



Public Information Meeting: Short-Term Rental (STRs)

Project Timeline

- June 12, 2019:**
CHALT, Chamber for a Greater Chapel Hill-Carrboro, and local hoteliers submitted a petition asking that the Town of Chapel Hill regulate STRs.
- June 19, 2019:**
Town Council adopts resolution directing staff to develop updated standards for STRs with input from community stakeholders.
- September 11, 2019:**
Council adopts a resolution creating a charge for the STR Task Force focused on dedicated STRs.
- October 2019– February 2020:**
STR Task Force meets monthly to discuss topics related to STRs.
- February 5, 2020:**
STR Task Force completes their study and makes findings for the Town Council to consider.
- March 6, 2020:**
Council Committee on Economic Sustainability (CCES) meets to discuss STRs and receive update from staff on the work of the Task Force.
- June 17, 2020:**
Council dissolves the STR Task Force and directs staff to consider next steps.
- October 2, 2020:**
CCES meets to discuss STRs and possible ordinance provisions.
- December 2, 2020:**
Town Council meets during work session to discuss STRs. Council expresses interest in providing caps on the number of Dedicated STRs permitted in the community.
- March 5, 2021:**
CCES meets for staff update.
- March 17, 2021:**
Town Council meets during work session to discuss STRs. Council considers prohibiting Dedicated STRs in residential zoning districts.
- March 24, 2021:**
Council adopts a resolution calling for a public hearing on May 19, 2021.

What are STRs?

A short-term rental (STR) is the renting of all or part of a residential dwelling unit for a period of less than 30 days for compensation. The emerging phenomenon in the number of STRs has significantly increased in the last five years with the support of websites such as Airbnb, HomeAway, and VRBO. The Town’s Land Use Management Ordinance (LUMO) predates the rise of STRs. It currently does not allow for this use, except under the following summarized definitions:

- **Home Occupation:** An occupation conducted as an accessory use of a dwelling unit.
- **Tourist Home:** 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.
- **Overnight Lodging (in the Blue Hill District only):** Accommodations arranged for short term stays of less than thirty (30) days for rent or lease.

Community Input:

Neighborhood Residents:

- Concerns for lack of on-street parking availability and increased traffic due to guests’ multiple vehicles.
- Noise from party houses, loud guests, and guests’ pets.
- Fears around personal safety due to strangers in the neighborhood.
- Guests being disrespectful to neighborhood residents.
- STRs are a business and businesses do not belong in residential neighborhoods.
- Concerns about the loss of affordable and attainable housing units as short-term leases are more profitable to STR operators than long-term leases.

STR Operators & Advocates:

- There is customer demand for this option as special circumstances may dictate guest preference to stay in a STR over a hotel.
- Customer reviews help ensure appropriate use and avoid impacts to neighbors.
- STR revenue is important source of personal income. It allows many STR operators to stay in their homes.
- Regulations should not distinguish between short-term and long-term leases.

Hoteliers:

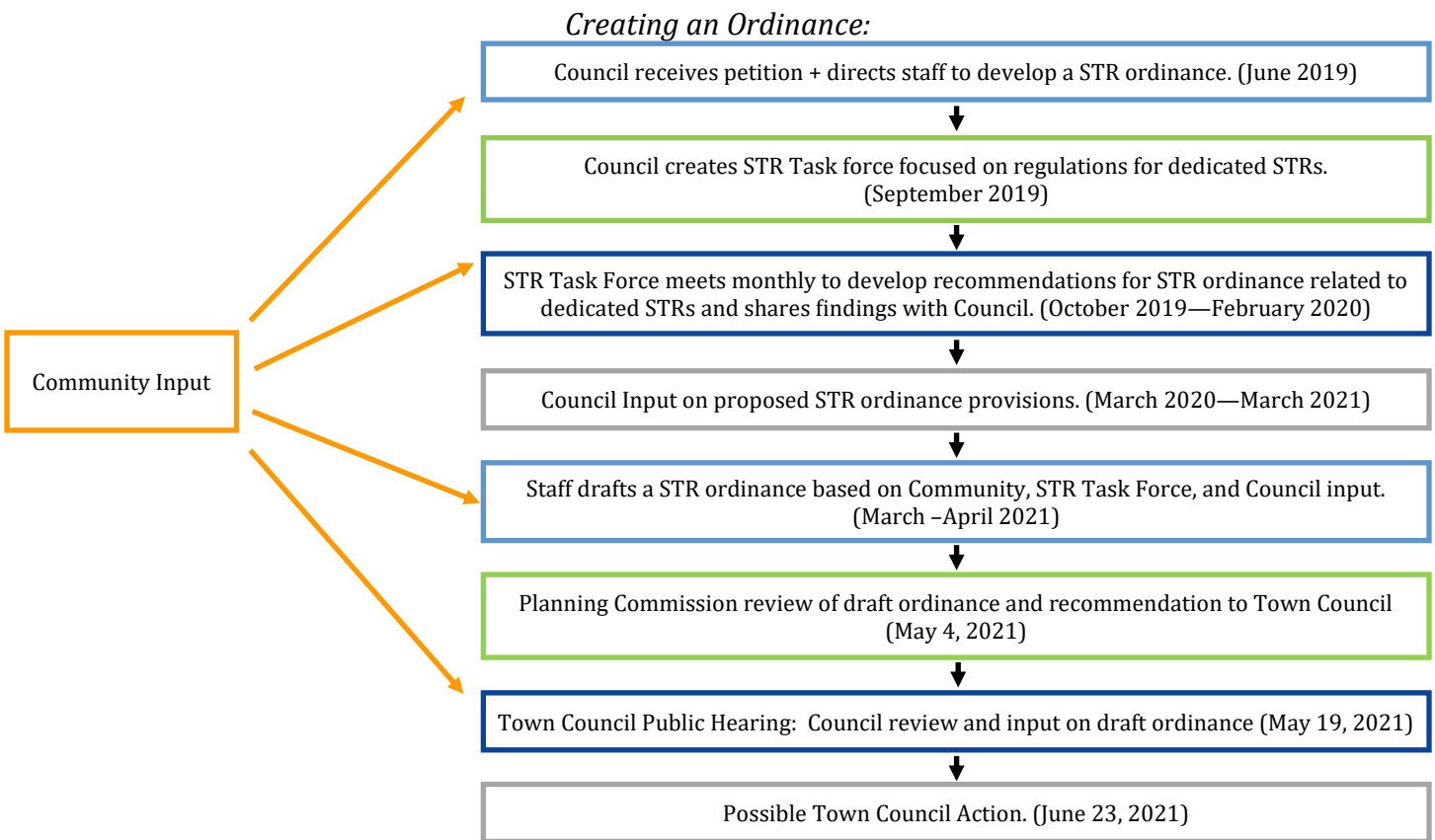
- STRs are a business. There should be a level playing field in terms of permitting, safety inspections, and operational requirements.
- Dedicated STRs should not be permitted as they are pseudo-hotels.
- STRs have negatively impacted the hotel industry’s revenue.

STR Task Force:

- A cap should be placed on the number of dedicated STRs permitted in the community.
- There should be an occupancy cap, limiting the number of guests in a dedicated STR.
- Dedicated STRs should provide a designated responsible party that can respond to nuisance issues or emergencies.
- Dedicated STR operators should follow a safety standards checklist.

(See [STR Task Force Findings](#))

Developing a STR Ordinance (cont'd)






Council Feedback

Staff has heard the following from Council at recent meetings:

CCES Meeting October 2, 2020	<ul style="list-style-type: none"> Consider regulations for dedicated STRs separately from hosted and unhosted STRs, as dedicated STRs potentially have a greater negative impact on residential neighborhoods STRs are a lodging use that should be regulated to protect neighborhood character Interest in safety standards
Council Work Session December 2, 2020	<ul style="list-style-type: none"> Allow dedicated STRs with density limitations, such as a cap on the number of STRs allowed per zoning district, a cap on the number of permits issued town-wide, or proximity limitations Difficulty in setting a specific cap based on neighborhood, zoning district, or town-wide as there could be unintended consequences to a cap Ensuring the cap is not an arbitrary number Concerns for STR impacts on primarily residential neighborhoods Recognition that permitting will help staff collect data which could inform refinement of caps Interest in allowing existing STRs to remain in operation
CCES Meeting March 5, 2021	<ul style="list-style-type: none"> Interest in allowing dedicated STRs. Concerns about enforcement of neighborhood caps and multi-family residential caps. Special consideration for Blue Hill District and interest in seeing statistics specific to Blue Hill Cap for multi-family dwelling units
Council Work Session March 17, 2021	<ul style="list-style-type: none"> Support for allowing primary residence STRs Dedicated STRs are not a permitted use in residential neighborhoods; they may be appropriate in non-residential zones. Consider a cap on the number of STRs within multi-family dwelling developments, such as apartment complexes. Interest in requiring permits

Ordinance Provisions:

Types of STRs:

Primary Residence STR		Dedicated STR
		
Hosted STR	Unhosted STR	Dedicated STR
<ul style="list-style-type: none"> • Primary resident (R) is on-site with guests (G) • Nightly rental of a spare bedroom or accessory dwelling unit 	<ul style="list-style-type: none"> • Primary resident (R) is not on site with guests (G) and has vacated the site during the guests' stay • Nightly rental of a principal residential dwelling unit or an accessory apartment located on the same site as a private, resident-occupied dwelling 	<ul style="list-style-type: none"> • There is no resident (R). The site is only used for STRs • Nightly rental of a residential dwelling unit or accessory structure on a site that is not used as a primary residence
<p>Current LUMO Provisions:</p> <ul style="list-style-type: none"> • Home Occupation 	<p>Current LUMO Provisions:</p> <ul style="list-style-type: none"> • Tourist Home • Overnight Lodging (Blue Hill District Only) 	<p>Current LUMO Provisions:</p> <ul style="list-style-type: none"> • Tourist Home • Overnight Lodging (Blue Hill District Only)

Proposed Definitions:

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% 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.

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.

What does this mean for STR Operators?

If adopted, the STR ordinance will require that STR operators apply for an annual STR permit. The permit will require:

- Application fee
- Annual renewal
- Listing permit number on hosting platforms and online advertisements
- Designation of a responsible party for unhosted and dedicated STRs
- Notice to neighbors
- Self-assessed safety checklist



For More Information:

Please visit our project webpage at:

<https://chplan.us/ChapelHillSTRs>

Or contact Senior Planner Anya Grahn at 919.969.5059 or agrahn@townofchapelhill.org.