current LUMO Provisions:</u></p> <ul style="list-style-type: none"> • Tourist Home • Overnight Lodging (Blue Hill District only) 	<p><u>Current LUMO Provisions:</u></p> <ul style="list-style-type: none"> • Tourist Home • Overnight Lodging (Blue Hill District only)

DISCUSSION TOPICS

A. DEDICATED SHORT-TERM RENTALS

1. How will the Town regulate dedicated STRs?

- a. *Option 1:* Prohibit dedicated STRs
- b. *Option 2:* Allow dedicated STRs

If Council chooses to permit dedicated STRs, should the number of dedicated STRs be limited?

2. How will the Town regulate existing dedicated STRs?

- a. *Option 1:* Prohibit existing dedicated STRs
- b. *Option 2:* Allow existing dedicated STRs as legal nonconformities (but prohibit new dedicated STRs)

B. HOSTED AND UNHOSTED SHORT-TERM RENTALS

We have heard from the Town Council that there is interest in permitting this use.

C. ENFORCEMENT

In [June 2019](#)¹, the Town Council directed staff to move forward with conducting enforcement efforts focused on noise, litter, parking violations and similar nuisance issues while an ordinance was under development. Council also directed staff to conduct an education campaign on any new STR standards adopted prior to their implementation.

Does Council still support this approach?

ATTACHMENTS:

1. Project Timeline
2. Draft Staff Presentation

¹ <https://chapelhill.legistar.com/View.ashx?M=F&ID=7332933&GUID=0A9FAE80-8439-4845-92F3-1103D2D88D0D>

Project Timeline

Date	Activity
June 12, 2019	CHALT, Chamber for a Greater Chapel Hill-Carrboro, and local hoteliers submitted a petition ² asking that the Town of Chapel Hill regulate short-term rentals.
June 19, 2019 ³	Council adopts Resolution authorizing the Town Manager to develop updated standards for STRs for Council consideration with input from community stakeholders and conduct short-term enforcement efforts consistent with Council direction.
September 11, 2019 ⁴	Council adopts Resolution ⁵ creating charge for the STR Task Force focused on dedicated STRs, including creating ordinance goals, identifying impacts of possible STR regulations on stakeholder groups, and developing a set of final recommendations for regulations.
October 2019- February 2020	STR Task Force meets monthly to discuss topics related to STRs. All meeting materials are available on the STR project webpage ⁶ .
February 5, 2020	STR Task Force completes their study and makes findings ⁷ for the Town Council to consider.
March 6, 2020	Council Committee on Economic Sustainability meets to discuss STRs. Meeting agenda and materials are available on the STR project webpage .
June 17, 2020 ⁸	Council dissolves the Task Force and authorizes the Town Manager to review the STR Task Force's Final Findings and consider next steps.
October 2, 2020	Council Committee on Economic Sustainability meets to discuss STRs. Meeting agenda and materials are available on the STR project webpage .

² <https://chapelhill.legistar.com/View.ashx?M=F&ID=7306654&GUID=5BAABE66-6F2E-4458-9F12-C2FE2F1F209E>

³ <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3985501&GUID=BFA3AA22-D1D1-4D51-9285-1C4FE6B2FF99>

⁴ <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4126810&GUID=F8BA0754-AAA2-474C-B0EB-4D344C4711C9>

⁵ <https://chapelhill.legistar.com/View.ashx?M=F&ID=7703597&GUID=589BAB1F-CADF-41BE-8F06-C7C5DF50D462>

⁶ <https://www.townofchapelhill.org/town-hall/departments-services/planning/plans-and-ordinances/short-term-rentals>

⁷ <https://www.townofchapelhill.org/home/showdocument?id=45087>

⁸ <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4569907&GUID=3243B43C-A063-46AB-8885-7BC99D867FC1>