

STR Operational Regulations

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Authority for local government regulation of STRs

- *Land Use Regulations:* Through zoning, local governments may define a land use, set reasonable development standards, and require zoning permits for certain land uses.
- Short-term rentals may be regulated as a land use. All regulation must be tied to zoning powers.
- It is illegal to regulate land ownership. For example, the town could not prohibit non-locals from buying property to use as a STR in Chapel Hill because they are not a local resident.

Operational Regulations

- **Occupancy Cap:** Generally 2 persons per bedroom. Occasionally total occupancy capped (i.e., Boulder, 2 person per bedroom, max 8 occupants).
- **Designated responsible party:** A requirement that hosts designate a local contact person who is available to respond to issues. This person is generally required to be local, usually within 25 miles of the STR property. The host may be asked to provide neighbors with the host's contact information and post it within the rental unit.
 - Wilmington (local contact located within 25 miles)
 - Lawrence, Kansas (Appoint person or management company within 40 miles)
 - Bloomington, IN (no responsible party)

Insurance

- Many hosts incorrectly assume that their standard residential homeowner's insurance policy covers incidents involving short-term rentals
- Providers consider STRs to be a business/commercial use of property, which is why generally residential policies typically do not cover STR-related claims
- The Town may include a notice to STR hosts of the need to obtain proper insurance coverage in STR application materials (if any), but it will likely not require proof of insurance as a condition of permit issuance.
- For additional information on insurance requirements, see here:
<https://chapelhillstra.org/short-term-rental-insurance/>

Safety Inspections

Mandatory inspections may be justified when the STR ordinance is adopted for the purpose of ensuring the safety of tenants. The inspections may be conducted at the time of the initial permit issuance and thereafter only on a reasonable periodic basis.

- Self-inspection checklists are an alternative to on-site inspections.
- The homework provided example of jurisdictions that use safety-checklists, including Colorado Springs, Park City, Savannah, Vail, and Fort Collins use a checklist.
- Capacity of the zoning department to conduct inspections should be considered.

- Lawrence, KS (initial inspection, annual inspections thereafter)
- Madison, WI (initial inspection)
- Bloomington, IN (initial inspection, permit granted for 3,4, or 5 years. Provides a pre-inspection addendum)
- Gulf Coast, Alabama (initial inspection)

Examples of elements included in a health & safety inspection

- General conditions—premise maintained in a sanitary condition with no accumulation of trash and free of rodent or insect infestations; walls and ceilings maintained in good condition; porched and balconies structurally sound, etc.
- Smoke detectors—Ensure adequate number of operable smoke detectors
- Carbon monoxide detector
- Bedroom egress requirements
- Identifying address number visible from the street

*The Town of Chapel Hill may determine what health & safety requirements it will require based on the state and local building codes and the needs associated with the land use.

Overview of the NC Vacation Rental Act

- Spells out the rights of renters, homeowners, and rental agents entering into a vacation rental agreement. Local governments are not parties to the rental agreement
- Vacation rentals are properties rented for vacation or leisure purposes for fewer than 90 days
- Rental agreement must contain specific language on the face of the contract
- The Act covers:
 - Handling of Funds
 - Expediated Eviction Proceedings
 - Landlords' duty to provide a fit premise
 - Tenants' duty to maintain dwelling unit

- Landlords' duty to provide a fit premise:
 - Comply with current building and housing codes
 - Maintain property/make necessary repairs
 - Provide operable smoke detectors. Place new batteries in detectors annually or when tenant provides notice that replacement is necessary
 - Provide a minimum of one operable carbon monoxide detector. Must be a certain type of detector. Check detector every 6 months

- Tenants' duty to maintain dwelling unit:
 - Keep property clean and safe
 - Dispose of garbage, ashes, rubbish, and other waste in a safe manner
 - Do not destroy or deface a smoke detector
 - Comply with all obligations imposed by the building and housing codes
 - Notify landlord of the need for replacement of or repairs to a smoke detector

S.L. 2019-73 (HB 483)

- Act clarifies that properties subject to the NC Vacation Rental Act are also subject to the statutes governing the enforcement of hazardous and unlawful conditions (i.e., the “periodic inspection statutes”).
- These statutes are codified under the Minimum Housing Code and deal with local government authority to inspect unsafe properties.
- Periodic Inspection Statute Requirements:
 - Reasonable cause to inspect buildings and residential structures
 - Prohibit the adoption or enforcement of an ordinance that requires an owner to obtain a permit or permission to lease, rent or register a rental property
 - Prohibit a requirement of enrollment in a governmental program as a condition of obtaining a certificate of occupancy
 - Prohibit the levying of a special fee on residential property not also levied on other commercial and residential property