



Short Term Rentals (STRs)

STR Task Force

November 6, 2019

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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?

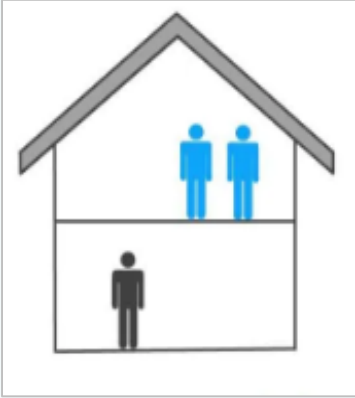
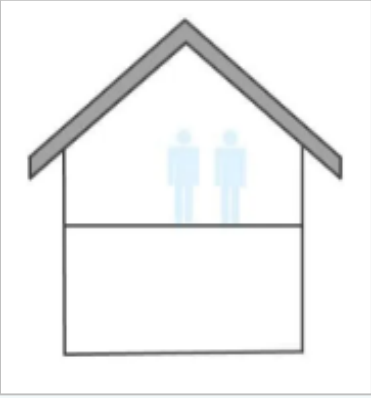
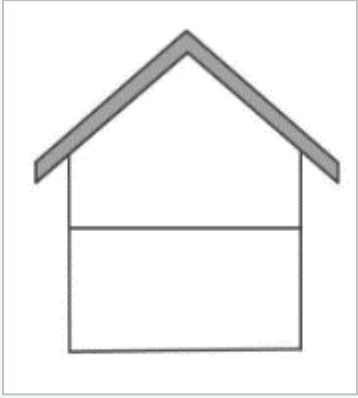
- The Land Use Management Ordinance (LUMO) predates the rise of STRs
- STRs are currently not permitted in Chapel Hill except as:
 - Home Occupation
 - Tourist Home
 - Overnight Lodging

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:



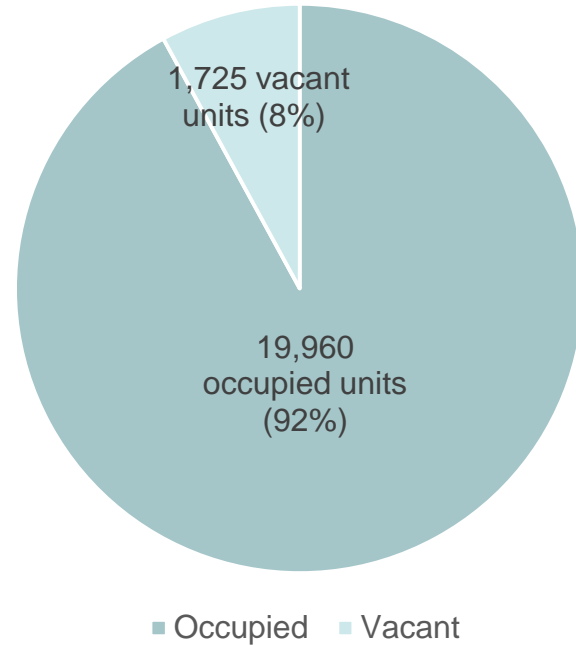
2017 Statistics:

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

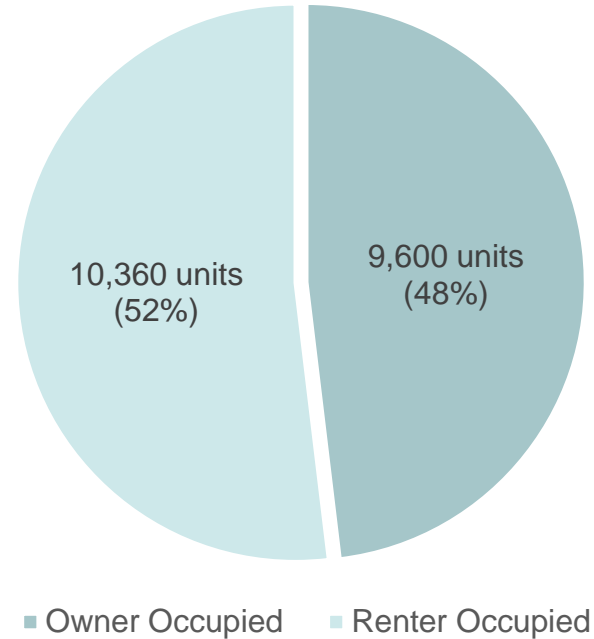
Statistics provided by [US Census Bureau](https://www.census.gov)

Housing Statistics:

2017 Vacancy Rates



2017 Occupied Housing Units

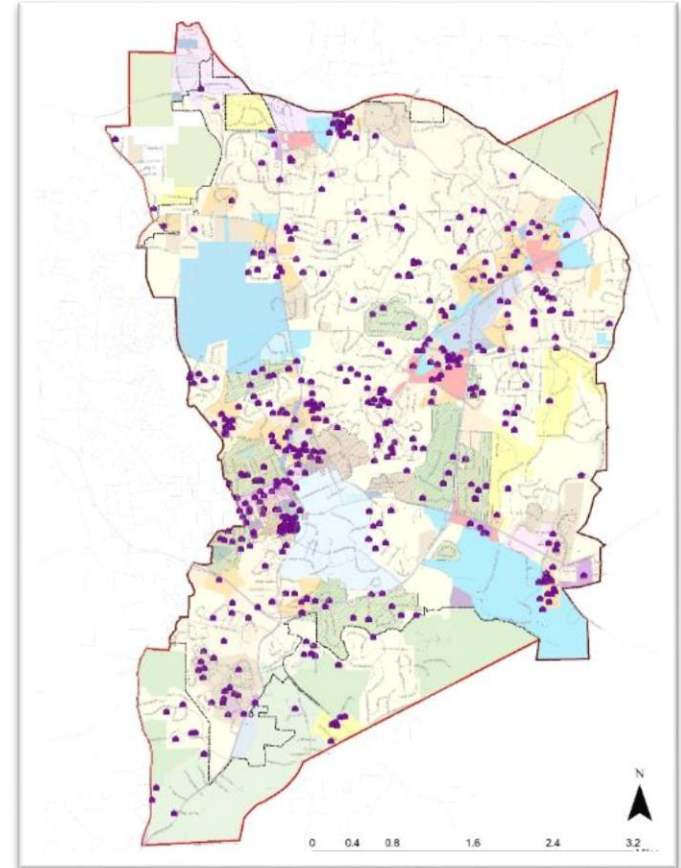


Statistics provided by [US Census Bureau](https://www.census.gov)

Year to date 454 Rentals within Chapel Hill Jurisdictional Boundary

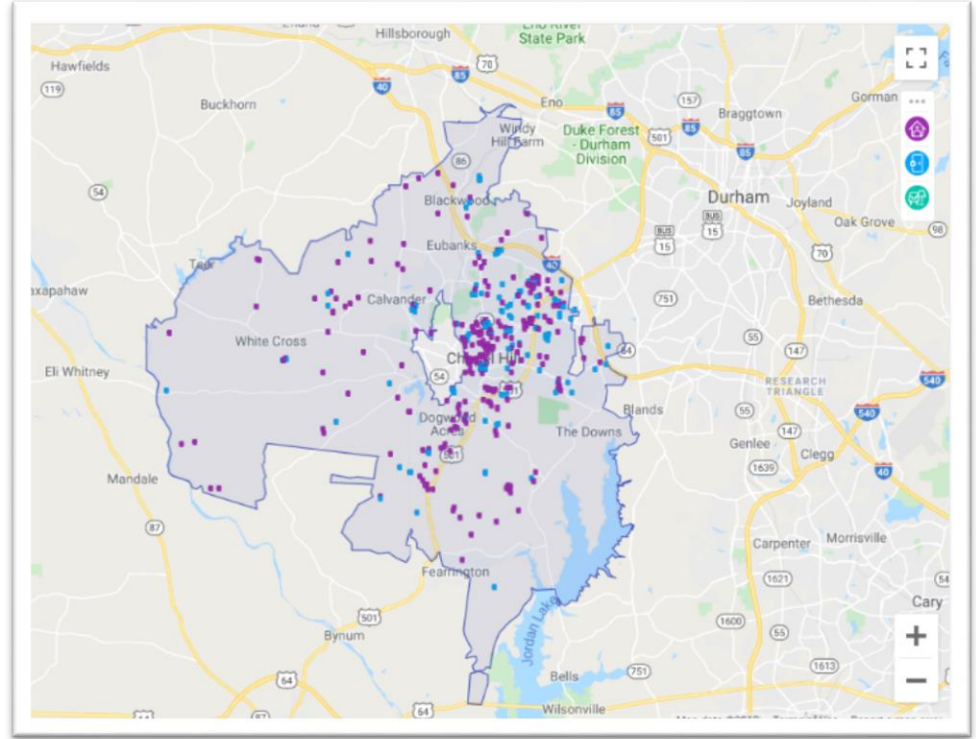
*(All addresses with active listings at any
time in 2019)*

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



Statistics on STRs:

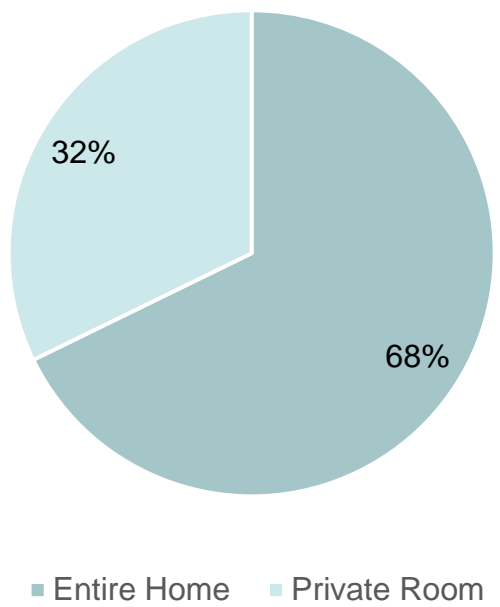
- 322 Active Rentals in October
- Hosting Platforms:
 - 85% Airbnb
 - 8% Homeaway
 - 7% listed on both
- Average Daily Rate \$116
- Average Revenue \$1,637 for the month



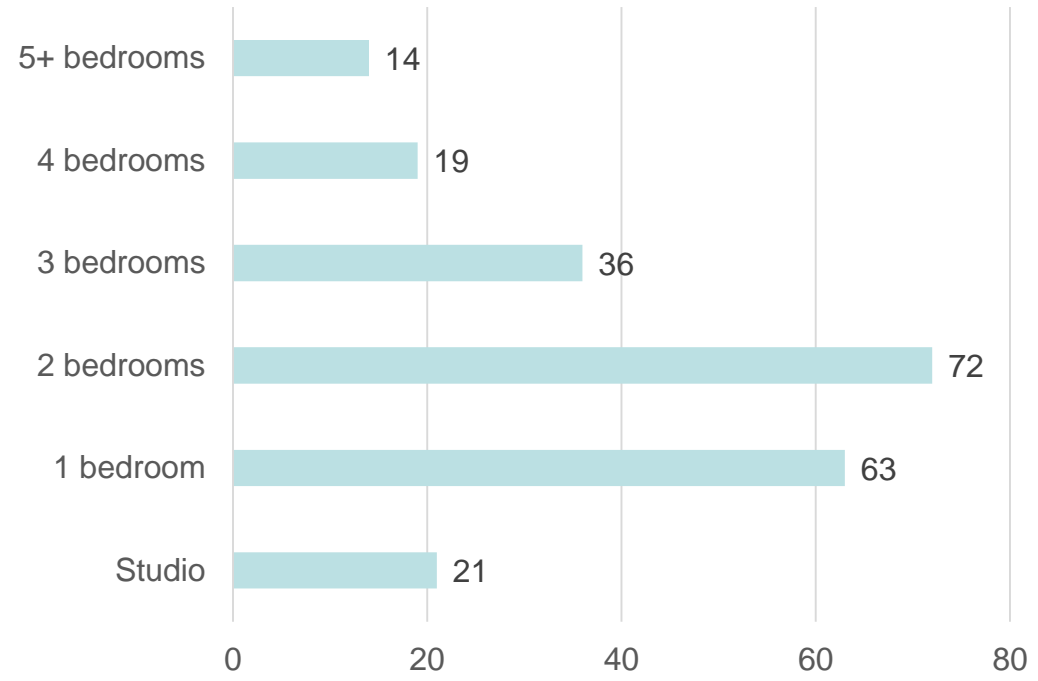
Statistics provided by [AirDNA](#) on 10.30.19

Statistics on STRs:

Rental Types



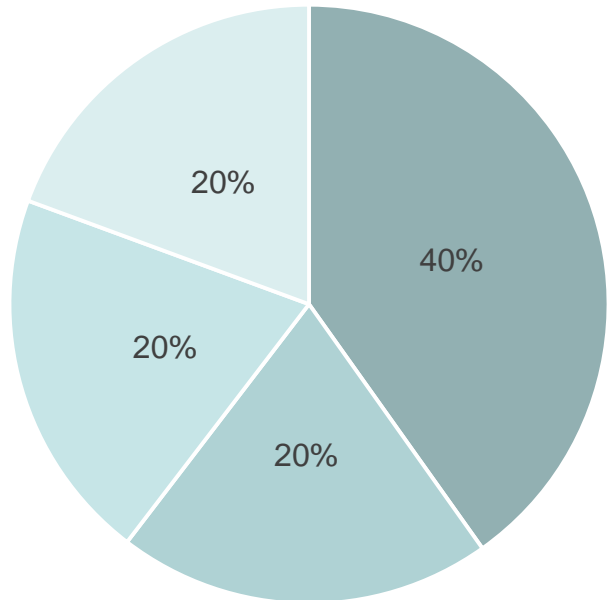
Rental Size



Statistics provided by [AirDNA](#) on 10.30.19

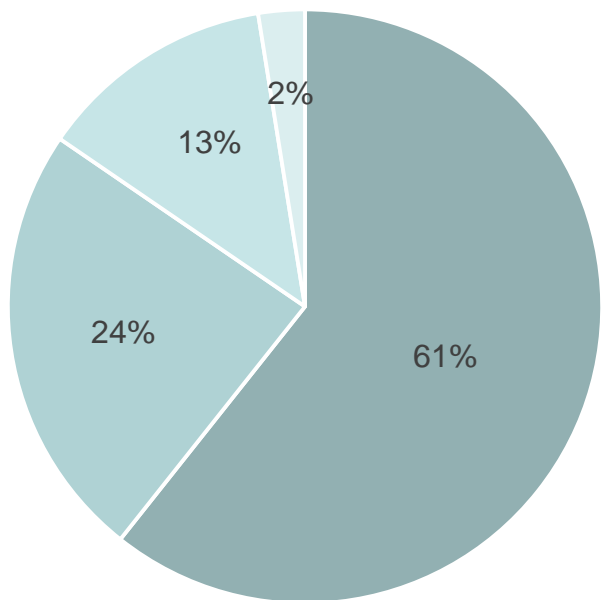
Statistics on STRs:

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](https://airdna.com) on 10.30.19

Statistics on Overnight Lodging Demands:

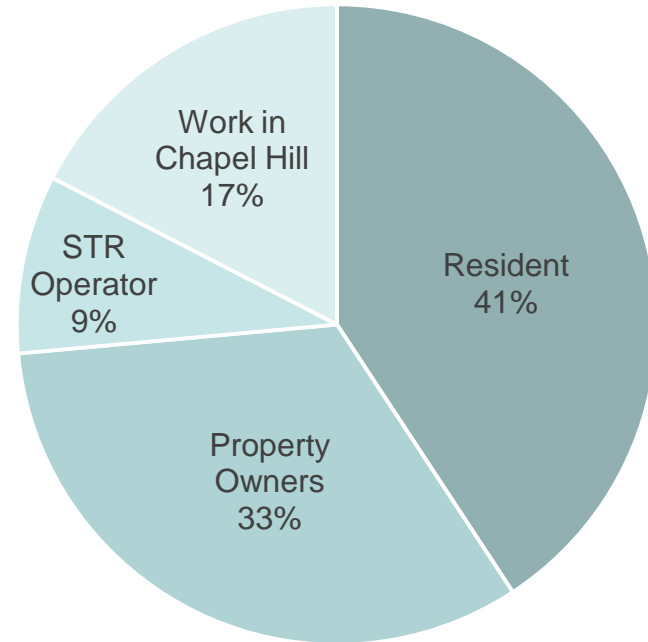
	AirBNB Units (2018 only)	Hotel Units (FY 2018-2019)
Available for Rent	267 rooms/night (123,059 total)	1,685 rooms/night (615,025 total)
Units Booked	56,283 nights (Homes/rooms rented on Airbnb)	417,805 nights (rented)
Market Share	11.6%	86.1%
Revenue	\$5,783,732	\$52,984,023
Average Daily Rate (ADR)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

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

Quick Facts:

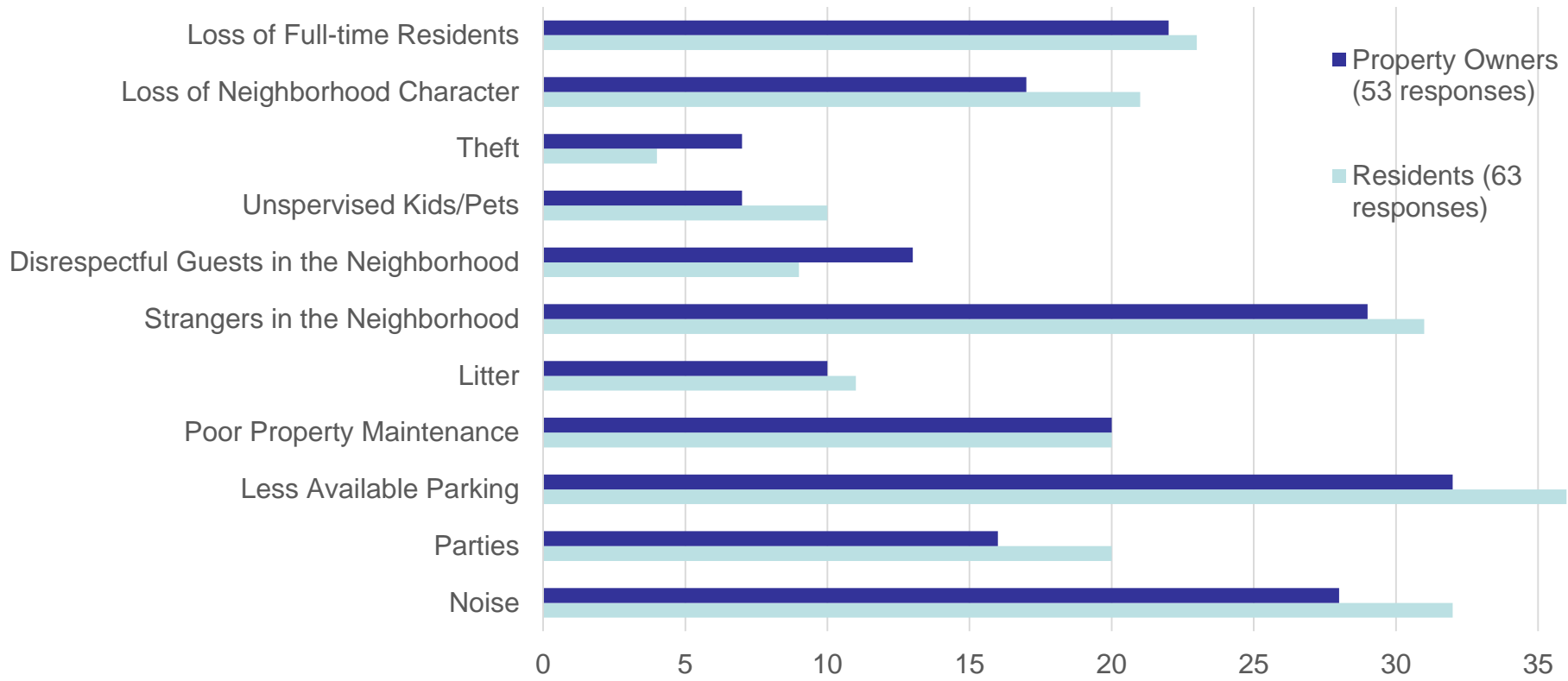
- Open September 22, 2019 through October 20, 2019
- 393 participants

Category that Best Describes Me



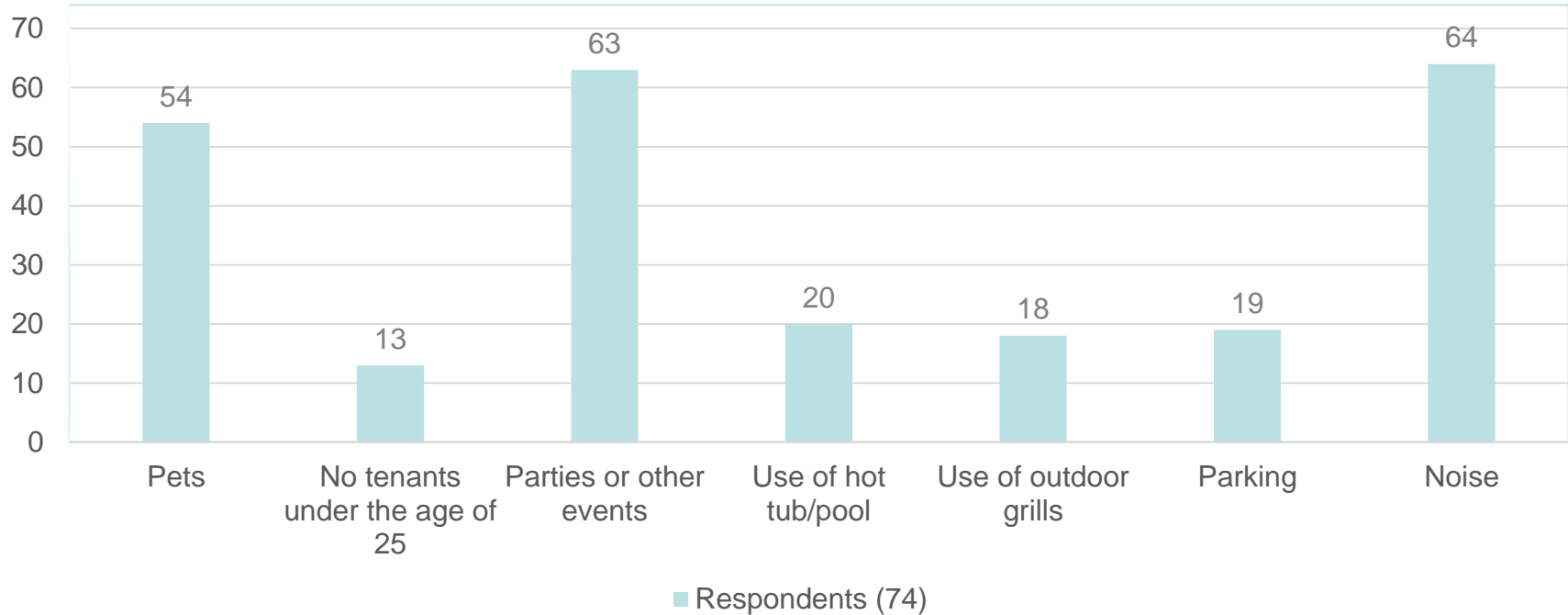
Statistics on Survey Results:

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



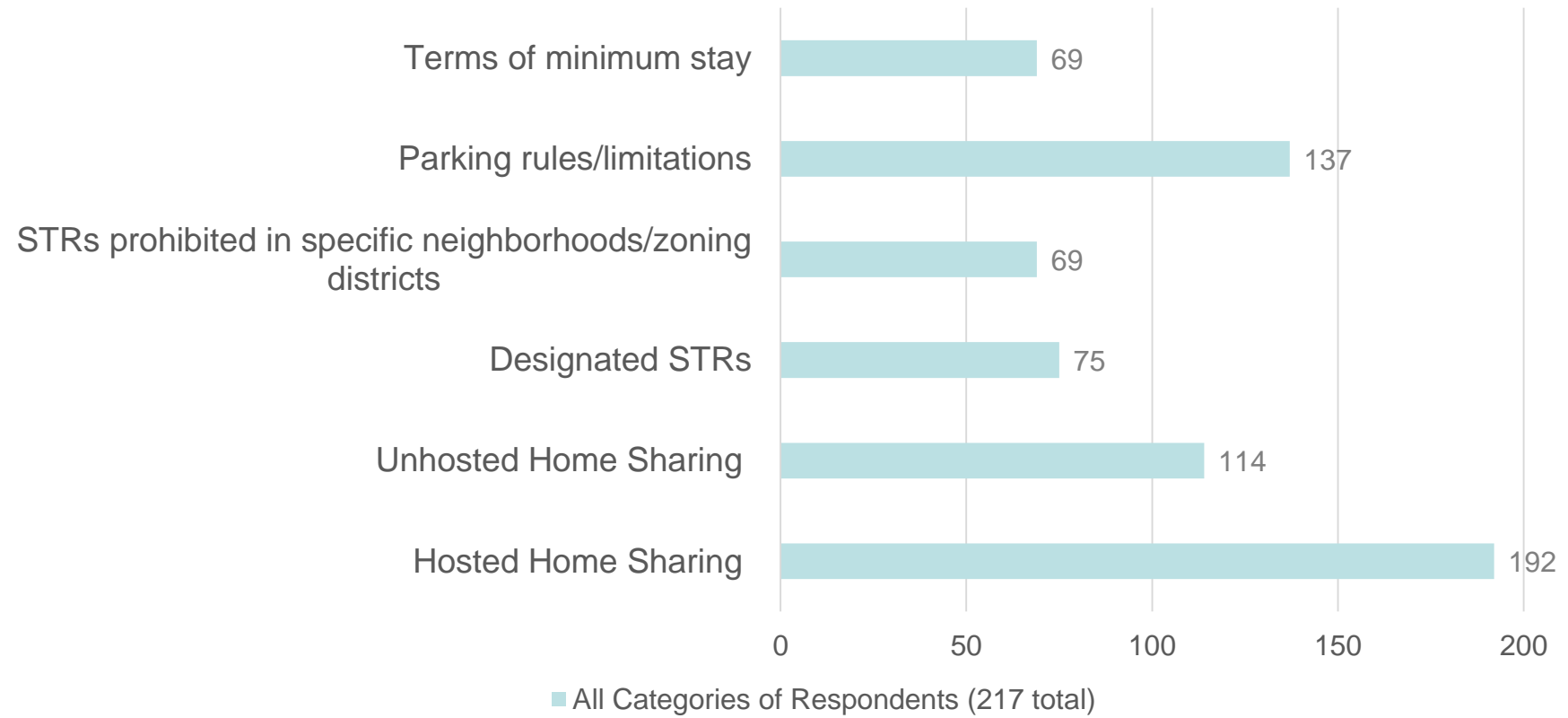
Statistics on Survey Results:

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