

ORDINANCE A

(Enacting the Land Use Management Ordinance Text Amendment)

AN ORDINANCE AMENDING THE CHAPEL HILL LAND USE MANAGEMENT ORDINANCE ARTICLES 3,4, AND 6 OF APPENDIX A TO REGULATE SHORT-TERM RENTALS (2021-_-_/O-#)

WHEREAS, the Council called a Public Hearing on for the May 19, 2021 Council meeting to amend Sections 3.7, 4.9, 6.27, and Appendix A of the Land Use Management Ordinance (LUMO) as they relate to Short-Term Rentals; and

WHEREAS, the Council of the Town of Chapel Hill has considered the proposed text amendments to LUMO Sections 3.7, 4.9., 6.27, and Appendix A related to Short-Term Rentals, and finds that the amendments, if enacted, are reasonable and in the public’s interest and are warranted, to achieve the purposes of the Comprehensive Plan as explained by, but not limited to, the following goals of the Chapel Hill 2020 Comprehensive Plan:

- A welcoming and friendly community that provides all people with access to opportunities. (cite section? - maybe not necessary for this draft)
- Foster success of local businesses.
- A range of neighborhood types that addresses residential, commercial, social, and cultural needs and uses while building and evolving Chapel Hill’s character for residents, visitors, and students.
- A community that welcomes and supports change and creativity.
- Future land use, form, and density that strengthen the community, social equity, economic prosperity, and natural environment.
- Protect neighborhoods from the impact of development, such as stormwater runoff, light and noise pollution, and traffic.

WHEREAS, the intent of this article is to establish minimum operational and safety standards for the use of residential dwelling units as Primary Residence and Dedicated short-term rentals and to minimize the impact of changed regulations on existing land uses established as of the effective date of the changed regulations.

WHEREAS, the Town Council agrees that this ordinance amendment is consistent with the Chapel Hill LUMO, and helps to promote the health, safety, and general welfare of the residents of the Town of Chapel Hill.

WHEREAS, a Zoning Compliance Permit shall be required in order to operate a Primary Residence or Dedicated Short-Term Rental within the planning and regulation jurisdiction of the Town of Chapel Hill.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Chapel Hill that Council amends the Town Code of Ordinances, Appendix A, Land Use Management Ordinance as follows:

Section 1. Section 3.7.2 Use Matrix, Short-Term Rentals use and definitions following the table are hereby revised to read as follows:

Uses	Use Group	General Use Zoning District														Historic Rogers Road Neighborhood District					Planned Development (PD-)													
		R-LD5	RT	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-	CC	N.C.	OI-1	OI-2	OI-3	OI-4	I	LI-CZD	MH	HR-L	HR-M	HR-X	HR-C	H	SC(N)	SCI	OI	MU	I	DA-1
Primary Residence STR	A	A	A	A	A	A	A	A	A	A	A	-	A	A	A	A	A	A	A	A	-	-	-	A	A	A	A	A	-	-	-	A	-	A
Dedicated STR	A	-	-	-	-	-	-	-	-	-	-	-	P	P	P	P	P	P	-	-	-	-	-	-	-	-	-	-	P	P	P	-	P	

"—" Not Permitted;

"A" Permitted as an accessory use; In LI-CZD refer to [Article 6](#) of this appendix for standards applicable to accessory uses labeled as "AY".

"P" Permitted as a principal use;

Section 2: Article 4.9 Zoning Compliance Permit is hereby revised to read as follows:

4.9.8 Short Term Rental Permit Required.

Applicability.

- (a) A Short Term Rental Zoning Compliance Permit (“STR permit”) shall be assigned to each residential dwelling unit that satisfies the requirements of this section and is used as a primary residence or dedicated short-term rental for more than fourteen (14) days per calendar year.
- (b) STR permits shall be renewed annually before the expiration date. Failure to timely renew will result in an expiration of the zoning permit and may result in a voluntary forfeiture of all legal rights and claims to continue the use.
- (c) A zoning permit number shall be assigned to each residential dwelling unit holding an STR permit, and the permit number shall be included in all online advertisements for short-term rental lodging.
- (d) Operators of dedicated STRs consisting of residences with an accessory dwelling unit may rent either the single-family dwelling unit or the accessory dwelling unit as a short-term rental. The simultaneous rental of both the single-family dwelling unit and the accessory apartment to more than one party under separate contracts is prohibited.

- (e) Operators of primary residence STRs consisting of residences with an accessory apartment or a duplex unit may rent either the single-family dwelling unit or the accessory dwelling unit as a short-term rental. The simultaneous rental of both the single-family dwelling unit and the accessory dwelling unit to more than one party under separate contracts is prohibited when the operator is not on site with guests.
- (f) No more than two (2) units or three (3) percent of units, whichever is greater, in a multi-unit dwelling building may be used as a dedicated STRs.
- (g) In the event of a sale or other transfer of any residential dwelling unit holding a valid STR permit, the permit shall automatically expire.
- (h) Grounds for Denial. The Town Manager may deny an application for a STR permit if any of the following has occurred:
 - (1) The applicant submits an incomplete application; or
 - (2) The proposed short-term rental fails to meet a specified standard set forth in this ordinance.The applicant may appeal the denial of a STR permit to the Board of Adjustment pursuant to the requirement set forth in the Chapel Hill Land Use Management Ordinance 4.10.

Section 3: Section 6.27 Short-Term Rentals is hereby added to read as follows:

Unless otherwise specified, the requirements and provisions of this section shall apply to primary residence and dedicated short-term rentals (collectively called “short-term rentals” or “STRs”). This section does not apply to other types of transient lodging uses, such as hotels, motels, tourist homes, or rooming houses.

Except as provided in this section, nothing herein shall be construed to prohibit, limit, or otherwise supersede existing local authority to regulate the short-term rental of property through general land use and zoning authority.

6.27.1. Operational Requirements.

- (a) **Maximum Overnight Occupancy.** The overnight occupancy shall not exceed two (2) persons per bedroom plus four (4) additional persons, excluding children under twelve (12) years of age. The occupancy limit shall be posted prominently within the short-term rental and be included in property listings on hosting platforms.
- (b) **Designated Responsible Party.** Operators shall designate a local responsible party who is available to respond on-site within two (2) hours to handle emergency situations stemming from the short-term rental use. The responsible party shall be available 24 hours and seven (7) days a week during all times that the property used as a short-term rental. The name, telephone number, and email address of the designee shall be conspicuously posted within the short-term rental. A designee’s repeated failure to timely respond to complaints may result in the revocation of the STR permit. The designee may be the property owner if he/she satisfies these requirements.

- (c) **Noise.** The noise regulations set forth in Chapter 11, Article III of the Code of Ordinances apply to short-term rentals. Among other requirements, Article III regulates nuisance noises, which makes it unlawful to create, cause or allow the continuance of any unreasonably loud noise, particularly during nighttime, which interferes seriously with neighboring residents' reasonable use of their properties. .
- (d) **Trash and Recycle Disposal.** The dates and instructions for trash and recycling collection shall be posted prominently within the short-term rental. Waste may not be placed in trash bags at the curb; all trash is required to fit into trash receptacles. Trash and recycling shall follow rules and regulations set forth in the Code of Ordinance Section 8.5.
- (e) **Parking.** Adequate on-site parking is required. Vehicles may not be parked on the lawn or on other non-designated parking areas. No recreational vehicles, buses, or trailers shall be parked on the adjoining street or visible on the property in conjunction with the short-term rental use. Transient guests shall abide by all parking rules and regulations set forth in the Code of Ordinances and LUMO Section 5.9.
- (f) **Signs.** Signs on the property advertising it as a short-term rental are prohibited.

6.27.2. Miscellaneous Requirements.

- (a) **Taxes.** Short-term rental operators are responsible for paying the state sales tax, personal property taxes, and the transient occupancy tax as established by state and local law.
- (b) **Minimum Rental Age.** The principal transient guest of a short-term rental shall be at least twenty-one (21) years old.
- (c) **Minimum Rental Duration.** The operator shall not make the short-term rental available to transient guests for a period of less than overnight.
- (d) **Special Events.** Parties, events, classes, weddings, receptions, and other large gatherings are not permitted.
- (e) **Notice.** At the time of application, the Town of Chapel Hill will notify neighboring property owners located within 100 feet of the short-term rental lot that the property is being used as a short-term rental. The notice to neighboring property owners shall include:
 - (1) Street address of proposed short-term rental; and
 - (2) Name and contact information of the designated responsible party.

6.27.4. Enforcement.

- (a) **Enforcement.** The procedures for the enforcement of this ordinance are set forth in LUMO Section 4.13 Violations and penalties.
- (b) **Penalties and Remedies for Violations.** The penalties and remedies for violations of this ordinance are set forth in LUMO Section 4.13 Violation and penalties.

- (c) **Permit Revocations.** If a property receives three (3) separate violations relating to the use of the property as a short-term rental within a rolling twelve (12) month period, the STR permit may be revoked.
- (d) **Operating Without a Permit.** Any person who operates a short-term rental property without having been issued a STR permit shall be in violation of LUMO Section 4.9.8.
- (e) **Registration Termination.** Registration shall terminate upon failure to renew annual registration, or transfer of the property.
- (f) **Action for Recovery of Civil Penalty.** If payment of a civil penalty is not made, or if violations are not cured or corrected, within the time specified in the citation, then the matter may be referred to the Town Attorney for institution of a civil action before a court of competent jurisdiction.

Section 4: Appendix A. Definitions is hereby revised to read as follows:

Dedicated Short-Term Rental: the rental of a residential dwelling unit(s) on a property that is not used as a primary residence and is rented in its entirety to one party of transient guests at a time for a fee for fewer than thirty (30) consecutive days. No simultaneous rental contracts are permitted.

Designated Responsible Party: the local contact responsible for responding to emergency complaints or issues stemming from the use of the dwelling unit as a short-term rental.

Hosting Platform: a public platform that allows an operator to advertise a residential dwelling unit for use as a short-term rental and facilitates the booking transaction between the operator and the transient guest.

Hotel or motel: ~~A building or group of buildings containing in combination ten (10) or more lodging units 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.~~ A facility that contains one or more rooms for overnight guests containing registration facilities, on-site management, cleaning services and combined utilities. This term does not include primary residence or dedicated short-term rentals.

Lodging unit: 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~~ thirty (30) days.

Operator: the property owner or any natural person, company, or rental agency that is authorized by the property owner to advertise a residential dwelling unit for nightly rentals and/or otherwise facilitates the use of the property as a primary residence or dedicated short-term rental.

Primary Residence: the dwelling unit or dwelling unit with an accessory apartment on a property in which the host resides a majority of the year (219 days or 60 percent or more of the time).

Primary Residence Short Term Rentals: the rental of a primary residence that is rented wholly or partly for a fee for fewer than thirty (30) consecutive days to transient guests. No simultaneous rental contracts

are permitted when the host is not on-site.

Property Owner: the owner of record of the short-term rental property as recorded in the Orange County Land Records Office. The property owner shall be a natural person, or any form of business entity recognized by the State of North Carolina. If the property owner is a form of business entity, the business entity shall maintain current registration with the North Carolina Secretary of State.

Tourist home : A building or group of buildings containing in combination three (3) to nine (9) lodging units intended for rental or lease primarily to transients ~~for by the day or week~~ on a daily basis with or without board, as distinguished from rooming houses in which occupancy is generally by residents rather than transients. Emergency shelters for homeless persons and residential support facilities, as defined elsewhere in this appendix, are not included. A tourist home shall not be considered an accessory use or as a home occupation. This term does not include primary residence or dedicated short-term rentals.

Short-Term Rental Permit (“STR permit”): the zoning permit that may be issued to property owners or designated agents to certify that a residential dwelling unit or accessory structure may be used as a primary residence or dedicated short-term rental, provided certain requirements are satisfied.

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