



Short Term Rentals (STRs)

STR Task Force

November 6, 2019

Anya Grahn, AICP
Senior Planner



What we've heard:

1. What's the problem?
2. Clarification on the charge
3. Current Land Use Management Ordinance (LUMO) requirements
4. Code Enforcement & Complaints
5. STR Statistics
6. STR Survey Results
7. Next Steps

What's the problem?

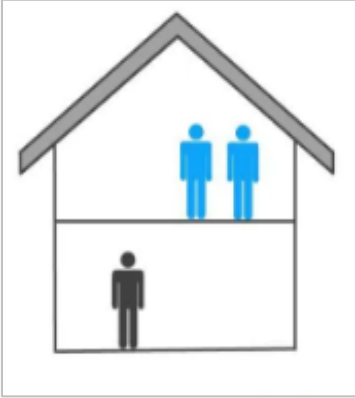
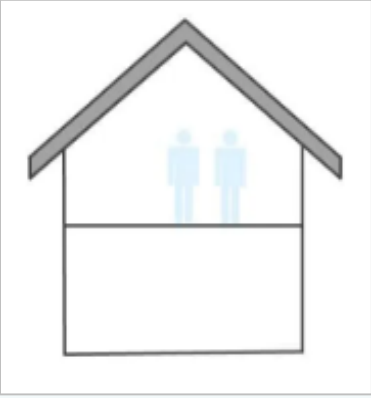

- The Land Use Management Ordinance (LUMO) predates the rise of STRs
- STRs are currently not permitted in Chapel Hill except as:
 - Home Occupation
 - Tourist Home
 - Overnight Lodging

Task Force Charge:

1. Identify goals of developing an effective STR ordinance relating to whole house and whole unit investor-owned rental for staff to share with the Council on November 18, 2019.
2. Review staff recommendations for processes to handle registration and safety checks for all STRs.
3. Attend regularly scheduled meetings where staff and guest speakers will present qualitative and quantitative information to help guide larger discussions on themes related to STR regulations.
4. Actively participate in meetings to review and deliberate on themes related to STRs. Work with staff to identify topics needing further discussion as needed.
5. Identify impacts of possible STR regulations on various stakeholder groups as presented by staff. Seek a balanced approach to regulating STRs in a way that reflects the views of multiple stakeholder groups.
6. Develop a set of final recommendations for STR regulations for category 3 above (whole house, non-owner occupied rentals), including safety checks and registration that can be translated by staff and presented to the Council for consideration and enactment in March 2020.

Task Force Charge:

Short Term Rental (STR) Types

Type 1: Hosted Rental	Type 2: Unhosted Rental	Type 3: Dedicated STR
		
<ul style="list-style-type: none">• Primary resident is on site• Rental of a spare bedroom or accessory dwelling unit	<ul style="list-style-type: none">• Primary resident is not on site• Rental of an accessory dwelling unit or the whole house	<ul style="list-style-type: none">• Unhosted rental• There is no primary resident• Whole-unit rental
Home Occupation	Tourist Home/Overnight Lodging	Tourist Home/Overnight Lodging

Task Force Charge:

What it is:

- Dedicated STRs (not owner-occupied/no primary resident)
- Recommendations to Town Council
- Regulations to mitigate neighborhood impacts
- Recommendations on enforcement

What it is not:

- Hosted rentals of room/accessory dwelling unit as part of a primary residence
- Whole house rentals when the primary resident is not on site
- Final determination on regulations (subject to Council action)
- Recommendations about regulating parking, garbage, and noise (to be addressed by Police and Code Enforcement)

Current LUMO Provisions:

Term:	Summarized Definition:
Home Occupation (Hosted Rentals)	<p>An occupation conducted as an accessory use of a dwelling unit</p> <ul style="list-style-type: none">• Limited to 1 full-time employee (not a member of the family)• Clearly incidental and subordinate to the use of the property (not more than 35% or 750 SF of the floor area of the dwelling unit/accessory building combined)• No external evidence• No parking demands greater than what would be expected in residential neighborhood• ZCP Required

Current LUMO Provisions:

Term:	Summarized Definition:
Tourist Home (Dedicated STRs)	Building(s) containing 3 to 9 lodging units intended for rental or lease primarily to transients for daily or weekly periods with or without board <i>(Lodging unit: Room(s) forming a separate habitable unit used or intended to be used for living and sleeping purposes by 1 family only, without independent kitchen facilities; or a separate habitable unit, with or without independent kitchen facilities, occupied or intended to be occupied by transients on a rental or lease basis for periods of less than 1 week.)</i>
Overnight Lodging (Dedicated STRs)	Accommodations arranged for short term stays of less than thirty (30) days for rent or lease

Complaints & Enforcements:

Date Received:	Neighborhood	Concerns:
11.23.18	Near downtown	<ul style="list-style-type: none">• Illegal Tourist Home (4 units)• Increased parking demands
5.30.18	Northeast Chapel Hill	<ul style="list-style-type: none">• Unfamiliar cars in the neighborhood• Improper use of recycling bins• Guest's dog jumping on people at the postal box
3.16.18	Northwest Chapel Hill	<ul style="list-style-type: none">• Unfamiliar cars in the neighborhood• Late-night guest check-ins• Upsetting homeowner's dog

Enforcement:



Currently one Zoning Code Enforcement Officer for the Town

- Began to look into STRs when complaints received
- June 2019 – Town Council said not to enforce the use while updating the ordinance
- Continue to educate STR operators and the community

Housing Statistics:



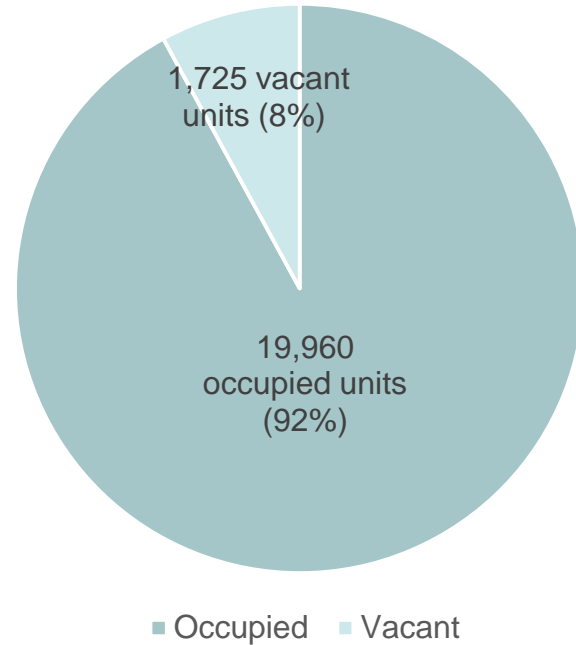
2017 Statistics:

- 21,685 housing units
- \$397,700 Median Property Value
- \$1,130 Median Gross Rent

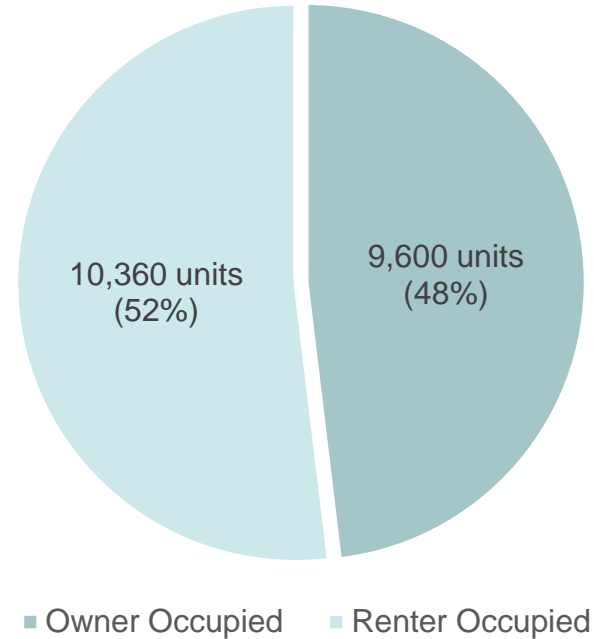
Statistics provided by [US Census Bureau](https://www.census.gov)

Housing Statistics:

2017 Vacancy Rates



2017 Occupied Housing Units

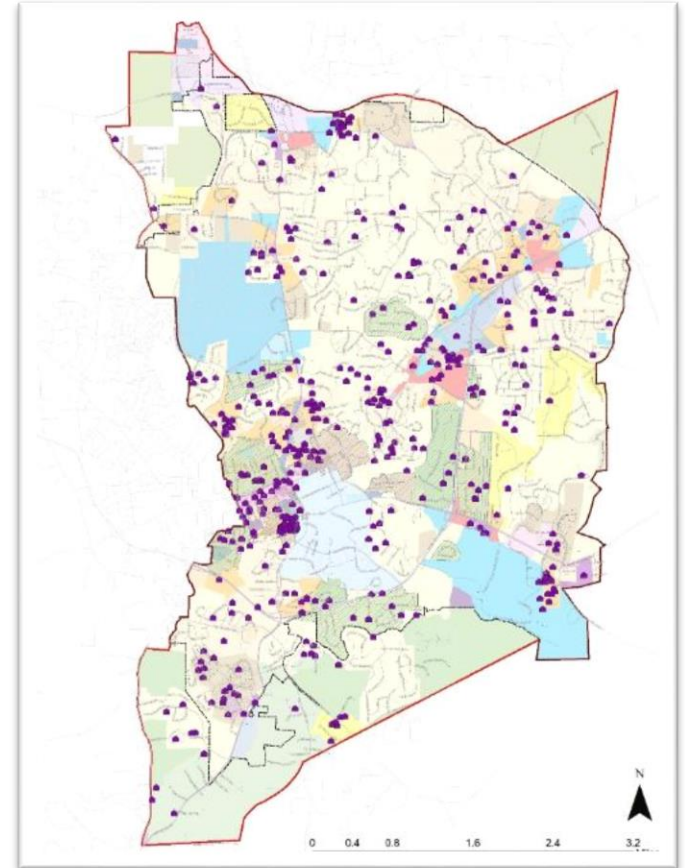


Statistics provided by [US Census Bureau](https://www.census.gov)

Year to date 454 Rentals within Chapel Hill Jurisdictional Boundary

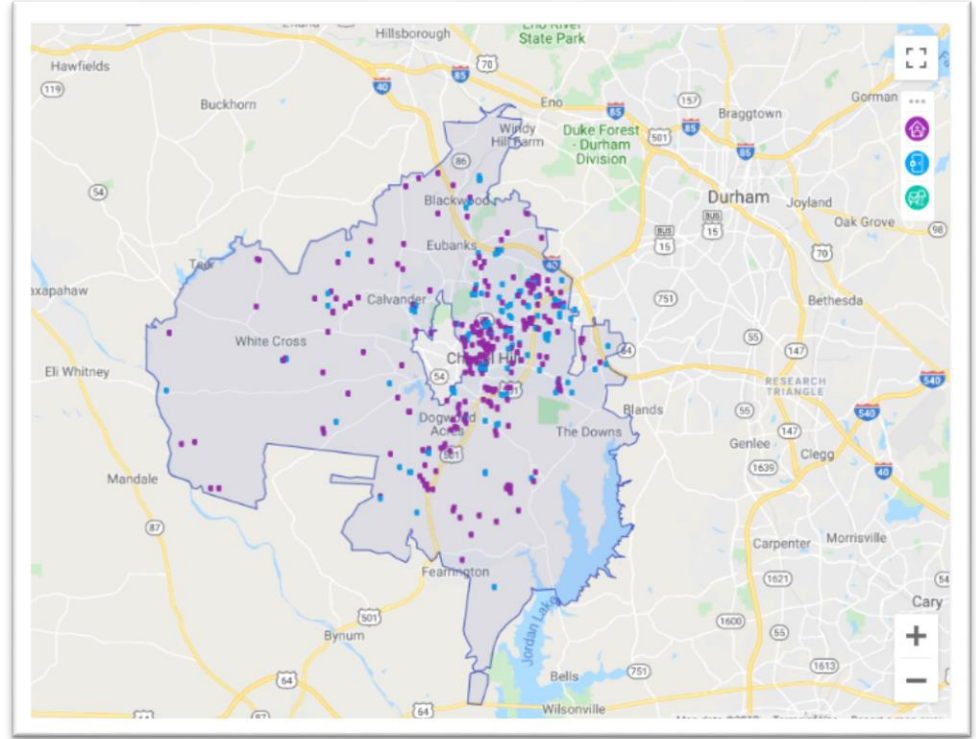
*(All addresses with active listings at any
time in 2019)*

Map created by Chapel Hill Planning Department
using data provided by [AirDNA](#)



Statistics on STRs:

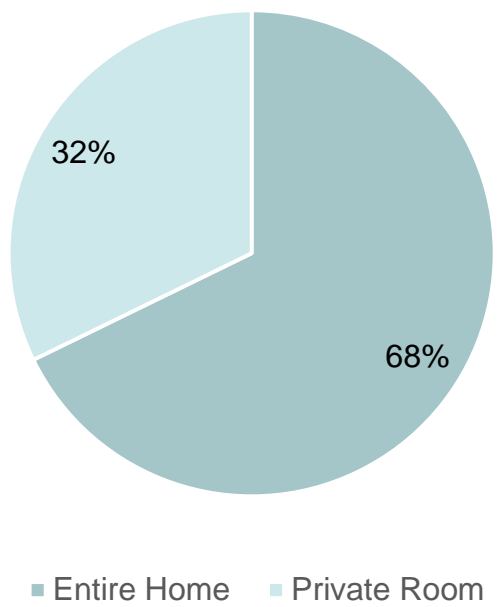
- 322 Active Rentals in October
- Hosting Platforms:
 - 85% Airbnb
 - 8% Homeaway
 - 7% listed on both
- Average Daily Rate \$116
- Average Revenue \$1,637 for the month



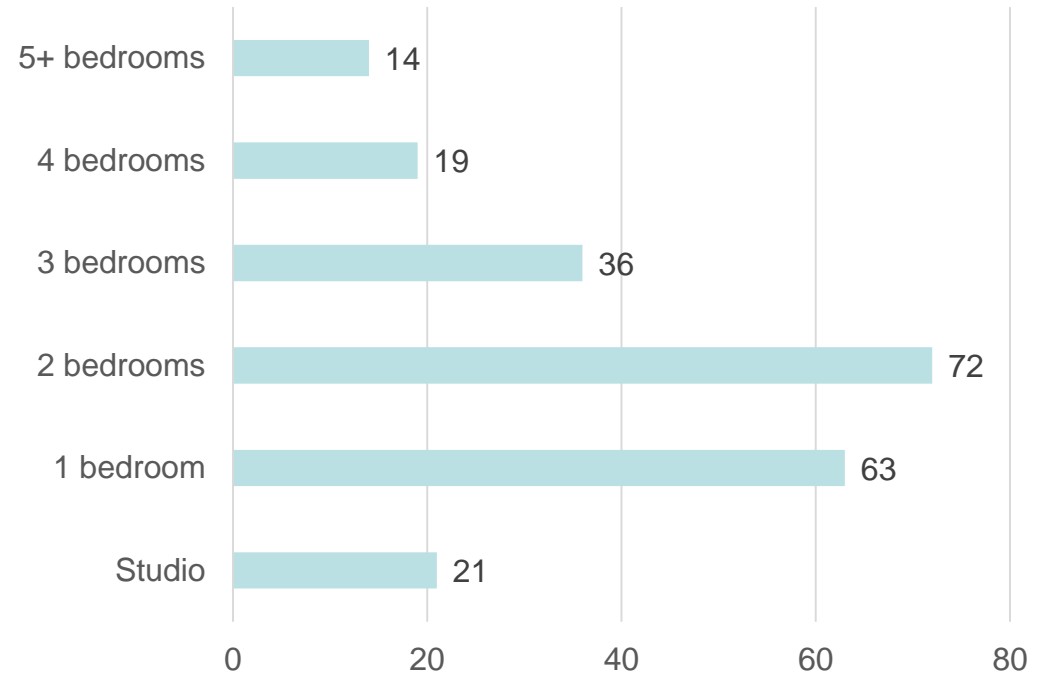
Statistics provided by [AirDNA](#) on 10.30.19

Statistics on STRs:

Rental Types



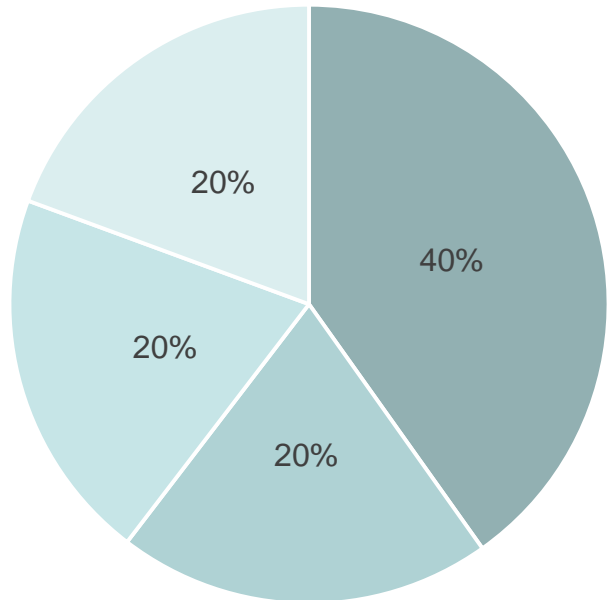
Rental Size



Statistics provided by [AirDNA](#) on 10.30.19

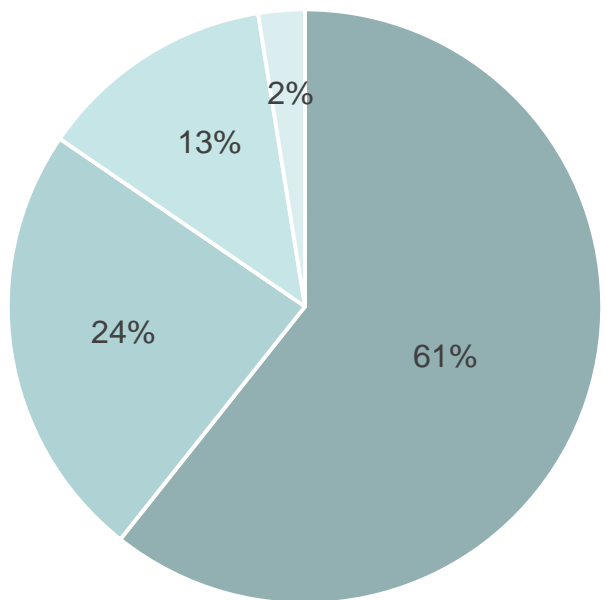
Statistics on STRs:

Days Available for Rent



- 1-90 days
- 91-180 days
- 181-270 days
- 271-365 days

Days Booked



- 1-90 days
- 91-180 days
- 181-270 days
- 271-365 days

Statistics provided by [AirDNA](#) on 10.30.19

Statistics on Overnight Lodging Demands:

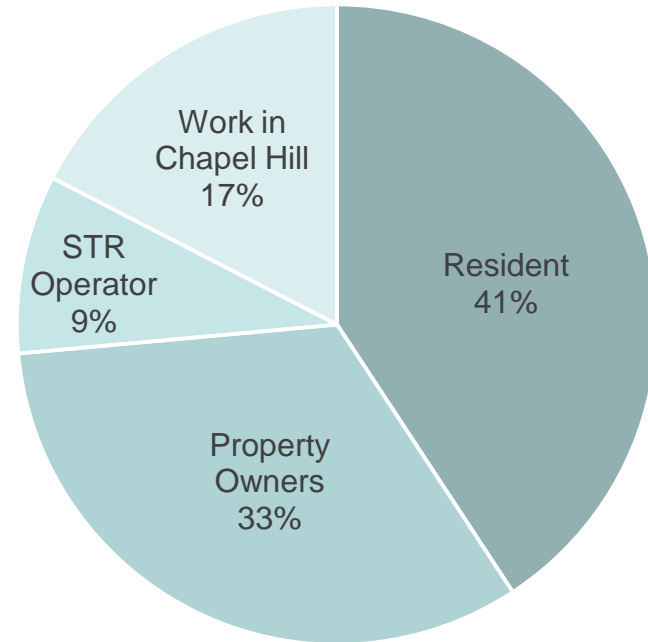
	AirBNB Units (2018 only)	Hotel Units (FY 2018-2019)
Available for Rent	267 rooms/night (123,059 total)	1,685 rooms/night (615,025 total)
Units Booked	56,283 nights (Homes/rooms rented on Airbnb)	417,805 nights (rented)
Market Share	11.6%	86.1%
Revenue	\$5,783,732	\$52,984,023
Average Daily Rate (ADR)	\$107.77 Airbnb	\$126.82

Statistics provided by [AirDNA](#) and Smith Travel Research

Quick Facts:

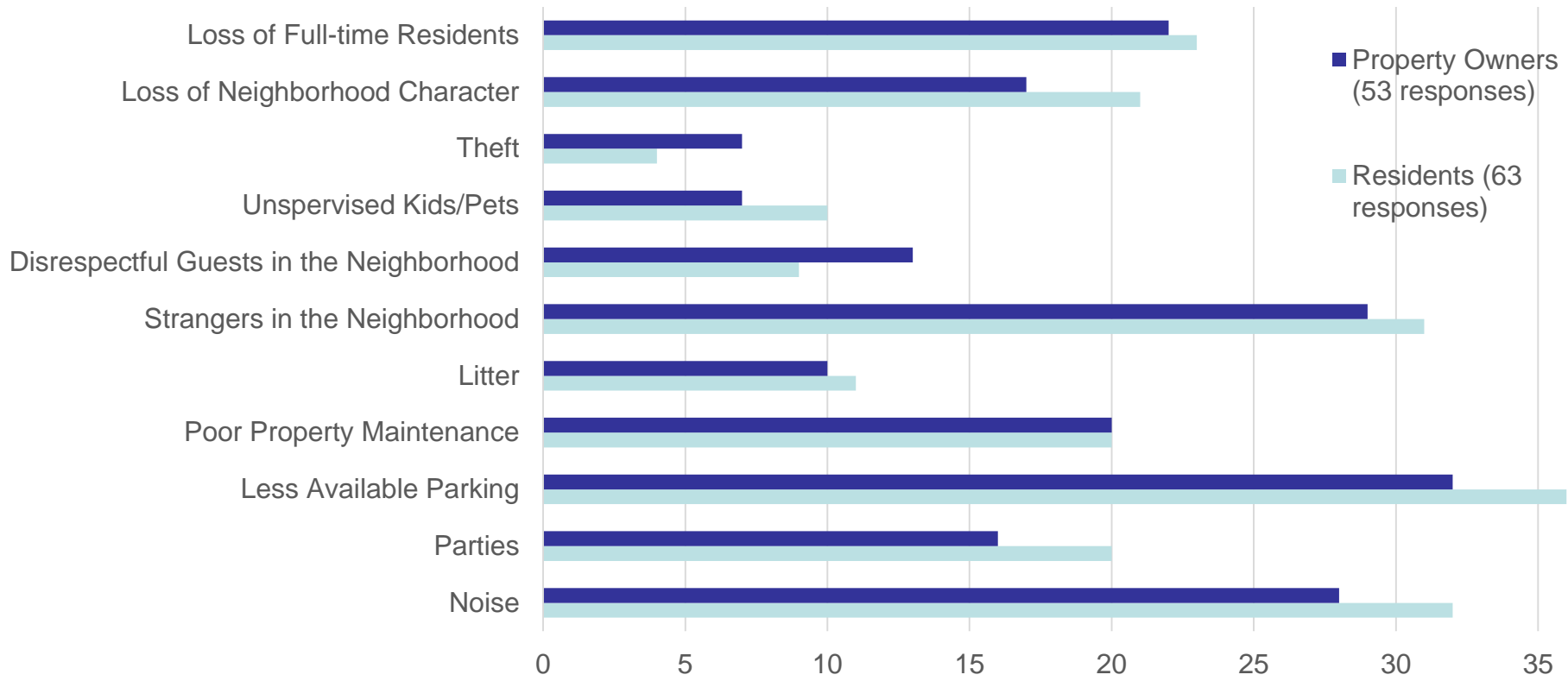
- Open September 22, 2019 through October 20, 2019
- 393 participants

Category that Best Describes Me



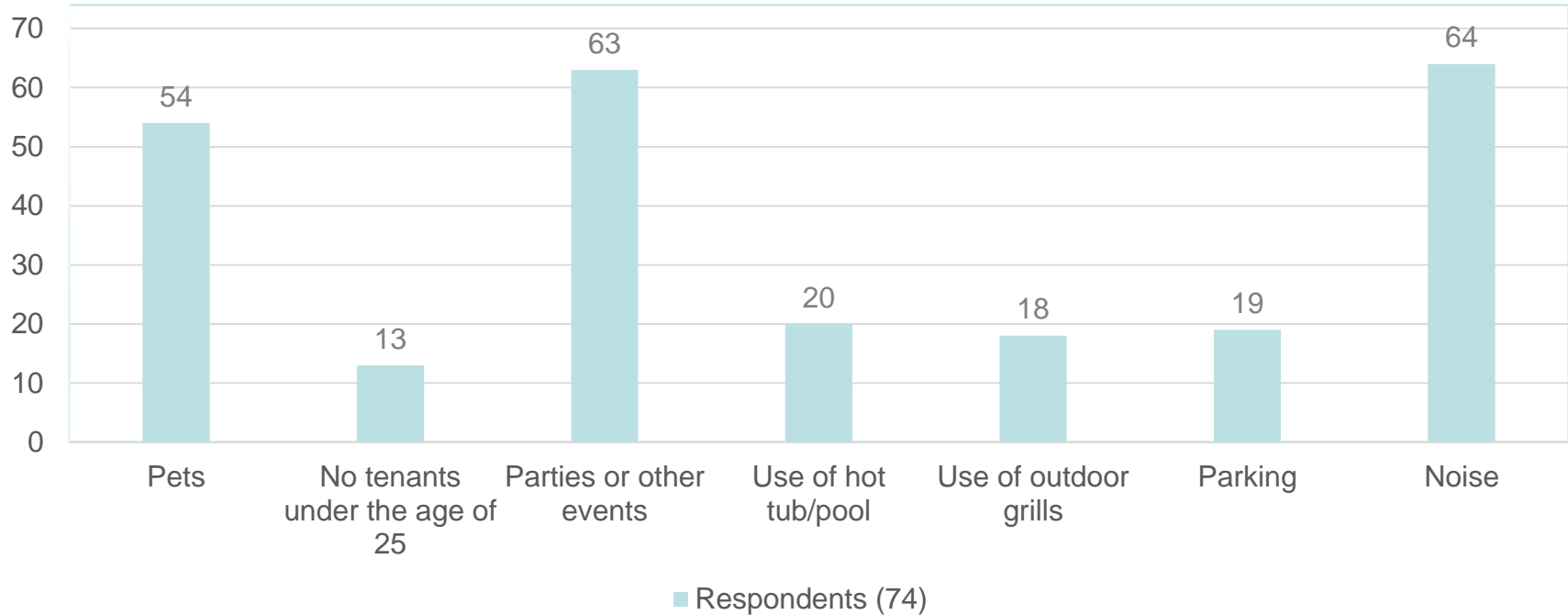
Statistics on Survey Results:

Have you experienced any of the following as a result of STRs in the neighborhood?



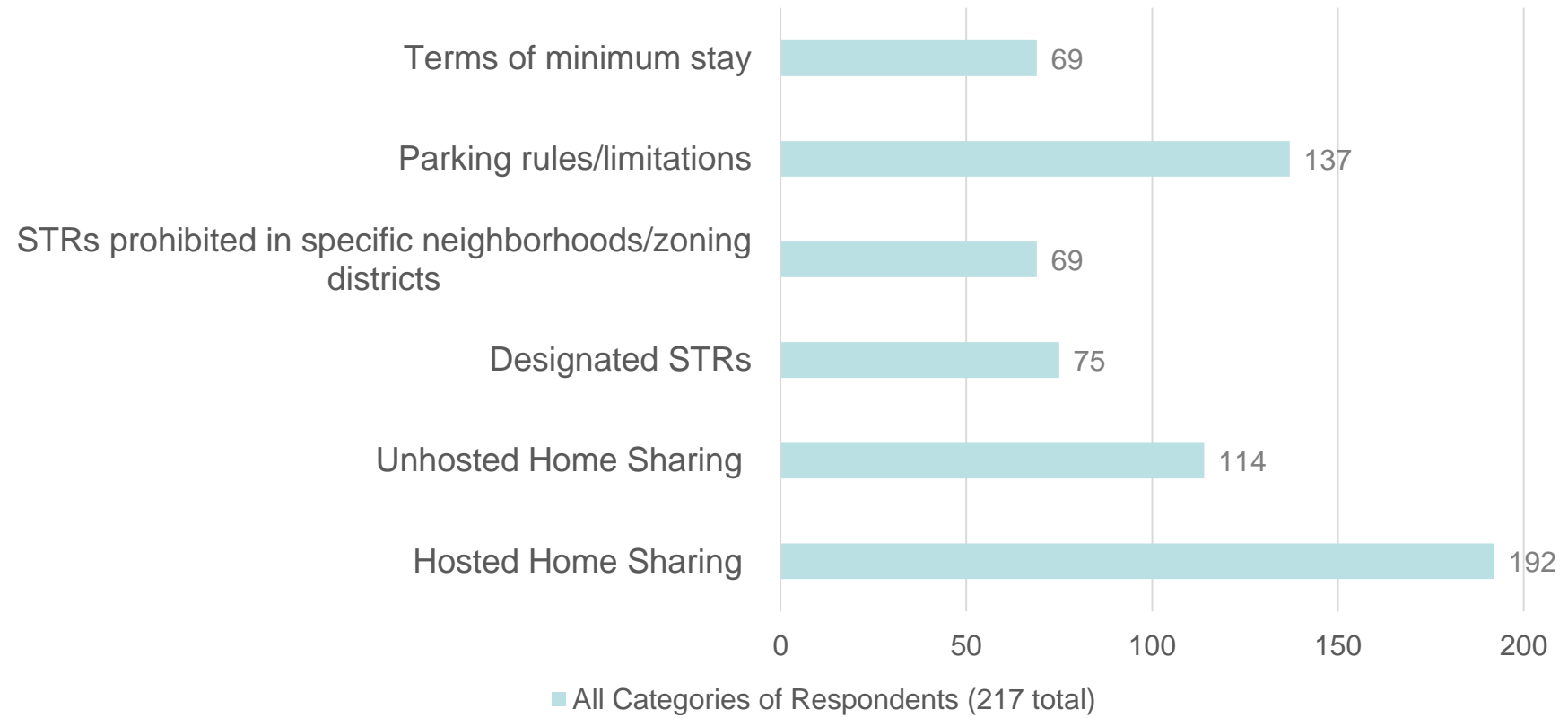
Statistics on Survey Results:

Does your rental agreement with guests limit any of the following?



Statistics on Survey Results:

Which of the following would you support?



Additional Comments that were common:

- STRs allow for people to stay in their homes
- Treat STRs like hotels
- Private property rights and not wanting more regulations
- STRs provide an affordable alternative to hotels and meet different needs
- Concerns for investor-owned STRs which cause absentee ownership or drive up housing costs and/or housing availability

Next Steps:

Important Dates:	Action:
November 6, 2019	Task Force Meeting
November 18, 2019	Check-in with Town Council
December 11, 2019	Task Force Meeting
January 15, 2020	Task Force Meeting
January 2020	Advisory board check-in on proposed provisions (Planning Commission)
January 2020	Check-in with Town Council Call for Public Hearing on STR ordinance
February 2020	Public Information Meeting
February 2020	Planning Commission review and recommendation to Town Council
March 2020	Council public hearing on STR ordinance
March 2020	Council public hearing and possible action

Proposed Topic Schedule:

DATE:	NOVEMBER 6TH	DECEMBER 11 TH	JANUARY 15TH
TOPICS:	<u>Where and to what extent should STRs be allowed?</u>	<u>Health, Life and Safety</u>	<u>Wrap Up</u>
Presentations:	<ul style="list-style-type: none"> • Background • Regulating STRs 	<ul style="list-style-type: none"> • Health & Safety Considerations • Municipal regulations on health and safety inspections, occupancy caps, proof of insurance, etc. 	<ul style="list-style-type: none"> • Occupancy Tax • Sunset provisions/bringing STR operators into compliance with a new ordinance • Enforcement strategies and software
Discussion Topics:	<ul style="list-style-type: none"> • What do we want to protect? • Where will STRs be allowed to operate? (residential, commercial, and/or mixed use zoning districts) 	<p>Will we require:</p> <ul style="list-style-type: none"> ○ Health/safety inspections? ○ Occupancy caps? ○ Proof of insurance? ○ Designated responsible party? ○ Special events? ○ Signs? 	<ul style="list-style-type: none"> • How often will permits need to be renewed? • Will we have a sunset provision for existing STRs/timeframe to come into compliance? • Support for enforcement solutions



Discussion

Regulating Short-Term Rentals

Rebecca Badgett

UNC School of Government

November 6, 2019

Overview

- How are other cities regulating STRs?
- Where are short-term rentals allowed?
 - Residential
 - Mixed-Use
 - Commercial
- Are there other stipulations that apply?
 - Examples:
 - Cap on number of permits issued
 - Cap on number of nights rented
 - Density cap

Background on STR regulation

- Most cities have not adopted STR ordinances
 - Ann Arbor, MI; Athens, GA; Princeton, NJ
- Some cities have laws that prohibit STRs without defining short-term rentals as a land use
 - Example: Only single-family dwelling units allowed in residential zones. A dwelling unit is “a building providing complete living facilities, including permanent provisions for living, sleeping, eating, and cooling. This use shall not be deemed to include such transient occupancies as hotels, motels, rooming or boarding houses.”
- We are looking at cities that have chosen to regulate STRs

Cities that distinguish between primary residence STRs & dedicated STRs

- Berkley, CA
- Boulder, CO
- Fort Collins, CO
- Lawrence, KS
- Kansas City, MO
- Madison, WI
- Nashville, TN
- Seattle, WA

Chapel Hill

20,000 undergraduate students

332 Active Rentals

225 Whole-house

*not an exhaustive list



Berkley, CA

Primary Residence	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none">90-day cap when principal resident is not on-site.	<ul style="list-style-type: none">Prohibited	<p>Owner must reside in either the primary or accessory unit. Accessory dwellings built after 1/1/2017 cannot be STRs</p>

- 30,000 Undergraduates
- 948 Active Rentals
- 600 Whole-House



Boulder, CO

Primary Residence	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none">Allowed (up to 182 days)	<ul style="list-style-type: none">Prohibited	Owner must be on-site in either the primary or accessory unit.

- Principal residence is defined as the dwelling unit in which a person resides for more than one half of the year.
 - 30,000 Undergraduates
 - 1,285 Active Rentals
 - 900 Whole-House

Fort Collins, CO

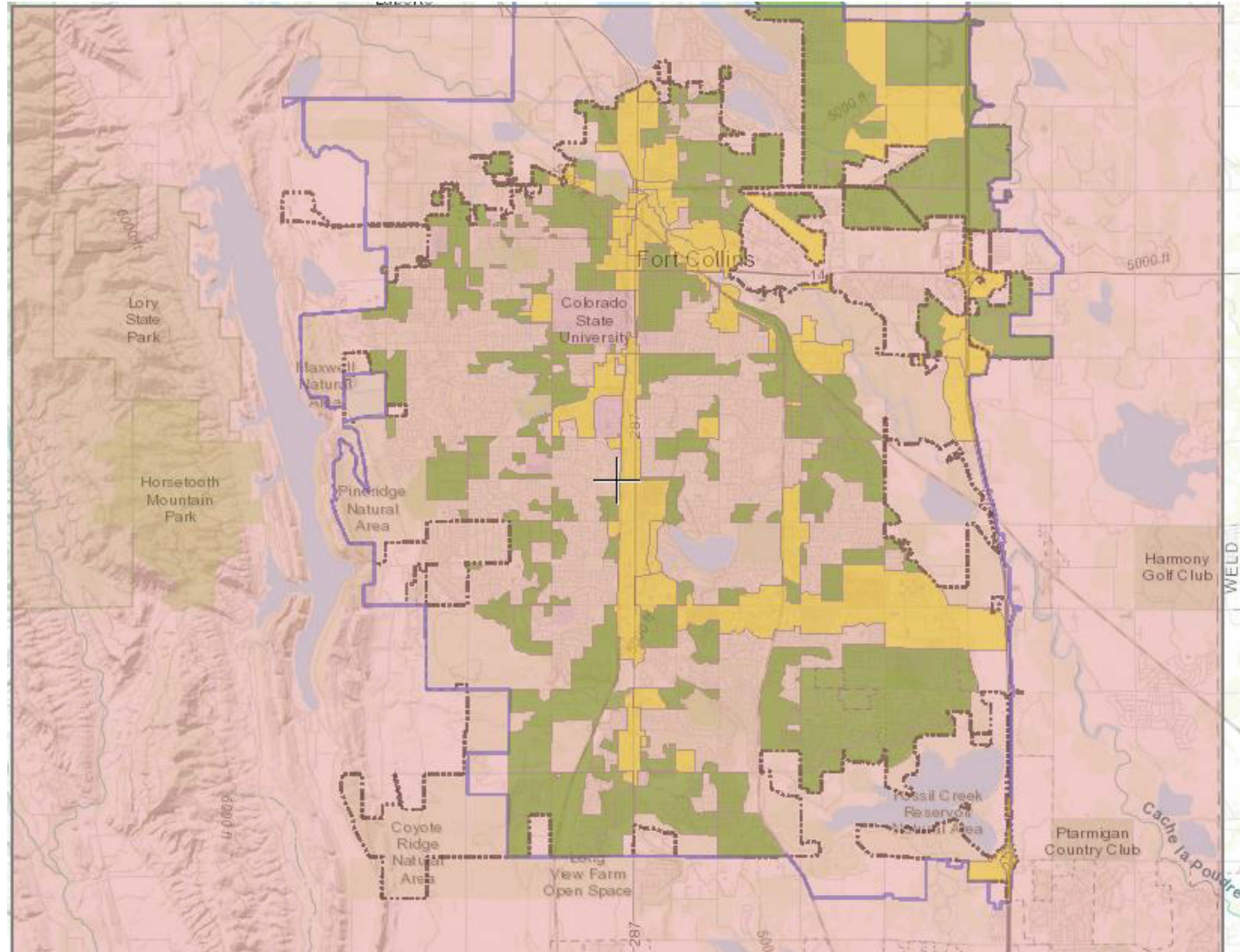
Primary Residence STR	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none"> Allowed up to 90-days May operate in most zones except high-density residential 	<ul style="list-style-type: none"> Allowed in districts such as low & medium density mixed use and anywhere that hotels, motels or B&B's are permitted. Prohibited in high-density residential. 	<p>Allowed. Accessory dwelling units or duplex units are considered Primary if located on the same property that is used as the primary residence.</p> <p>*May only rent one unit at a time.</p>

- Defines “primary” and “non-primary” STRs. Primary STRs are occupied by the property owner for at least 9 months. Non-primary STRs are dwelling units that are not occupied by the owner. The owner rents the entire house for less than 30 days

- 30,000 Undergraduates at University of Colorado
- 546 rentals
- 400 entire house

Yellow = Non-Primary & Primary STRs allowed

Green = Primary STR allowed



Kansas City, MO

- Owner-Occupied STR is a principal residential dwelling unit that is occupied by the resident for a cumulative minimum of 270 days per calendar year.
 - “Seasonal” (96 days or fewer), or
 - “Year-Round”
- 22,530 Undergrads at U. of MO
- 1,250 Active Rentals
- 900 Whole-House

Primary Residence STR	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none"> • Allowed up to 95 days per-year in most zoning districts • In two historic districts, owners must get a special use permit or be grandfathered in. 	<ul style="list-style-type: none"> • Allowed in most zones. The city requires that certain requirements are met. • Year-round STRs require approval from 55% of adjacent property owners • In a multifamily structure, only 1 unit, or 25% of all units, whichever is greater, can be an STR 	<p>Carriage houses located in a historic district may be approved as dedicated short-term rentals.</p> <p>No other accessory structures may be used as STRs. The STR must be in the principal building.</p>

Lawrence, Kansas

Primary Residence STR	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none">Allowed up to 182 days (half year)	<ul style="list-style-type: none">Prohibited. May apply for a special use permit	STRs allowed in accessory dwelling units provided the owner resides a majority of the time in either the accessory dwelling or the principal residence

- Owner Occupied STR shall mean any dwelling unit in which the owner resides for more than 182 days per calendar year (i.e. must be there for 183 days)
- 20,000 undergrads at U. of Kansas
- 104 Active Rentals
- 85 whole-house

Madison, WI

- STR: Rental of whole or partial residence to visitors for less than a month
- *Specifies that owners can only rent a property if it is a primary residence
- 32,000 undergrads @ U. of Wisconsin, Madison
- 509 Active Rentals
- 325 Whole-house

Primary Residence STR	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none">• 30-day cap on rental nights when the principal resident is off-site	<ul style="list-style-type: none">• Prohibited	<p>No accessory dwelling units as STRs</p> <p>“On any property containing multiple units, a host may operate a STR only from the unit which is their primary residence.” 30-day cap applies.</p>



Primary Residence STR	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none">Allowed	<ul style="list-style-type: none">Allowed in most mixed-use and commercial zones. Not allowed in R districts.Not owner-occupied permits will be issued in the following districts. MUN and MUN-A, MUL and MUL-A, MUG and MUG-A, MUI and MUI-A, OG, OR20 through OR40-A, ORI and ORI-A, CN and CN-A, CL and CL-A, CS and CS-A, CA, CF, DTC North, DTC zoning districts	Allowed. One permit per lot.



Seattle, WA

Primary Residence STR	Dedicated STR	Accessory Dwelling Units
<ul style="list-style-type: none">• Allowed	<ul style="list-style-type: none">• Limit of one non-primary STR	Allowed (provided owner is within the 2-per-person limit)

- Limit of two dwelling units that may be used as short-term rentals. If operating two dwelling units as STRs, one must be a primary residence. The other may be located in another dwelling unit.

Cities that only distinguish between Hosted and Whole-House Rentals

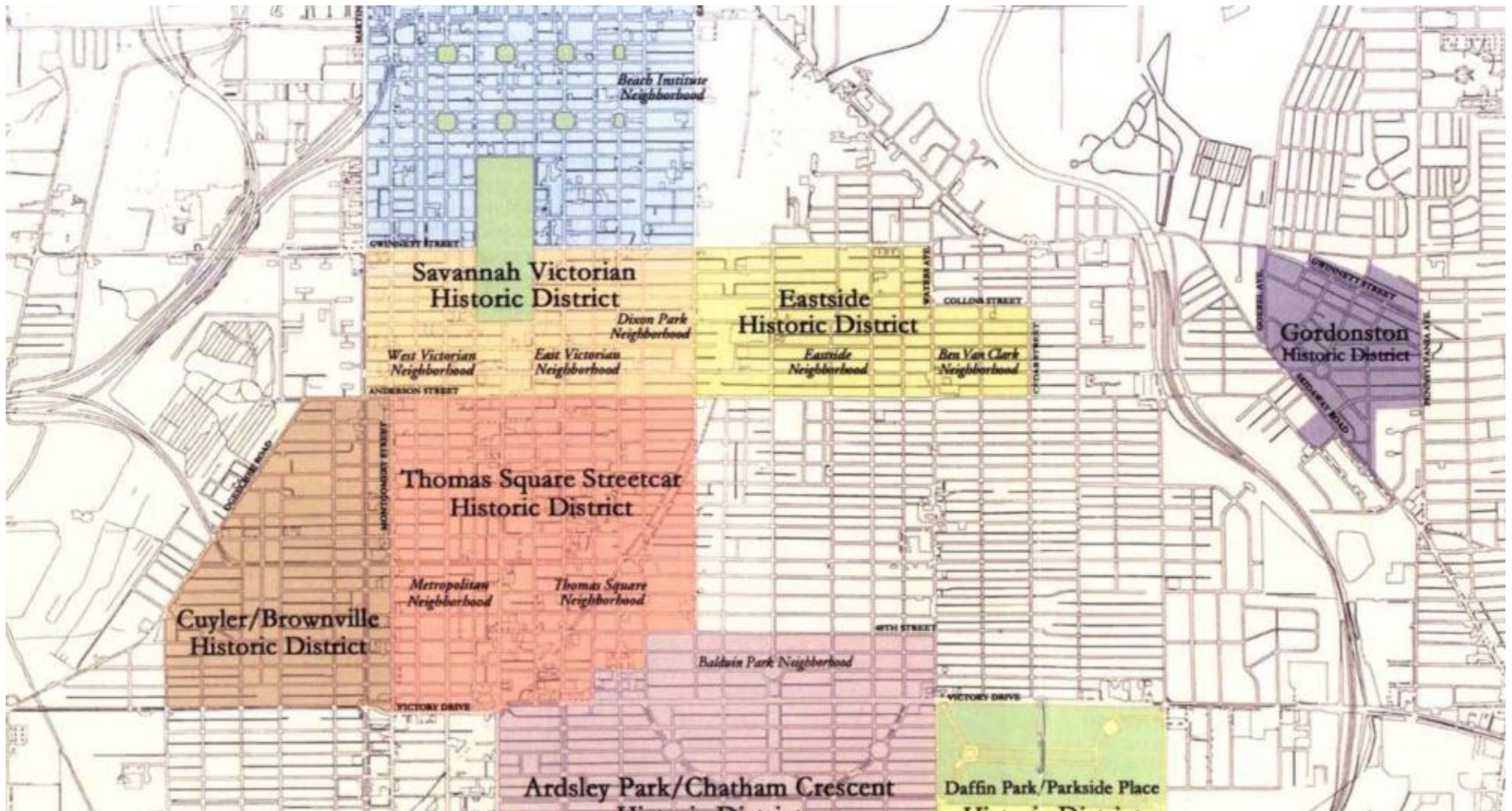
Charlottesville, VA

Savannah, GA

Wilmington, NC

Bloomington, IN

City	Hosted (owner remains on-site)	Whole-House STR	Accessory Dwelling Units
Charlottesville, VA	Allowed, up to 2 bedrooms	Prohibited, except in rural areas with 45-day cap	Prohibited
Savannah, GA	Prohibited	Limited to mixed-use zones with a 20% cap No cap in commercial districts	Mid-city district: One dwelling per parcel may be rented provided the other parcel is owner-occupied (owner is on-site).
Bloomington, IN *Requires permitting and inspection	Allowed	Allowed	Allowed
Wilmington, NC	Allowed	Allowed. 2% cap, 400 ft. separation requirement	Allowed. One dwelling per parcel eligible for whole-house permit



**Savannah Victorian
Historic District**

**Eastside
Historic District**

**Thomas Square Streetcar
Historic District**

**Cuyler/Brownville
Historic District**

**Ardsley Park/Chatham Crescent
Historic District**

**Gordonston
Historic District**

*Beach Institute
Neighborhood*

*Dixon Park
Neighborhood*

*West Victorian
Neighborhood*

*East Victorian
Neighborhood*

*Eastside
Neighborhood*

*Ben Van Clark
Neighborhood*

*Metropolitan
Neighborhood*

*Thomas Square
Neighborhood*

*Baldwin Park
Neighborhood*

**Daffin Park/Parkside Place
Historic District**

GRINNETT STREET

ANDERSON STREET

MONTGOMERY STREET

VICTORY DRIVE

WATERBURY AVENUE

COLLINS STREET

CECILIA STREET

4TH STREET

VICTORY DRIVE

DOUGLASS AVENUE

GRINNETT STREET

SEASIDE BOULEVARD

PENNSYLVANIA AVENUE

Summary

- Primary Residence STRs: Generally allowed in most cities. However, owners are capped as to how many nights per-year they can rent the dwelling.
- Dedicated STRs: We saw a variety of approaches to regulation
 - Prohibited
 - Allowed in mixed-use and commercial zones
 - Allowed in residential zones

*Sometimes additional requirements were imposed



Dedicated STR Summary

Allowed in residential zones:

- Kansas City (55% of neighbors must approve “year-round” STRs)
- Seattle (1 dedicated STR per person)
- Bloomington
- Wilmington (cap on permits and separation requirement)

Allowed in mixed-use and commercial zones:

- Fort Collins
- Nashville
- Savannah (20% cap)

Prohibited

- Berkley
- Boulder
- Lawrence, KS (special use permit required)
- Madison
- Charlottesville

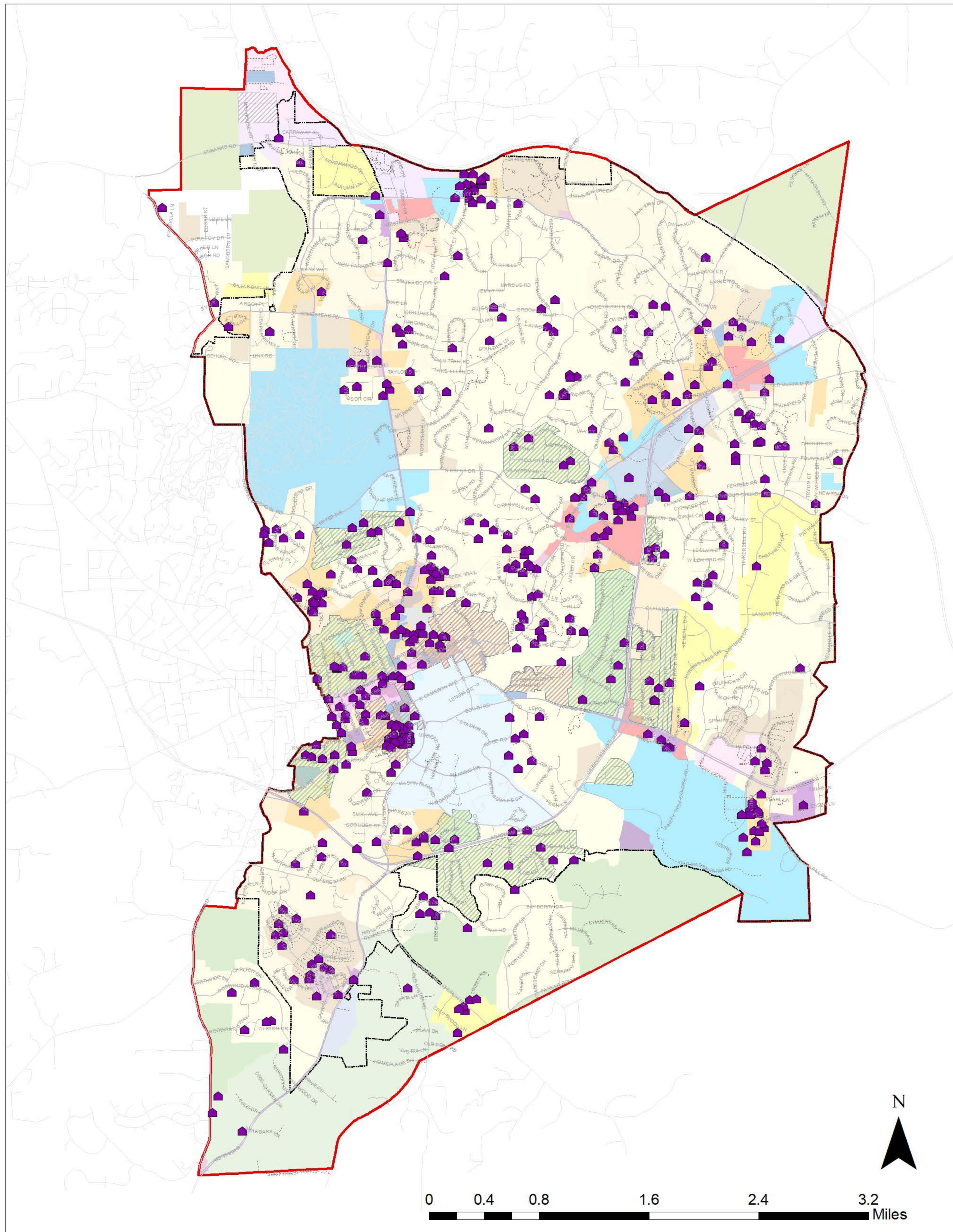
Not regulated/allowed

- Ann Arbor, MI
- Athens, GA
- Princeton, NJ

Discussion Points

- Should Chapel Hill allow Dedicated STRs?
- If so, generally where should they be allowed? (residential zones, mixed-use, and/or commercial zones)
- Any other restrictions on location? If so, where will the restrictions apply--to all dedicated rentals or to only those in certain zones?
 - Cap on zoning permits issued
 - Density requirements (certain separation between units/or % of property per zone)
 - Cap on # of nights rented
- How should accessory structures be treated for dedicated STRs?
 - One permit per lot?
 - One rental group at a time, but either dwelling may be rented?
 - Other?

Approximate Locations of Short Term Rentals (STRs) in Chapel Hill



Legend

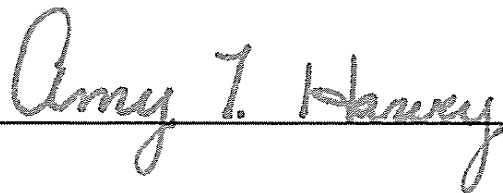
- STR
- Chapel Hill Corporate Limits
- Chapel Hill Jurisdictional Limits
- R-LD5 - Residential Low Density, 1 unit/5 acre
- RT - Rural Transition, 1 unit/2.3 acre
- R-LD1 - Residential Low Density, 1 unit/acre
- R-1A - Residential 1A, 2 units/acre
- R-1 - Residential 1, 3 units/acre
- R-2A - Residential 2A, 3.5 units/acre
- R-2 - Residential 2, 4 units/acre
- R-3 - Medium Density Residential, 7 units/acre
- R-3-C - Medium Density Residential Conditional, 7 units/acre
- R-4 - Medium Density Residential, 10 units/acre
- R-4-C - Medium Density Residential Conditional, 10 units/acre
- R-5 - High Density Residential, 15 units/acre
- R-5-C - High Density Residential Conditional, 15 units/acre
- R-6 - High Density Residential, 15 units/acre
- R-SS-C - Residential Special Standards Conditional
- OI-1 - Office and Institutional 1
- OI-1-C - Office and Institutional 1 Conditional
- OI-2 - Office and Institutional 2
- OI-2-C - Office and Institutional 2 Conditional
- OI-3 - Office and Institutional 3
- OI-4 - Office and Institutional 4
- DA-1 - Development Agreement - Obey Creek
- U-1 - University 1
- NC - Neighborhood Commercial
- NC-C - Neighborhood Commercial Conditional
- CC - Community Commercial
- CC-C - Community Commercial Conditional
- TC-1 - Town Center 1
- TC-1-C - Town Center 1 Conditional
- TC-2 - Town Center 2
- TC-2-C - Town Center 2 Conditional
- TC-3 - Town Center 3
- TC-3-C - Town Center 3 Conditional
- MU-R-1 - Mixed Use, Low Density Residential
- MU-OI-1 - Mixed Use, Office and Institutional 1
- MU-V - Mixed Use, Village
- LI-CZD - Light Industrial - Conditional Zoning District
- IND - Industrial
- WR-3 - Walkable Residential (3 Stories)
- WR-7 - Walkable Residential (7 Stories)
- WX-5 - Walkable Mixed Use (5 Stories)
- WX-7 - Walkable Mixed Use (7 Stories)
- Orange County Boundary

Locations of STRs are approximate and may not accurately present the zoning district of the STR's location.

Data provided by AirDNA.

I, Amy T. Harvey, Deputy Town Clerk of the Town of Chapel Hill, North Carolina, hereby certify that the attached is a true and correct copy of (2019-09-11/R-8) adopted as amended by the Chapel Hill Town Council on September 11, 2019.

This the 12th day of September, 2019.



**Amy T. Harvey
Deputy Town Clerk**



A RESOLUTION TO ENDORSE A PUBLIC ENGAGEMENT PROCESS AND CREATE A TASK FORCE FOR A TEXT AMENDMENT ADDRESSING SHORT TERM RENTALS (STR) (2019-09-11/R-8)

WHEREAS, the Council believes that the community would benefit from an updated Land Use Management Ordinance (LUMO) that more clearly addresses Short Term Rentals; and

WHEREAS, staff has been coordinating on this topic with stakeholders, including the Chapel Hill/Orange County Visitors Bureau, to share information and coordinate opportunities for public outreach; and

WHEREAS, a facilitated public engagement process could provide the Council with focused information to inform their decisions about regulations for STRs; and

WHEREAS, staff made a background presentation on STRs to the Council Committee on Economic Sustainability on June 7, 2019; and

WHEREAS, on June 19, 2019, the Town Council authorized the Town Manager to develop updated standards for Short Term Rentals (STRs) for Council consideration with input from community stakeholders; and

WHEREAS, the Council asked the Town Manager to proceed with soft enforcement of STRs, focusing on education about current requirements, until an updated ordinance can be adopted.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council endorses the proposal for a public engagement process presented on this date.

BE IT FURTHER RESOLVED that the Council will appoint a task force comprised of two advisory board champions, one each from the Housing Advisory Board and Planning Commission. The task force will also include members of the community including a resident of the Historic District, two Short Term Rental Operators or advocates; four community members at large; and two hotel operators or those knowledgeable about lodging; and two alternates.

BE IT FURTHER RESOLVED that the Council has identified three categories of STRs including:

1. Rentals of rooms or accessory dwellings by host/owners who reside on site
2. Whole house rentals by owner/occupants when owners are not on site
3. Whole house, non-owner occupied rentals

BE IT FURTHER RESOLVED that the task force will be charged with:

1. Identify goals of developing an effective STR ordinance relating to whole house and whole unit investor-owned rental for staff to share with the Council on November 18, 2019.
2. Review staff recommendations for processes to handle registration and safety checks for all STRs.
3. Attend regularly scheduled meetings where staff and guest speakers will present qualitative and quantitative information to help guide larger discussions on themes related to STR regulations.
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6. Develop a set of final recommendations for STR regulations for category 3 above (whole house, non-owner occupied rentals), including safety checks and registration that can be translated by staff and presented to the Council for consideration and enactment in March 2020.

BE IT FURTHER RESOLVED that the Council authorizes the Town Manager to solicit applications to participate in the Task Force. That a Council STR Task Force Recommendations subcommittee (Mayor Hemminger, Council Members Stegman and Buansi, with Parker as an alternate) will return to the Council on October 2, 2019 with recommendations for appointments based on a review of all applications received.

BE IT FURTHER RESOLVED that applicants will be asked to answer the following questions to assist the Council in appointing a balanced committee:

1. Do you take advantage of STRs when travelling or when hosting guests in town?
2. Do you rent out property/properties as STRs?
3. Do you live in a neighborhood or building that has STRs?
4. What time of day are you able to meet?

BE IT FURTHER RESOLVED that the Task Force shall have met its charge after providing recommendations to the Council on short-term rental regulations, unless the Council determines otherwise.

This the 11th day of September, 2019.

AFFORDABLE HOUSING QUARTERLY REPORT



FISCAL YEAR 2020 QUARTER 1
(JULY 1, 201 – SEPTEMBER 30, 2019)



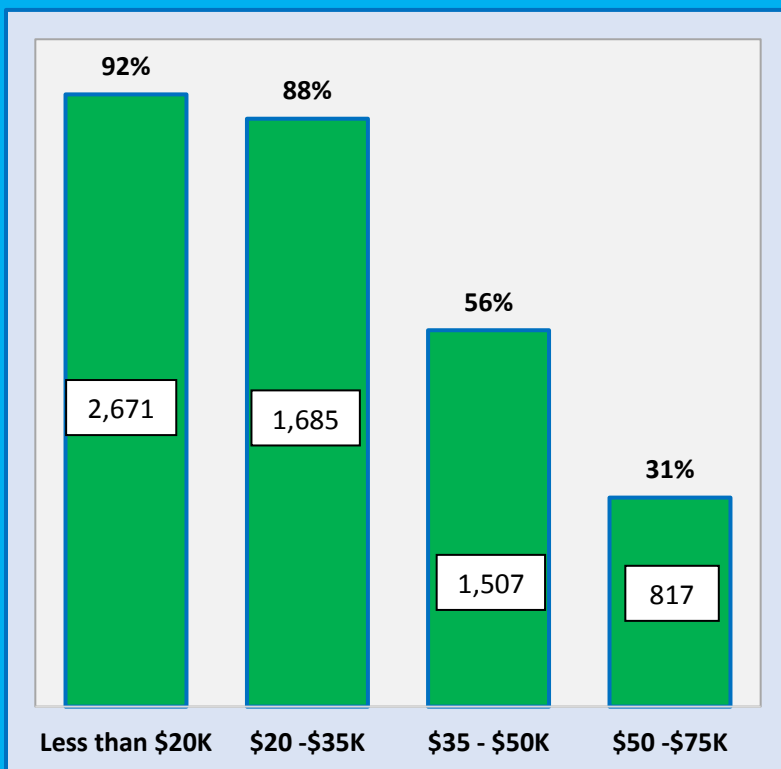
OUR GOAL

To increase access to housing for individuals across a range of incomes, and to constantly strive for more equitable outcomes and opportunities for historically underserved populations.

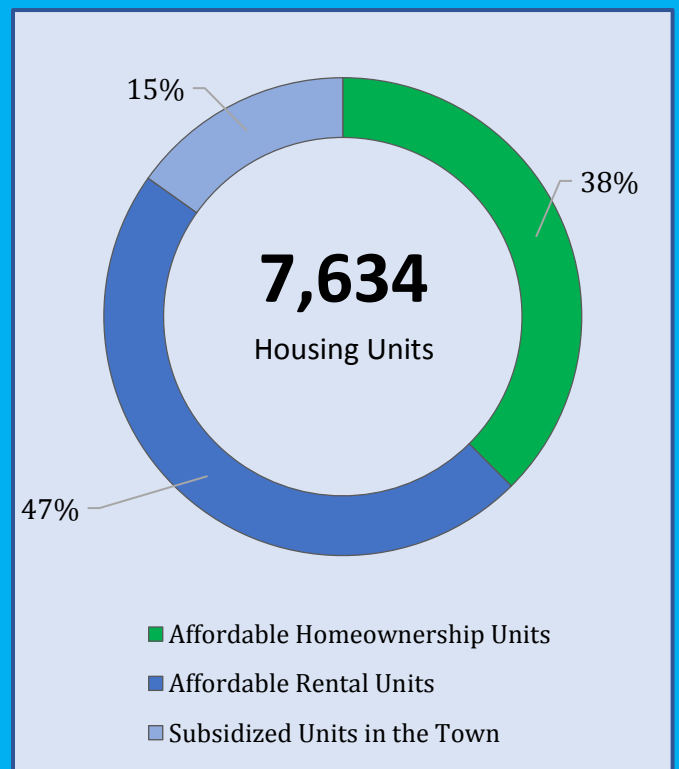
COMMUNITY INDICATORS

\$15,609,000 Town Budget for Affordable Housing Strategies	\$84,800 Median Household Income	55% of Renters spend more than 30% of income on Housing	35% of Housing Units are affordable to households with income below 80% AMI
	\$386,600 Median Home Value	19% of Homeowners spend more than 30% of income on Housing	21,685 Total housing units in town

Number and Percent of Households that are Cost-burdened by Income Level



Number of Housing Units that are Affordable to Households with Income Under 80% AMI





ORDINANCE DEVELOPMENT

STR Task Force—November 6, 2019

Tentative Upcoming Dates:

Dates in gray have occurred in the past.

June 19, 2019	Council directed staff to develop a STR ordinance
August—September 2019	Staff introduced this topic to the advisory boards (Planning Commission, Historic District Commission, Community Design Commission)
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
November 6, 2019	Task Force Meeting
November 18, 2019	Check-in with Town Council
December 11, 2019	Task Force Meeting
January 15, 2020	Task Force Meeting
January 2020	Staff and Rebecca Badgett start drafting the ordinance
January 2020	Advisory board check-in on proposed provisions
January 2020	Check-in with Town Council Call for Public Hearing on STR ordinance
February 2020	Public Information Meeting
February 2020	Planning Commission review and recommendation to Town Council
March 2020	Council public hearing on STR ordinance
March 2020	Council public hearing and possible action

DATE:	December 11th	January 15th
TOPICS:	Health, Life and Safety	Wrap Up
Presentations:	<p>Health & Safety Considerations (hotels vs. private homes)</p> <p>Discussion of how other municipalities regulate health and safety inspections, occupancy caps, proof of insurance, etc.</p>	<p>Presentation on occupancy tax (what is required of STR operators based on state and local laws)</p> <p>Discussion on how other municipalities have handled sunset provisions/bringing STR operators into compliance with a new ordinance</p> <p>Enforcement strategies and software</p>
Discussion Topics:	<p>Will we require:</p> <ul style="list-style-type: none"> • Health/safety inspections? • Occupancy caps? • Proof of insurance? • Designated responsible party? • Special events? • Signs? 	<p>How often will permits need to be renewed?</p> <p>Will we have a sunset provision for existing STRs/timeframe to come into compliance?</p> <p>Support for enforcement solutions</p>

For more information, please visit: <https://chplan.us/STRs> or contact Anya Grahn at agrahn@townochapelhill.org or 919.969.5059.

Anya Grahn

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Hello,

I apologize that I am unable to attend the November 6th meeting in Chapel Hill.

My name is Angelo Mojica and I have lived in Chapel Hill since 2005 (I also lived in Chapel Hill from 1987-1993). I own a home in Southern Village and have been using VRBO to rent It out because my career has required that I work in the Washington DC area. My children live in North Carolina and my plan is to retire to my Southern Village home. My wife or I visit Chapel Hill and my children at least twice a month. Using VRBO has allowed me to have a place to stay. The short term rentals have helped to support my mortgage payments and allow me to keep my home. I have been paying Orange County and Chapel Hill taxes monthly with no delinquent payments.

Please feel free to reach out to me with any questions.

Angelo

Angelo Mojica PhD RD CEC



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To the Members of the Task Force:

We write as members of the Short Term Rental system critically interested in your efforts.

My husband and I are new part time residents of Chapel Hill. We purchased our 'last home' in July of 2018. This followed an emergency stay at UNC hospital and a family discussion with our children. We now plan full time residency in the foreseeable future, however not immediately. The Short Term Rental platform is allowing us to transition in an affordable way while continuing to work in San Francisco's community; as Chairman and founder of the San Francisco Coalition to Underground Utilities, I have commitments here I cannot easily or immediately abandon. Conversely, the home we purchased around the corner from our daughter is ideal for us looking forward and would have been unwise to ignore. It currently affords us the ability to visit our family and help with our grandchildren. Our family has folded us in to their neighborhood and we are making friends there, all of whom report to us that our renters are respectful of the neighborhood while they are staying.

The activities we enjoy while we are there are the same as those of our renters: the UNC games, events and summer camps, the concerts, the children's school and family events, the restaurants. As opposed to a hotel stay, the flexibility our home offers us with our grandchildren is the same flexibility valued by our renters. As grandparents our home is arranged for children with toys and games, safety gates, tub toys and baby soaps, a pac n play and children's books. We provide our guests an extensive list of places to visit and things to do while staying in our home. All of our own and our guests' activities create revenue for Chapel Hill, and we hope this is recognized by the Task Force.

As a long time resident of San Francisco, I have watched and experienced the over-regulation of personal property here. Current regulations here make any sort of home rental so onerous for owners that we cannot contemplate it. Any new Chapel Hill regulations will affect not only those property owners who use the STR system for profit, but also residents like us for whom the system simply makes it possible to plan for the future. I would be more than willing to meet with members of the Task Force when we are in town in November, or indeed become involved if it would be an addition to the process. There is much to learn from San Francisco's punitive legislation, certainly a cautionary tale.

I look forward to a positive dialogue with the Task Force.

Sincerely,

Anne B. Brubaker



Anya Grahn

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Good evening Mrs Grahn and Task Force members,

I attended the last Task Force meeting as a concerned citizen and STR host, but I will be out of town for today's meeting. I wanted to give some feedback regarding that previous meeting.

First off, I and others were dismayed to find that the meeting would be held at the Sienna, a hotel owned by one of the very hoteliers who formed the alliance to petition for STR regulations, and who now sits on the Task Force. The impression of impropriety, at the least, and outright conflict of interest, at the worst, could not be overlooked.

Also I was quite confused when Rebecca Badgett introduced herself as an attorney from the School of Government who had previously helped oversee the formulation of regulations in Asheville, Raleigh, and Wilmington. We know the results in those communities, so I'm unsure why a UNC department would be retained by town after town in NC to facilitate the effective "regulating out of existence" of STRs. Then, at exactly [4:35](#), she instructed the task force members that while there were indeed three categories of STRs, the "three buckets", the task force would only be focusing on regulating whole house unhosted rentals, be they occupant owned or investor owned. A mere 35 minutes into the very first meeting, she was basically rewriting the Council's charge by reducing the three buckets to two. She was immediately met with pushback, and it's my understanding that the Council has reasserted it's charge to the Task Force, but again, I found this an ominous way to begin the proceedings.

After the meeting, I stood around and spoke to a few members of the task force. When we left, we appeared to be the last to leave. However, upon exiting the conference room, Mrs Badgett was seated in the hotel bar, along with the hoteliers, including the owner of the Sienna. The impression of impropriety was overwhelming and unmistakable and several of the Task Force members with whom I'd been speaking took note.

I found the whole experience surreal, first sitting in a hotel conference room at a government sanctioned meeting watching the owners of said hotel, aided by a University official, begin the process of attempting to legislate their perceived competition out of existence. And then to watch them all retire afterwards to an on site bar was beyond the pale. It is my hope that this initial experience is not indicative of how this is going to go.

Lastly, I'll leave you with two recent experiences. I received an AirBnB booking inquiry from a family in Western Carolina looking for affordable accommodations during the state fair. Since Raleigh has all but banned STRs, they were looking to rent an STR elsewhere for their extended family. They ultimately deemed my location to be too far from Raleigh and chose a different option, but it's illustrative of the unintended consequences of the regulations in Raleigh. My next request, which I accepted, was from the wife of noted musician [Bela Fleck](#), in town with her two young children and nanny to play a residency at UNC. When she travels, she chooses STRs because she wants a yard where her children can play, a kitchen in which her nanny can prepare fresh meals, and she wants her children to experience a sense of home life, as opposed to the

monotony of a series of nondescript hotel rooms. STRs perform a valuable function that just cannot be met by the traditional hotel industry. It is my hope, and I believe that the majority of the Council agrees, that it would be foolhardy for the Task Force to follow the precedent set by Wilmington, Asheville, and Raleigh.

Thank You,
Dave Hartman

Anya Grahn

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Anya,

I would think that it would be pertinent to the building of good ST Rental strategies. Hotels probably have liability insurance to cover some of this type of risk. Should non owner occupied ST rental property renters have some as well? How does this obvious infraction of the rental purpose be avoided.?

Bob

On Nov 1, 2019, at 4:02 PM, Anya Grahn <agrahn@townofchapelhill.org> wrote:

Thanks, Bob! If this is something you'd like me to share with the task force, please let me know.

Have a great weekend!

Anya


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Anya,

This article underscores the challenges that communities can be dealing with when investor property is used for short term rentals.

Bob

Begin forwarded message:



At least 4 killed in Halloween night mass shooting in Northern California
Police did not immediately provide information about the victims or what prompted the violence at the home in the neighborhood of multimillion-dollar homes

Read in CBS News: <https://apple.news/AZ7wupV4eRiGM-g0BuOb5Vw>

Shared from [Apple News](#)



Town of Chapel Hill SHORT TERM RENTAL (STR) TASK FORCE

Wednesday, November 6, 2019, 4:30 p.m.-6:30 p.m.
Carolina Coworking
206 West Franklin Street, Chapel Hill, NC 27516

1. Opening at 4:30 PM

a. Roll Call

STR Task Force Members: Manish Atma, Anthony Carey, Shelley De Fosset, Jennifer Hoffman, Jamine Ifedi, Nathan Ligo, Alexa Nota, Sally Persing, John Quinterno, Mary Stowe, Steven Whitlow

Town Staff: Anya Grahn, Judy Johnson, Jim Huegerich, Ralph Karpinos

UNC School of Government: Rebecca Badgett

b. Action Minutes

Atma moved, Hoffman seconded, to approve the October 16, 2019 action minutes. The motion passed unanimously.

c. Ground Rules

Town Ombudsman Jim Huegerich reminded the task force and community members present that there was a no attribution rule. Huegerich clarified the roles of staff, Rebecca Badgett, and the Task Force members.

2. Old Business

Staff liaison Anya Grahn provided an overview of the topic. She pointed out the Task Force's charge. She reviewed the current Land Use Management Ordinance (LUMO) regulations for short term rentals (STRs), and she explained that the use of the STR did not clearly fit into the existing definitions. She provided statistics related to housing, STRs, and a preview of the STR survey results.

3. New Business

a. What do we want to protect about Chapel Hill?

Town Ombudsman Jim Huegerich divided the task force into groups to discuss their interests in regulations. Many Task Force members responded that they wanted to preserve home owner and investor rights. They asked for clear definitions and regulations based on data. There was interest in creating a level playing field for hotels, and some asked for standard STR regulations town-wide. The Task Force was divided on the geographic limitations to STRs and number of STRs permitted.

b. Regulating STRs

Rebecca Badgett, UNC School of Government, presented a summary of municipal STR ordinances in college towns similar to Chapel Hill. She reviewed how these communities had regulated STRs in residential, mixed use, and commercial areas. She explained how some cities distinguished between STRs in primary residences, accessory dwelling units, and whole-house rentals.

c. Developing STR Regulations for Chapel Hill

Huegerich asked the Task Force where STRs should be allowed. The Task Force was divided. Some believed STRs should be permitted everywhere while others thought the use should be restricted to mixed use and commercial areas. There was discussion about creating definitions for investor and investor-owned property. There was interest in learning more about how different communities capped the number of STRs permitted.

4. Public Comment

Members of the public expressed interest in data-driven decisions. They spoke to market demands that made STRs profitable to investors, and many believed the market would prevent STRs from excessive growth. Some expressed concerns of over-regulating STRs. Many were not convinced there was a problem, while others explained the impacts of STRs in residential neighborhoods.

The Task Force discussed what they had heard from the public. Some recognized that the LUMO not clearly defining STRs was a problem while others thought that STRs should go unregulated. They spoke to concerns for the health and safety of guests, operators, and neighbors, and impacts to affordable housing.

5. Adjournment at 6:30pm

Summary: Regulating Short-Term Rentals

Chapel Hill Task Force

November 6, 2019

City	Allows Primary Residence STRs?	Allows Dedicated STRs?	Zoning restrictions for Dedicated STRs	Accessory Dwellings Allowed?
Berkley, CA	Yes. 90-day cap	No	--	Yes, if owner is on-site
Boulder, CO	Yes, 182-day cap	No	--	Yes, if owner is on-site
Fort Collins, CO	Yes, 90-day cap	Yes	Not allowed in high-density residential zones, but are allowed in many mixed-use and commercial zones	Yes. Only one unit rented at a time.
Kansas City, MO	Yes, 95-day cap	Yes	Allowed in residential and other zones. Must comply with application requirements	No. Exception of carriage houses in historic zones
Lawrence, KS	Yes, 182-day cap	No (unless special use permit is granted)	--	Yes. If owner resides there ½ the yr.
Madison, WI	Yes, 30-day cap	No	--	No
Nashville, TN	Yes	Yes, with zoning restrictions	New not owner-occupied STRs prohibited in R districts	Yes. 1 permit per lot.
Seattle, WA	Yes	Yes, limit of 1 per person. (max 2 STRs, and 1 must be primary residence)	Yes	Yes

City	Allows Whole-House STRs	Generally Allowed in Residential Zones
Charlottesville, VA	No (exception for rural areas)	No
Savannah, GA	Yes; 20% cap	No. Allowed in mixed-use zones, which do have residential wards.
Bloomington, IN	Yes	Yes
Wilmington, NC	Yes. 2% cap, 400 ft. separation requirement	Yes

TASK FORCE MEETING DISCUSSION TOPICS

1. Should Chapel Hill allow Dedicated STRs?
2. If so, generally where should they be allowed? (residential zones, mixed-use, and/or commercial zones) *Think about this in general terms, not based on Chapel Hill's current zoning map.
3. Any other restrictions? If so, where will the restrictions apply--to all dedicated rentals or to only those in certain zones?
 - Examples:
 - Cap on zoning permits issued
 - Density requirements (certain separation between units/or % of property per zone)
 - Cap on # of nights rented
4. How should accessory structures be treated for dedicated STRs?
 - One permit per lot?
 - One rental group at a time, but either dwelling may be rented?
 - Other?

Town of Chapel Hill
SHORT TERM RENTAL (STR) TASK FORCE

Wednesday, November 6, 2019, 4:30 p.m.-6:30 p.m.

What do we want to protect and foster through STR regulations about Chapel Hill?

- *What is it that I want to preserve/advocate for?*

property rights; lack of unregulated commercial activity. uniform standard across town; equal playing field for hotels

- *What do we need to be successful?*

clear definitions; honesty about commercial activity

- *Where will STRs be permitted?*

- Residential? ~~yes~~ /
- Commercial? and/or
- Mixed use zoning districts?

some say yes, some say no

- *Are there places in town where this use would not be appropriate?*

- *Do we need to have limitations on the number permitted? (yes/no)*

Town of Chapel Hill
SHORT TERM RENTAL (STR) TASK FORCE

Wednesday, November 6, 2019, 4:30 p.m.-6:30 p.m.

What do we want to protect and foster through STR regulations about Chapel Hill?

- *What is it that I want to preserve/advocate for?*

*Homeowners + Investors rights to use their
Real estate as a short term rental.*

- *What do we need to be successful?*

*Clear definitions/ regulations.
Thoughtful consideration of future growth*

- *Where will STRs be permitted?*

- *Residential?*
- *Commercial? and/or*
- *Mixed use zoning districts?*

Everywhere

- *Are there places in town where this use would not be appropriate?*

*assisted living, facility,
Public Housing / Low Income housing
anywhere an HOA prohibits it*

- *Do we need to have limitations on the number permitted? (yes/no)*

*The difference between small + larger
Real estate investors should be ~~defined~~ explored
and defined.*



Town of Chapel Hill

SHORT TERM RENTAL (STR) TASK FORCE

Wednesday, November 6, 2019, 4:30 p.m.-6:30 p.m.

What do we want to protect and foster through STR regulations about Chapel Hill?

- *What is it that I want to preserve/advocate for?*
 - Right of homeowners to rent responsibly + respect neighborhood Character
 - Structure for neighborhood + home safety
 - Qualifications to be able to operate, ie inspections
- *What do we need to be successful?*
 - Compromise, open mindedness, transparency, focus on community (TF)
 - ordinance that is clear, transparent, enforceable, flexible
- *Where will STRs be permitted?*
 - Residential? Yes
 - Commercial? and/or
 - Mixed use zoning districts?

} Tentative yes
BUT need zone clarification
More focused on qualifications, not location
- *Are there places in town where this use would not be appropriate?*

UNC campus
Neighborhood by neighborhood per HOA
(can HOA's ~~change~~ covenants?)
- *Do we need to have limitations on the number permitted? (yes/no)*

Yes (?) - Density?
- Per person?
- Total by area?



Town of Chapel Hill

SHORT TERM RENTAL (STR) TASK FORCE

Wednesday, November 6, 2019, 4:30 p.m.-6:30 p.m.
Carolina Coworking
206 West Franklin Street, Chapel Hill, NC 27516

Meeting Agenda

Members: Housing Advisory Board Member, Manish Atma, Anthony Carey, Shelley De Fosset, Jennifer Hoffman, Jamine Ifedi, Nathan Ligo, Alexa Nota, James Parrott, Sally Persing, John Quinterno, Mary Stowe, Steven Whitlow

1. Opening

- a. Roll Call**
- b. Approval of Action Minutes**
- c. Ground Rules**

2. Old Business

Background: Anya Grahn, Town of Chapel Hill Planning Department, will provide an overview of the Task Force's charge, current Land Use Management Ordinance (LUMO) regulations for STRs, complaints and enforcement, additional STR statistics, and the STR survey results.

3. New Business

a. What do we want to protect about Chapel Hill?

Background: Jim Huegerich, Town of Chapel Hill Ombudsman, will lead an activity to further define what the task force seeks to protect and foster through the STR regulations.

b. Regulating STRs

Rebecca Badgett, UNC School of Government, will provide an overview of how other communities have regulated STRs in terms of location and permit issuance restrictions. She will also help the task force define STRs and will allow task force members to discuss different regulatory options relating to location and permitting.

c. Developing STR Regulations for Chapel Hill

Action: The task force should discuss the presentations and make recommendations on, if STRs are permitted:

- Where will STRs be allowed to operate? (i.e. residential, commercial, and/or mixed use zoning districts)
- Will there be quantitative regulations that define where or how many STRs may operate at a given time?

4. Public Comment

5. Adjournment

Charge of the Task Force: The Town Council has charged the STR Task Force with: (1) Identify goals of developing an effective STR ordinance relating to whole house and whole unit investor-owned rental for staff to share with the Council on November 18, 2019. (2) Review staff recommendations for processes to handle registration and safety checks for all STRs. (3) Attend regularly scheduled meetings where staff and guest speakers will present qualitative and quantitative information to help guide larger discussions on themes related to STR regulations. (4) Actively participate in meetings to review and deliberate on themes related to STRs. Work with staff to identify topics needing further discussion as needed. (5) Identify impacts of possible STR regulations on various stakeholder groups as presented by staff. Seek a balanced approach to regulating STRs in a way that reflects the views of multiple stakeholder groups. (6) Develop a set of final recommendations for STR regulations for category 3 above (whole house, non-owner occupied rentals), including safety checks and registration that can be translated by staff and presented to the Council for consideration and enactment in March 2020.

Public Charge: The STR Task Force pledges its respect to the public. The Task Force asks the public to conduct themselves in a respectful, courteous manner, both with the Task Force and with fellow members of the public. Should any member of the Task Force or any member of the public fail to observe this charge at any time, the Chair will ask the offending person to leave the meeting until that individual regains personal control. Should decorum fail to be restored, the Chair will recess the meeting until a genuine commitment to this public charge is observed.

Public Participation: The community is welcome to attend and provide public comment at STR Task Force Meetings. Please submit all written comments to Anya Grahn, Senior Planner, via email at agrahn@townofchapelhill.org for distribution to the STR Task Force members. All written public comment will be made available online.



SHORT TERM RENTALS (STRS)

STR Task Force—November 6, 2019

Short Term Rental (STR):

Rental of a residence, or part thereof, to a transient for a limited duration, usually 30 days or less.

Where they are currently allowed:

Term:	Summarized Definition:	Allowed Zoning Districts:
Home Occupation	An occupation conducted as an accessory use of a dwelling unit	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
Hotel/Motel	Building(s) containing in combination 10 or more lodging units ¹ intended primarily for rental or lease to transients by the day or week, as distinguished from residence halls, in which occupancy is generally by residents rather than transients.	TC-1, TC-2, TC-3, CC, OI-3, OI-4, PD-SC, PD-OI, PD-MU
Overnight Lodging	Accommodations arranged for short term stays of less than thirty (30) days for rent or lease	WX-5, WX-7
Tourist Home ²	Building(s) containing 3 to 9 lodging units ¹ intended for rental or lease primarily to transients for daily or weekly periods with or without board	TC-1, TC-2, TC-3, CC, OI-1, OI-2, OI-3, OI-4, PD-SCI, PD-OI, PD-MU

¹ Lodging Unit is defined as room(s) forming a separate habitable unit used or intended to be used for living and sleeping purposes by one (1) family only, without independent kitchen facilities; or a separate habitable unit, with or without independent kitchen facilities, occupied or intended to be occupied by transients on a rental or lease basis for periods of less than one (1) week.

² Tourist Home differs from a Rooming House in that they are generally located in commercial areas, rented on daily or weekly periods, and cater to transients; whereas a Rooming House is located in residential and commercial areas and cater to residents. Rooming House is defined as building(s) containing three (3) to nine (9) lodging units intended primarily for rental or lease for periods of longer than one (1) week, with or without board. Includes single-family dwelling, two-family dwelling including accessory apartment, or a two-family dwelling duplex if used in a manner described in the applicable definition sections so as to constitute a rooming house.

Short Term Rental (STR) Terms:

Types of STRs:

- **Hosted Rental (aka Homestay or Homeshare):** Rental for a period of no more than 30 consecutive days, of a room or rooms within a private residence for compensation while the permanent resident resides on-site during the duration of the rental period.

- **Dedicated Vacation Rental:** A STR where there are no primary residents; the unit is only used as a STR.
- **Unhosted Share:** A STR where the primary resident vacates the unit while it is rented to guests.

People:

- **Designated Responsible Party:** Local contact person responsible for responding to complaints or issues stemming from the use of the dwelling unit as a short term rental.
- **Guests:** Any person or persons renting a residential unit for compensation for fewer than 30 days.
- **Operator (aka Host):** Owner, tenant, or rental agency who advertises the property for rent and/or who otherwise facilitates the use of the property as a short-term rental.
- **Owner:** The individual or company that has owner's rights to the property such as a block of land or building.
- **Property Manager:** Usually refers to a professional property management company that oversees all aspects of short-term rental management, but can also refer to a single employed person in charge of management.

Other:

- **Hosting Platform:** Online platform that allows property owners to advertise a dwelling unit as a short term rental and facilitates the booking transaction for accommodations between a short term rental owner and a short term rental guest, including, but not limited to, reservations and/or collection of payment for such accommodations on behalf of the short term rental owner.
- **Direct Booking:** When a guest books directly with a host outside of a booking platform (such as over the phone, in person, or on a private website).
- **Occupancy Tax:** A tax imposed on the gross receipts from the rental of any room, lodging, or similar accommodation. In Chapel Hill, an occupancy tax of 3% is enforced, subject to the sales tax under North Carolina General Statute 105-164.4(a)(3).