

Short Term Rental (STR) Task Force

Pre-meeting Preparation Materials

Homework Assignment:

Prior to completing the [pre-meeting survey](#), please review the following articles and materials:

- Badgett, Rebecca. (2019, February 27). Short-Term Rentals and Regulatory Approaches [Blog post]. Retrieved from <https://canons.sog.unc.edu/short-term-rentals-and-regulatory-approaches/>.
- Badgett, Rebecca. (2019, September 9). Regulation of Short-Term Rentals and the Effect of S.L. 2019-73 [Blog post]. Retrieved from <https://www.sog.unc.edu/blogs/coates-canons/regulation-short-term-rentals-and-effect-sl-2019-73>.
- Comparison of STR Ordinances in North Carolina (table provided by staff)
- Pros and Cons of STR Ordinance Provisions (provided below)
- STR Safety Checklists (provided below)
- Take the [Survey](#).

Pros & Cons of STR Ordinance Provisions

Staff has considered the advantages and disadvantages of the following restrictions. This list is just a start. Please bring your own considerations to the next meeting.

Regulation	Pros:	Cons:
Occupancy Cap	<p>Placing a cap on occupancy can help prevent “party houses” that are disruptive to the neighborhood. A 2 persons/bedroom cap is most common.</p> <p>Helps limit parking concerns.</p> <p>Helps ensure the safety of occupants in the event of a fire.</p> <p>Ordinance can require that the host display the occupancy cap in the rental listing.</p>	<p>Difficult to enforce. Enforcement officers can require the property owner to post occupancy limits inside of the STR units, check listings for accuracy, etc. but there is no way to verify the number of guests staying overnight in the unit.</p> <p>Cities such as Asheville, NC, have discovered that hosts often change the listing over the weekends when Code Enforcement Officers are not on duty.</p>
Designated Responsible Party	<p>Host appoints a local responsible party who can quickly respond to complaints or issues at any time during the stay. This person’s contact information is generally posted inside the rental unit in case of emergencies.</p> <p>Some municipalities, such as Durango, CO, require that the responsible party’s contact information be shared with the community development, police, and fire departments so that the responding municipal employees have a primary contact.</p> <p>Some jurisdictions require that the responsible party’s contact information is shared with neighbors.</p>	<p>Difficult to enforce. Unless an emergency arises or a complaint is investigated, code enforcement staff will not be able to verify if the property owner/manager is available.</p> <p>Difficult to find someone who is willing to serve as a responsible party</p>
Insurance	<p>A municipality could require proof of liability insurance that covers incidences of personal injury and property damage for short-term rental use. Not all residential policies cover damages resulting from a commercial use of property. Owners would be required to provide that their policy covers this use.</p> <p>Airbnb and VRBO offer hosts \$1,000,000 in coverage should their property be damaged and their residential policy refuses coverage.</p> <p>Municipalities that require proof of insurance include: Wilmington, NC; New Orleans, LA; Portland, OR; and San Francisco, CA.</p>	<p>Town would not know whether an owner has let a policy lapse.</p>
Health & Safety Inspections	<p>On-site inspections can verify that basic health and safety standards are met for items such as operable smoke and carbon monoxide</p>	<p>While on-site inspections are beneficial to ensuring that the STR unit is safe for occupancy, they can also be very time-</p>

	<p>detectors, posting of 911 address in case of an emergency, fire extinguishers, and adequate trash and recycling receptacles.</p> <p>Inspections could potentially be required annually or biannually depending on the expiration of the permit approval.</p>	<p>consuming and put additional burdens on code enforcement staff. A solution may be to adopt a self-conducted safety inspection.</p>
<p>Safety Inspection Checklist *See sample checklist below</p>	<p>Instead of requiring an on-site inspection, owners could be required to complete a safety inspection checklist to verify that they have met certain safety requirements. This requirement shifts the burden to the owner to ensure the property is safe.</p>	<p>The town could not guarantee that certain safety requirements are satisfied.</p>
<p>Signs</p>	<p>Help guests and neighbors identify which houses are being utilized for STRs.</p> <p>Convenient advertising for STR hosts.</p>	<p>Signs can be seen as commercial activity and detract from the residential character of the neighborhood.</p>

STR Safety Checklists

Many communities have developed checklists to help STR operators ensure the safety of their guests. Here are some examples:

City:	Link to Checklist	Requires Town Inspection
Bozeman, MT	Short Term Rental Application Checklist¹	Yes
Cambridge, MA	Short Term Rental Inspections Checklist²	Yes
Colorado Springs, CO	Short Term Rental Self-Inspection³	No
Minneapolis, MN	Short Term Rental Property Registration and Licensing⁴ Rental Property Checklist⁵	Yes
Palm Springs, CA	Vacation Rental and Homeshare Safety Inspection Form⁶	Yes
Park City, Utah	Nightly Rentals⁷	Yes
Portland, OR	1 & 2 Dwelling Structures 1 & 2 Dwelling Structure Type A Accessory Short-Term Rental (ASTR) Permit NEW Application Checklist⁸	Yes
Savannah, GA	Short Term Vacation Rental (STRV) Code Compliance Verification Form⁹	No
Vail, CO	Short Term Rental (STR) Self-Compliance Affidavit¹⁰	No

¹ <https://www.bozeman.net/Home/ShowDocument?id=5386>

²

<https://www.cambridgema.gov/~media/Files/inspectionalservicesdepartment/shorttermrental/shorttermrentalinpectionchecklistblank.pdf>

³ [https://coloradosprings.gov/sites/default/files/short term rental permit application checklist 2-6-19.pdf](https://coloradosprings.gov/sites/default/files/short%20term%20rental%20permit%20application%20checklist%202-6-19.pdf)

⁴ <http://www.minneapolismn.gov/www/groups/public/@communications/documents/webcontent/wcmssp-205224.pdf>

⁵ <http://www.ci.minneapolis.mn.us/www/groups/public/@regservices/documents/webcontent/wcmssp-188226.pdf>

⁶ <https://www.palmspringsca.gov/home/showdocument?id=58803>

⁷ <https://www.parkcity.org/home/showdocument?id=64874>

⁸ <https://www.portlandoregon.gov/bds/article/597473>

⁹ <https://www.savannahga.gov/DocumentCenter/View/4690/STVR-Application>

¹⁰ <https://www.vailgov.com/Portals/0/docs/finance/str/2019/Self%20Compliance%20Owner.pdf>

Additional Information:

Staff has collected the following materials to help answer questions brought up by the STR Task Force. This section is not required reading, but additional resources that you may find useful.

Definitions

During the November 6 meeting, the Task Force requested definitions for the following:

- **Real Estate Investor:** Investor who assesses the real estate market and purchases property with the intention of earning money. Real estate investors can purchase residential or commercial property, depending on their specific goals.¹¹
- **Real Estate Investing:** Real estate bought purposely to earn an income versus using the residence as a primary place of residence. A real estate investor will purchase buildings with the intent to rent.¹²

Readings about Regulating STRs:

Badgett, Rebecca. (2018, February 15). The Airbnb Gold Rush: What's a City to do? [Blog post]. Retrieved from <https://canons.sog.unc.edu/airbnb-gold-rush-whats-city/>.

Binzer, Ulrik (2016). *A Practical Guide to Effectively Regulating Short-Term Rentals on the Local Government Level* [White paper]. Retrieved November 20, 2019 from Host Compliance: <https://hostcompliance.com/resources-gallery/a-practical-guide-to-effectively-regulating-short-term-rentals-on-the-local-government-level>.

National Association of Realtors (2011). *Short-Term Rental Housing Restrictions* [White paper]. Retrieved November 20, 2019 from http://arlingtontx.granicus.com/MetaViewer.php?view_id=2&clip_id=1188&meta_id=140526.

Shirley Nieuwland & Rianne van Melik (2018): Regulating Airbnb: how cities deal with perceived negative externalities of short-term rentals, Current Issues in Tourism, DOI: 10.1080/13683500.2018.1504899. Retrieved November 20, 2019 from <https://www.tandfonline.com/doi/full/10.1080/13683500.2018.1504899>.

Sustainable Economies Law Center. (2016). *Regulating Short-Term Rentals: A Guidebook for Equitable Policy*. Retrieved from <https://drive.google.com/file/d/0B1VPWTZ0vw6MTVh2b182QTFV1E/view?usp=sharing>.

Taxes and Investment:

Quick Facts about Occupancy Tax:

- Occupancy tax proceeds can only be spent to promote travel and tourism or tourism-related expenses. This tax is not general fund revenue.
- Under G.S. 153A-155 and G.S. 160A-215, local occupancy taxes apply to the same taxpayers that are subject to state sales taxes on accommodations mandated by G.S. 105-164.4(a)(3). In other words, local occupancy taxes apply to the rental of all accommodations, with limited exceptions.

¹¹ <https://thelawdictionary.org/real-estate-investor/>

¹² <https://thelawdictionary.org/real-estate-investing/>

- An accommodation is defined a hotel, motel, residence, cottage or similar lodging facility for occupancy by an individual. Short-term rentals qualify as an accommodation (see [G.S. 105-164.4F\(a\)\(1\)](#))¹³
- Airbnb, VRBO, and HomeAway collect the occupancy tax through their booking sites and remit the funds collected directly to Chapel Hill and Orange County. The monthly payments do not include details concerning property addresses, names of owners, or rental dates. Hosts are not required to pay the occupancy tax directly to the town if they use a site that collects the taxes at the time of booking.
- The occupancy tax is only collected when an accommodation is rented for fewer than 90 consecutive days. That means that if someone rents a beach house for 92 days, that person is entitled to a refund of any occupancy taxes he paid during the stay.
- Everyone is entitled to rent their property up to 15 days-per-year without having to pay the occupancy tax. That does not mean that everyone can use their property as a short-term rental for two weeks each year. Local laws must be followed. However, if STRs are allowed, there is no requirement to pay occupancy taxes unless the property is rented more than 15 days.
- This does not mean that the first fifteen days of a rental are automatically exempt from occupancy tax. The exemption applies if the property owner limits rentals to fewer than fifteen days per year. If the property owner makes the property available for rent for a period of more than fourteen days, then occupancy taxes should be charged beginning with the first day of the rental.
- If an owner does not use an online booking service that automatically collects the occupancy tax and remits it on their behalf to the local government, the owner remains responsible for paying the tax.
- Occupancy Tax Rates

Orange County	3%
Chapel Hill	3%

Additional Resources:

Department of the Treasury- Internal Revenue Service (2019). *Publication 527 (2018), Residential Rental Property* (Cat. No. 15052W). Washington, DC: Department of the Treasury, Internal Revenue Service. Retrieved from <https://www.irs.gov/forms-pubs/about-publication-527>.

McLaughlin, Chris. (2014, April 28). Occupancy Tax, Continued [Blog post]. Retrieved from <https://canons.sog.unc.edu/occupancy-taxes-continued/>.

McLaughlin, Chris. (2014, June 10). Occupancy Tax 101 [Blog post]. Retrieved from <https://canons.sog.unc.edu/occupancy-tax-101/>.

McLaughlin, Chris. (2019, April 1). Occupancy Taxes and AirBnB [Blog post]. Retrieved from <https://www.sog.unc.edu/blogs/coates-canons/occupancy-taxes-and-airbnb>.

McLaughlin, Chris. (2018, July 19). More Occupancy Tax Q&A [Blog post]. Retrieved from <https://canons.sog.unc.edu/more-occupancy-tax-q-a/>.

¹³ https://www.ncleg.gov/EnactedLegislation/Statutes/PDF/BySection/Chapter_105/GS_105-164.4F.pdf

Comparison of STR Ordinances in North Carolina

	Definition	Allowed Zoning Districts	Permit Required	Occupancy Cap	Proof of Insurance	Health & Safety Inspection	Designated Responsible Party	Signs:
Asheville	Short-term vacation rental: a dwelling unit with up to six (6) guest rooms that is used and/or advertised through an online platform, or other media, for transient occupancy for a period of less than one month. A short-term vacation rental is considered a “lodging” use under this UDO.	Central Business Expansion District (CBD-EXP), Institutional Expansion District (INST-EXP), Lodging Expansion District (LODG-EXP), Mixed Use Expansion District (MXD-EXP)	Yes (annual renewal)	No, but STRs are limited to no more than 6 guest rooms by definition	Yes	Yes, annually	No	No
Blowing Rock	Short-Term Rental of a Dwelling Unit: the rental, lease, or use of an attached or detached residential dwelling unit for a duration that is less than 28 consecutive days. Short-term rental use does not include rooming houses, boarding houses, or bed and breakfast establishments, which are specifically addressed as separate uses within the Table of Permissible Uses.	Central Business (CB), Town Center (TC), General Business (GB), Office/ Institutional (OI), and Chetola Resort and Royal Oaks Condominiums Overlay Districts	Yes (annual renewal)	No	No	Yes	Yes, and must be able to respond within 2 hours	Not specified
Boone	Vacation Rental: a single- or two-family dwelling that is rented as a whole on a daily, weekly, or monthly basis.	Residential Agricultural (RA), Residential -3 (R-3), and Business B-1, B-2, B-3 districts	Yes	Not specified	No	No	Yes, if responsible party lives more than 50 miles away	Not specified

Brevard	Short-Term Rental: a private residential property that is rented, either in whole, or part, for periods of less than 30 days for compensation.	General Residential (GR), Residential Mixed Use (RMX), Neighborhood Mixed-Use (NMX), and Downtown Mixed-Use (DMX)	No	2 guests/ bedroom + 2 guests	No	No	No	No
Lake Lure	Residential Vacation Rental: The rental of any single-family dwelling, or duplex, or any portion thereof, for occupancy, dwelling, lodging or sleeping purposes for any period of time less than 30 days. For purposes of this Ordinance, the term does not include multi-family dwellings nor does it apply to duplexes other than those situated within the R-1, R-1A, R-1B, R-1C, R-1D, R-2 and M-1 zoning districts. The term also does not include other transient lodging such as hotels and motels, lodges, and bed & breakfast establishments, which are otherwise authorized under these regulations and which have been duly permitted or which are legal nonconforming uses	Residential Districts: R-1, R-1D, R-2, R-3, R-4; Commercial Neighborhood District (CN), Commercial Town Center District, Commercial General District, Reserved Mountainous District, and Scenic Natural Attraction District	Yes	2 guests/ bedroom + 4 guests (No more than 12 guests total)	No	Yes	Yes, and displayed on the exterior of the property	No

[Wilmington](#)

[STR](#)
[Webpage](#)

Whole-House Lodging:

Rental of an entire dwelling unit. *There is no resident on the property.* A local operator within 25 miles and available 24 hours a day is required.

Historic Districts: HD-Residential (HD-R), Historic District-Mixed Use (HD-MU); Residential Districts: R-20, R-15, R-10, R-7, R-5, R-3; Multi-Family Residential Districts: MF-Low Density (MF-L), MF-Medium Density (MF-M), MF-Medium High Density (MF-MH), and MF-High Density (MF-H) districts. Not allowed in Manufactured Housing Park (MHP) districts.

Yes
(annual renewal)

No limit
*At least 400 ft. required between whole-house lodging or bed and breakfast locations. No more than 2% of the total number of residentially-zoned parcels may register.

Yes

No, but owner required to comply with environmental health regulation for the level of occupancy

Yes, displayed inside the unit

Not specified