



STAFF MEMORANDUM

January 22, 2020

Prepared by: Chapel Hill Planning Department

PROJECT OVERVIEW AND BACKGROUND

A [Short Term Rental \(STR\)](#)¹ is defined as some or all of a residential unit rented for 30 days or less.

1. Timeline for completing the ordinance

Date	Action
June 19, 2019	Council directed staff to develop a STR ordinance
September 11, 2019	Council adopted a public engagement strategy that included creating a task force
October 2, 2019	Council appointed members to the task force
October 16, 2019	Task Force Meeting ²
November 6, 2019	Task Force Meeting ³
November 18, 2019	Check-in with Town Council
December 11, 2019	Task Force Meeting ⁴
January 15, 2020	Task Force Meeting ⁵
January 22, 2020	Informational Report to Town Council
February 5, 2020	Task Force Meeting
February 2020	Advisory board check-in on proposed provisions (Task Force and Planning Commission)
March 2020	Check-in with Town Council Call for Public Hearing on STR ordinance
April 2020	Public Information Meeting
April 2020	Planning Commission review and recommendation to Town Council
May 2020	Council public hearing on STR ordinance
May 2020	Council public hearing and possible action

2. Deliverables

On [September 11, 2019](#)⁶, the Town Council adopted [Resolution 8](#)⁷ creating a charge for the Task Force. Staff and the Task Force will provide the following:

- STR Task Force summarized recommendations on ordinance provisions for dedicated STRs
- Recommendations for an enforcement program
- Draft ordinance for regulating STRs

3. Update on STR Task Force

The STR Task Force has been meeting monthly since October to review different aspects of Short Term Rentals. Staff and Rebecca Badgett, UNC School of Government, have provided presentations to discuss the following:

- Legal authority for municipalities to regulate STRs
- Current LUMO regulations and definitions
- Health and safety requirements
- Statistics regarding the number and types of STRs in the community
- Complaints about STRs
- Comparing STR regulations from across the state and nation
- Results of community STR Survey
- Zoning and where STRs should and should not be permitted
- Developing regulations for Chapel Hill STRs

During the December 11, 2019, meeting, the STR Task Force began to consider regulations for Chapel Hill's STR ordinance. This discussion continued at the January 15, 2020, meeting. Thus far, the Task Force has found:

- **Permitting Caps.** The Task Force believed that there should be a limit on the number of STR permits

¹ <https://www.townofchapelhill.org/town-hall/departments-services/short-term-rentals>

² <https://www.townofchapelhill.org/town-hall/departments-services/short-term-rentals>

³ <https://www.townofchapelhill.org/town-hall/departments-services/short-term-rentals>

⁴ <https://www.townofchapelhill.org/town-hall/departments-services/short-term-rentals>

⁵ <https://www.townofchapelhill.org/town-hall/departments-services/short-term-rentals>

⁶ <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4126810&GUID=F8BA0754-AAA2-474C-B0EB-4D344C4711C9>

⁷ <https://chapelhill.legistar.com/View.ashx?M=F&ID=7703597&GUID=589BAB1F-CADF-41BE-8F06-C7C5DF50D462>

issued; however, the members were divided as to whether the cap should be determined based on a percentage of the total number of housing units or distance between dedicated STRs.

- **Occupancy Caps.** Some Task Force members supported allowing two guests per bedroom plus four additional guests, while others sought an occupancy cap based on the square footage of the dwelling unit.
- **Designated Responsible Party.** The Task Force supported having someone available to respond to complaints and/or concerns by guests or neighbors.
- **Proof of Insurance.** The Task Force believed that dedicated STR operators should sign an affidavit as part of their permit application confirming that they have STR-specific insurance coverage at all times the property is rented.
- **Health & Safety Inspections.** The group was mostly supportive of self-inspections to preserve existing Town resources; however, some believed that the Town should make periodic inspections of STRs. The Task Force wanted to learn more about what an inspection would entail.
- **Signage.** The Task Force agreed that the address should be visible on the exterior of the property at all times and that advertising signs be prohibited
- **Zoning.** Staff has been working with the Task Force to better define where whole-house STRs should be permitted. There is still disagreement and confusion about zoning and zoning districts.

4. Next Steps with the Task Force

The Task Force will wrap up the discussion on dedicated STR regulations at the February 5th Task Force meeting. Staff and Rebecca Badgett are drafting an ordinance outlining the provisions that the Task Force agreed upon.