



CLOSE THE LEGISLATIVE HEARING: LAND USE MANAGEMENT ORDINANCE TEXT AMENDMENT - SECTION 3.11 REGARDING SHORT-TERM RENTAL STANDARDS IN BLUE HILL DISTRICT

STAFF REPORT

TOWN OF CHAPEL HILL PLANNING DEPARTMENT
 Colleen Willger, Director
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| <p>AMENDMENT REQUEST</p> <p>Amend the Use Category standards for the Blue Hill Form District to clearly distinguish between Short-Term Rental and Overnight Lodging Uses, and to apply the same operational standards for short term rentals (STRs) in Blue Hill District that apply in the rest of Chapel Hill.</p> | <p>DATE</p> <p>October 27, 2021</p> |
| <p>TOWN MANAGER'S RECOMMENDATION</p> <p>I have reviewed and discussed key issues with Town staff. Based on the information in the record to date. I believe the Council could make the findings required to approve the proposal, and therefore should close the Legislative Hearing, adopt the Resolution of Consistency, and enact Ordinance A.</p> | |
| <p>UPDATES SINCE LEGISLATIVE HEARING</p> <p>No changes have been made since the September 22, 2021 Council meeting.</p> | |
| <p>PROCESS</p> <p>The item before the Council is for approval of a Land Use Management Ordinance Text Amendment. The Council must consider whether one or more of the <i>three findings</i> for enactment of the Land Use Management Ordinance Text Amendment applies:</p> <ol style="list-style-type: none"> 1. To correct a manifest error in the chapter; or 2. Because of changed or changing conditions in a particular area or in the jurisdiction generally; or 3. To achieve the purposes of the Comprehensive Plan. <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <ol style="list-style-type: none"> 1 2 3 4 5 </div> <div style="border: 1px solid black; padding: 5px;"> <p>Previous LUMOTA's – Short-Term Rentals and Blue Hill Use Categories</p> <p>Call the Legislative Hearing</p> <p>Planning Commission Review</p> <p>Legislative Hearing</p> <p>Consider Action on Text Amendment</p> </div> </div> | |
| <p>DECISION POINTS</p> <p>Tonight's proposal is to amend the Blue Hill Form District (Section 3.11) of the Land Use Management Ordinance including the following changes:</p> <ul style="list-style-type: none"> • Section 3.11.3.5.A.5, Short-Term Rental – amend to make operational standards for STRs applicable in the Blue Hill Form District • Section 3.11.3.5.C.7, Overnight Lodging - amend to add criteria that clearly distinguish a hotel or similar operation from an STR | |
| <p>ATTACHMENTS</p> | <ol style="list-style-type: none"> 1. Technical Report 2. Draft Staff Presentation 3. Resolution A, Resolution of Consistency with the Comprehensive Plan 4. Ordinance A, Enacting the Land Use Management Ordinance Text Amendment Proposal 5. Resolution B, Denying the Proposal |



TECHNICAL REPORT: SHORT-TERM RENTAL STANDARDS IN THE BLUE HILL DISTRICT

The following is a summary of the proposed text amendment that would amend LUMO to establish standards for STRs and Overnight Lodging:

1. Amend Section 3.11.3.5.A.5, Short-Term Rental, to make operational standards for STRs applicable in the Blue Hill Form District

This amendment would cross-reference [Article 6](#), which is not applicable in Blue Hill unless otherwise specified. STRs would be subject to the same operational standards that apply in other zoning districts. This amendment includes a limitation on the number of units in a multifamily building that can operate as STRs (three (3) percent of total units maximum).

2. Amend Section 3.11.3.5.C.7, Overnight Lodging, to add criteria that clearly distinguish a hotel or similar operation from an STR

This amendment would prevent an operator of a collection of STRs from asserting they are an Overnight Lodging use. Both uses are allowed, but STRs are not considered non-residential space for satisfying the Mixed Use Building/Site criteria in Blue Hill.

BACKGROUND AND NEXT STEPS

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| May 26, 2021 | Council legislative hearing related to Residential Uses in the Blue Hill Form District |
| June 16, 2021 | Council approves Land Use Management Ordinance Text Amendment related to Residential Uses in the Blue Hill Form District |
| June 23, 2021 | Council approves Town-wide STR ordinance |
| September 1, 2021 | Council calls a legislative hearing to consider the LUMO text amendment on STR Standards in Blue Hill |
| September 7, 2021 | Planning Commission review and recommendation on proposed LUMO text amendment on STR Standards in Blue Hill |
| September 22, 2021 | Council legislative hearing to consider LUMO text amendment on STR Standards in Blue Hill |
| October 27, 2021 | Council to consider action on LUMO text amendment on STR Standards in Blue Hill |