

Update on Short-Term Rentals



**Presentation to Town Council
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TOWN OF CHAPEL HILL

Background

Growing stakeholder interest in Short Term Rentals (STRs)

- **Meeting with Visitor's Bureau**
- **Meeting with Chamber and hoteliers**

What we've learned:

- **300+ short-term rentals currently in Chapel Hill**
- **2018 revenue for these listings was approx. \$5 million**
- **Approx. 40% increase in room nights from 2017 to 2018**



Key Issues

- **Current LUMO regulations predate the shared economy and rise of STRs**
- **Concerns about health and safety issues due to lack of permitting**
- **Potential missed occupancy tax revenue**
- **Limited staff capacity for enforcement**



Staff Work to Date

- 1) Gathering data on STRs in Chapel Hill**
- 2) Clarifying Town's current STR requirements**
- 3) Engaging with stakeholders**
- 4) Preparing education & outreach materials**
- 5) Reviewing ordinances from other communities**
- 6) Exploring potential missed revenue**
- 7) Analyzing enforcement options**



Short Term Rental 101



TOWN OF CHAPEL HILL

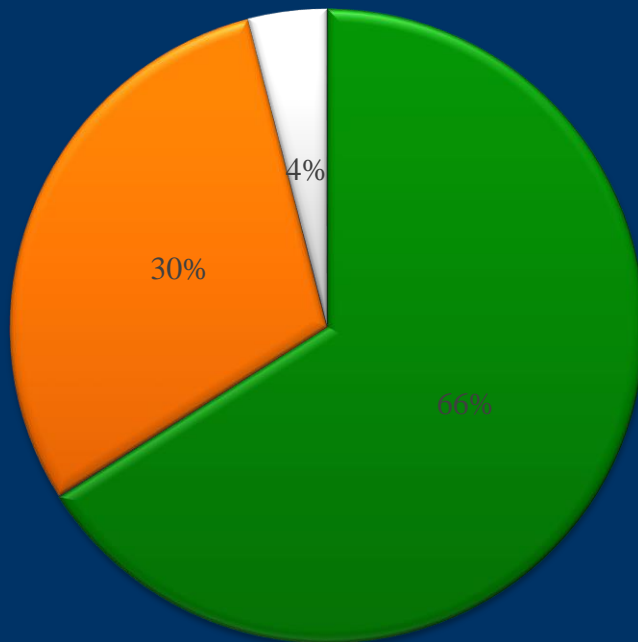
Types of STRs



- **Hosted Share.** *Primary occupant of a residence remains on-site with guests.*
- **Unhosted Share.** *Primary occupants vacate the unit while it is rented to short-term guests.*
- **Dedicated Vacation Rental.** *No primary occupants.*

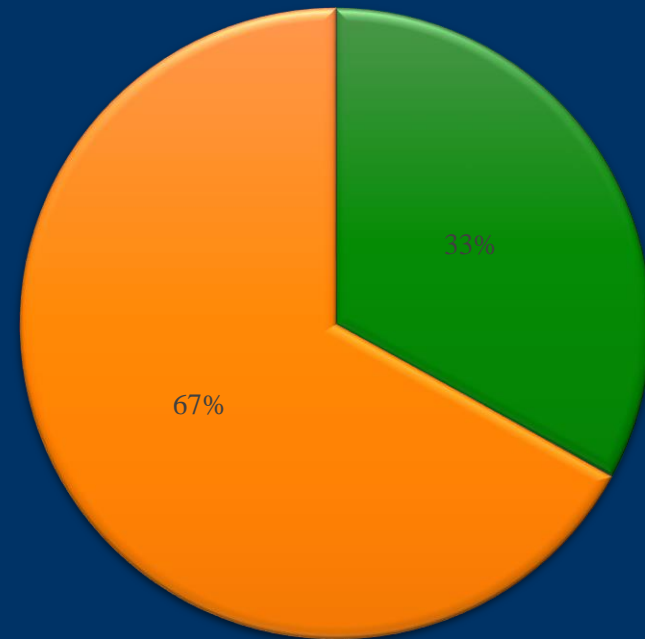
Data Summary

Listing Type



- Single Family House
- Multi Family Home
- Unknown Home Type

Unit Types



- Partial Home
- Entire House

How are they currently permitted?



- 1) Home Occupation
(most zoning districts)**
- 2) Tourist Home (non-residential districts)**
- 3) Overnight Lodging
(Blue Hill District only)**

Tourist Home vs. Rooming House

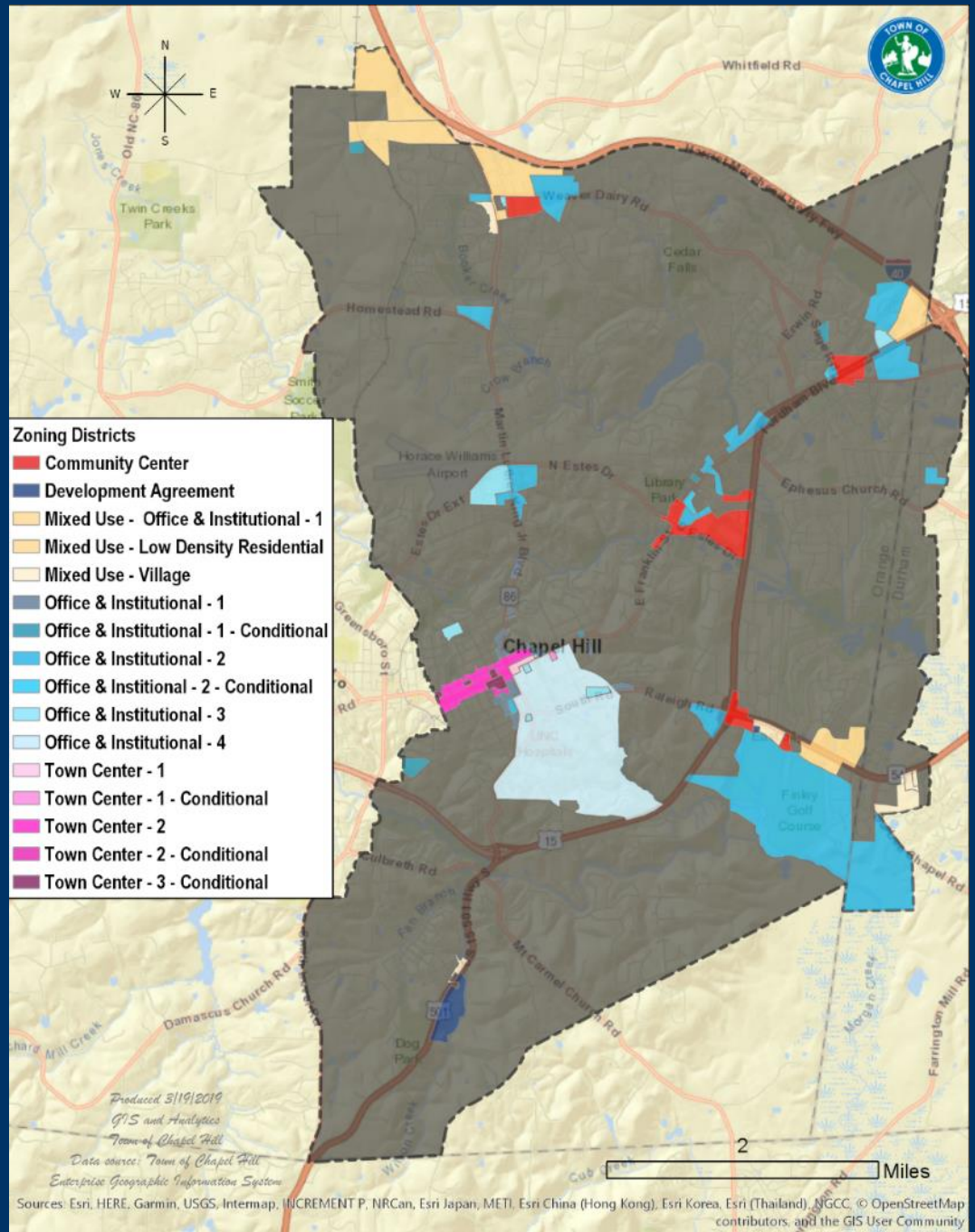
	Tourist Home	Rooming House
Number of Lodging Units*	3-9 lodging units	3-9 lodging units
Duration	Daily or weekly periods with or without board	+1 week, with or without board
Renters	Transients	Residents
Types of Building	Not specified	single-family dwelling, two-family dwelling including accessory apartment, or a two-family dwelling duplex
Permitted Zoning Districts	TC-1, TC-2, TC-3, CC, OI-1, OI-2, OI-3, OI-4, PD-SC, PD-OI, PD-MU	R-3, R-4, R-5, R-6, TC-1, TC-2, TC-3, CC, NC, OI-1, OI-2, OI-3, OI-4, PD-H, PD-MU

**A room or group of rooms 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.*

Tourist Home vs. Rooming House

- **Council petition to remove Rooming Houses from R-3 district**
 - **Petitioner concerned about this as a back door to expanded occupancy**
 - **Concern that will lead to parking violations, excess noise, poor property maintenance, and other issues**

Zoning Districts Permitting Tourist Homes



What We've Heard to Date

Neighborhood:

- Parking
- Noise
- Strangers in the neighborhood

STR Operators:

- Use regulates itself based on customer reviews

Hoteliers:

- Desire for level playing field
- Impacts to business

Staff:

- Health & safety
- Occupancy tax revenue

Common Ordinance Provisions

Survey of municipal ordinances found that many communities regulate the following, as associated with STRs:

- **Occupancy Caps**
- **Designated Responsible Party**
- **Parking Requirements**
- **Insurance**
- **Health & Safety Inspections**
- **Permit approval expirations**
- **Limitations on number of permits issued**
- **Duration**
- **Prohibition of special events**
- **Signs**

Enforcement Options

- **Currently one Zoning Code Enforcement Officer for the Town**
 - Potentially dozens of STR violations
 - Would need additional enforcement capacity to provide timely follow-up to complaints
- **Webhosts to aid in enforcement:**
 - **Host Compliance, Harmari, LodgingRevs**
 - **Potential services:**
 - Address identification, compliance monitoring, 24/7 complaint hotline
 - \$5,000-\$25,000/year depending on scope of services
 - Provides administrative support to staff, but additional staff time required for permitting and enforcement

How to Proceed

Recommended Staff Approach:

1. Education, Outreach, & Soft Enforcement

- Ongoing
- Design a website and handout
- Inform property owner of complaint(s) and applicable requirements

2. Ordinance Update

- 6-12 month process
- Conduct community outreach
- Open house(s)
- Facilitated meeting(s)
- Determine key provisions
- Draft updated standards
- Present for Planning Commission review; Town Council approval

3. Education & Enforcement

- 3-6 months
- Education on new ordinance
- Zoning Compliance Notice of Violations

New Webpage

I Want To... > Residents > Businesses > Visitors > Students > **Town Hall >**

▾ Planning and Development Services

- Contact Us
 - Report a Code Violation
- Community Sustainability
- Development Activity Report
- Building & Development Services
- Large Development Projects
- GIS & Analytics
- Plans and Ordinances
- Special Protection Areas and Districts
 - Data and Resources
 - Past Bicycle and Pedestrian Counter Reports
 - How Are We Doing?
 - Residential Zoning Building Permit
- SHORT TERM RENTALS**

Town Hall » Departments & Services » Planning and Development Services

SHORT TERM RENTALS

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What is a Short Term Rental (STR)?

A Short Term Rental is the rental of a residential dwelling unit, or a room within, that is typically rented for a periods of less than a month. See definitions for details.

Upcoming Dates

The Town of Chapel Hill is analyzing the recent phenomenon of short term rentals. The topic will be discussed at the following meetings:

Event:	Date:	Location:
Council Economic Sustainability Committee	June 7, 2019 at 8:00am	Chapel Hill Public Library, Meeting Room A

Check back on this page for updates.

Where Short Term Rentals Are Allowed:

Short-Term Rentals are currently allowed in three ways in the Town, either as:

[Expand/Contract Questions and Answers](#)

- Home Occupation**
- Overnight Lodging**
- Tourist Home**

How to be a good neighbor:

- Parking.** Guests should park in the driveway or in designated street parking. You may secure visitor parking permits for properties located in designated permit areas. Each address in the residential permit area would be eligible for up to 10 temporary 3-day visitor parking permits in a year or up to 5 temporary 14-day visitor parking permits. Contact [Parking Services](#) for additional information.
- Noise.** Loud parties may be cited for violating the noise ordinance. Be considerate of the neighborhood and the residents around you. Please call 911 to file a noise complaint with the Town of Chapel Hill Police Department.
- Garbage.** Pick up after yourself and guests. Garbage and recycling should be stored on-site in trash containers. On collection day, place garbage cart(s) behind the curb, away from mailboxes, and where a collector can conveniently get to it. All solid waste must be brought to the curb before 6am on collection day; carts should be removed from the curb by 7pm on collection day.
- Pets.** Clean-up after your pets. Prevent excessive and prolonged barking, and keep pets from roaming the neighborhood. Abide by [local leash laws](#).
- 24-Hour Contact Information.** Consider posting the contact information for someone your guests can contact if they have questions. Also, consider listing the 9-1-1 street address in the unit in case of an emergency and clearly posting the residence's address at the street.
- [Follow the Good Neighbor Guidelines](#).

<https://chplan.us/STRs>

Decision Points

- 1. What do you think about leading with education and soft enforcement?**
- 2. Would you like staff to update the ordinance with input from community stakeholders?**
- 3. What do you think about staff conducting an education campaign on the new standards prior to enforcement?**
- 4. Would you support a proposal to contract for third party support to help with enforcement?**