



MEMORANDUM

To: Mayor Strickland and Village Council
From: Darryn Burich
Date: February 7, 2022
Subject: Short Term Rental (STR) Regulation Discussion

At Tuesday's work session staff and Council will discuss short term rentals and potential regulatory approaches to manage their location and/or operational standards. As we move forward with discussions on the topic it would be helpful if we focused initially on some of the broader questions and concerns after which we can decide on courses of action to pursue if any.

Many communities in NC and across the nation are wrestling with concerns regarding short term rentals. Some of the loudest concerns come from residents of traditional single family neighborhoods where STRs are gaining popularity in resort places like Pinehurst. The concerns raised usually fall into two main categories:

1. Residential character of the neighborhood erodes as the concentrations of STRs may make the neighborhood feel less like a neighborhood and more like a commercial district.
2. Property Maintenance/Nuisances. The frequent turnover of occupants can often result in behavioral issues for conditions like noise, trash, parking, and general maintenance that may be more common with guests that don't have ties to the neighborhood versus persons who reside the majority in the neighborhood. Staff will note that this problem is not confined just to STRs.

Current Regulatory Approach

Currently short term rentals are not regulated by the PDO. There is no definition of what an STR is or a corresponding allowance for where an STR may locate by zoning district. STRs may currently locate in any residential district from Single Family through Mixed-Use as shown in the table below. No definition of family nor occupancy restrictions for unrelated individuals living together. Many ordinances limit the amount of unrelated individuals able to "live" together.

Zoning District	Dwelling – Single Family	Dwelling – Two Family	Dwelling – Multifamily	Dwelling – Townhouse/ Clustered Dwellings	Dwelling – Mixed Use	Accessory Dwelling*
R-5	Permitted					Special Use
R-8 R-10 R-15 R-20 R-30	Permitted					Special Use
R-210	Permitted					Accessory Use
R-MF	Permitted	Permitted	Permitted	Permitted		Accessory Use
NC					Permitted	
H						
HD						
OP					Permitted	
VCP	Permitted	Permitted	Permitted	Permitted	Permitted	Accessory Use
VR	Permitted	Permitted	Permitted	Permitted		Accessory Use
VMU	Permitted	Permitted	Permitted	Permitted	Permitted	Accessory Use
VC					Permitted	

Current definitions in PDO related to the STR discussion.

Single Family Residential currently defined as:

Any development where:

- A) No building contains more than one (1) dwelling unit;
- B) Every dwelling unit is on a separate lot;
- C) Where no lot contains more than one (1) dwelling unit

Dwelling: a building that contains one or more dwelling units used, intended, or designed to be used, rented, leased, let, or hired out to be occupied for living purposes.

Single-Family Dwelling: a detached dwelling or condominium unit consisting of a single dwelling unit only.

Dwelling, Single Family: a free standing building designed for and/or occupied for living purposes. These residences may be individually owned as residences or residences owned by rental or management companies. Also includes factory-built, modular housing units that

comply with North Carolina Building Code.

Questions to consider moving forward:

- A. In which areas or zoning districts should short-term rentals be allowed. Please see the attached STR listings map from 2020 which show a snapshot of listing at that date. At that time there were approximately 300 listings. The concentration of STR listings appear to be in the old town area and in the Diamondhead condos developed in the 70s. The majority zoning appears to be R-10, R-20 and RMF.
- B. Do you create a special district just for STRs (Asheville uses an approach similar to this)?
- C. What should be the standards and limitations if permitted (e.g. parking minimums, occupancy caps by bedroom, etc)?
- D. How are the existing STR's going to be "grandfathered"? Or do you amortize the uses away in certain districts or areas? If a permit requirement is established there will be a flood of permit requests so will have to determine how to verify use.
- E. Do you have a minimum distance requirement between STRs or cap an amount by area?

Potential Regulatory Approaches:

- 1. Define as a separate land use and develop standards for establishment of the use (e.g. parking, occupancy limits, safety, separation requirements, etc.).
- 2. As a **permitted use** in general use districts. If you meet the standards a permit is issued. Can issue citations for noncompliance with regs. Question as to whether an occupancy permit once granted can be revoked without due process.
- 3. As a **special use** in specified districts. Requires quasi-judicial review process and compliance with standards. Can place various conditions relevant to request. Can also institute a revocation process for violations of the permit via quasi-judicial process.
- 4. Create a stand alone district where STRs are permitted.
- 5. How to grandfather the uses or amortize away after a period of time.
- 6. Upgrade nuisance requirements (e.g. trash, parking, noise).

As there are numerous STR ordinances already on the books throughout North Carolina that can be reviewed and potentially applied to the Pinehurst situation. Not all likely are compliant with state statute and many be impacted if the pending bills are approved.

Should the Council want to continue to move forward, staff would recommend creating an ad hoc working group to review potential regulations.

Short Term Rental Listing - Sample Municipalities in NC*
Updated 02/01/22

City	Permitted in Residential Districts	Permitted Non-Residential Districts	Permit/License Comments	Annual Registration/Permit Requirement	Operational Requirements Comments	Occupancy	Enforcement	Initial Study	Effective Date	Link to Resource
Asheville	No	Yes	Resort Zoning Area Only. https://www.ashevillenc.gov/service/apply-for-a-homestay-permit/		Yes - Homestay		Pro-active enforcement - \$500 a day fines.	2011	2016	Asheville's homestay and short-term rental regulation program progressing - The City of Asheville (ashevillenc.gov)
Banner Elk	Yes	Yes	Special Use Permit						7/1/2020	https://www.goblueridge.net/index.php/news/47147-banner-elk-approves-short-term-rental-ordinance#
Beech Mountain	Yes	Yes	Permit Portal: https://townofbeechmountain.com/requirements-for-rental-properties/		Compliance Portal - https://townofbeechmountain.com/short-term-rentals-for-owners/		Pro-active enforcement - Portal			https://codellibrary.amlegal.com/codes/beechmountain/latest/beechmt_nc/0-0-0-7966
Blowing Rock	No	Yes	Permitted areas only such as Business, Office and R6, PUD areas.			For example: If a house sleeps 8 people, two families of four may rent the dwelling unit for 28 days, but no other families may occupy the unit during the entire 28-day period.	Complaint based		2018	636452185770070000 (townofblowingrocknc.gov); https://codellibrary.amlegal.com/codes/beechmountain/latest/beechmt_nc/0-0-0-7971
Brevard	No	Yes	Lodging use not Residential					2015	2017	Short-Term Rentals Brevard, NC - Official Website (cityofbrevard.com)
Chapel Hill	Yes	Yes	Permitted use. Appears to be non-residential - Town Center (TC), Commercial Center (CC), Neighborhood Commercial (NC), Office/Institutional (OI), Planned Development/Office/Institutional (PD-OI), and Planned Development-Mixed Use (PD-MU) zoning districts		Yes. Nothing less than 18 hours, and must be < 30 consecutive days.No more than two (2) units or three percent (3%) of units, whichever is greater, in a multifamily development shall be used as a Dedicated STR. For the purposes of this section, "multifamily development" is defined as a residential development	Max 2 persons per bedroom plus 2, exclusive of children under 12.	Identified in LUMO Section 4.13 Violations and Penalties.	2019	6/21/2021	Microsoft Word - Ordinance A - Revised 6.21.2021.docx (townofchapelhill.org)
Charlotte	Under review	Under review	Define as separate land use w/prescribed conditions.		Draft < 30 consecutive days. No more than 6 unrelated individuals.		Complaint based	2020	Pending 7/22	https://charlotte.axios.com/279326/charlotte-may-crack-down-on-airbnb-and-other-short-term-rentals/
Fayetteville	Cancelled	Cancelled						2021-2022		NCVRMA Steps Up Short-Term Rental Advocacy
Greensboro	No	Yes	Tourist Homes only.		Defined Family, Occupancy. An individual or two (2) or more persons related by blood, marriage, or adoption, and may, in addition include not more than two (2) unrelated persons, living together in a dwelling unit. A group of not more than four (4) persons who need not be related by blood, marriage, or adoption living together in a dwelling unit. No more than 6 guest rooms.					Code of Ordinances Greensboro, NC Municode Library. Section 13-11.
Highlands	No	No	No		Not defined- enforcing "No" in R-1 Zoning as UDO is currently written. Interpretation being challenged.				1/3/2022	Effective Jan 3, '22 no more STRs in R1 in Highlands Plateau Daily News
Highpoint	Under Review									Short-term rental ordinance to be considered Local News The Brunswick News
Mount Airy	Under review	Under review	Special Use Permit		Transient facilities are now permitted only in R-4 (Office-Residential) zones with a special-use permit, based on city government documents, with greater leeway in place for the non-transient variety, also awaiting guidance from state officials regarding the relatively new form of accommodation. Council advises anyone planning to open an Airbnb facility to first check with the Mount Airy Planning Department.				1/25/2022	https://www.mtairynews.com/news/10444

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					Must be < 30 days. Three definitions of STR, STR, STR Partial and STR Whole House. Use 1. 310 "Short-term rental, partial house" Use 1. 320 "Short-term rental, whole house," Use 1. 520 is amended to read Bed and Breakfast (tourist) home.					
New Bern	Yes	Yes	Special Use Permit			Complaint based	2019	2021	072820 Electronic Agenda Pkg WEB.pdf (newbernnc.gov)	
Raleigh	Yes	Yes	https://raleighnc-energypub.tylerhost.net/apps/self-service#/home .	Annual zoning permit required.	Limited Use in the following zoning districts: R-1, R-2, R-4, R-6, R-10, RX, OX, NX, CX, DX. No special events. No more than 25% of multi-units may be used in a single building. Permits can be revoked for violations within calendar year.	< 30 days. For any multi unit living use, no more than 25%, or two dwelling units, whichever is greater, may be used for short term rental in any single building.	Complaint based. Criminal Convictions & 2 or more cited violations.	2014	3/4/2021	TC-8-20 Short-Term Rentals Text Change Ordinance (usgovcloudapi.net)
Southern Pines	No	No	Permitted use of Tourist homes.		Tourist homes - permitted use, however, not in residential areas.					Per Darryn Burich 02.01.22
Southport	No	Yes	Permitted use in PUD and Business areas. Nonconforming use for those in existence as of 7/8/21.		Permitted use in certain areas. Non-conformance - permitted.	< 30 days.				https://cityofsouthport.com/wp-content/uploads/2021/08/2021-0708_Southport-UDO_Article-3_Zoning.pdf#page=52
Whispering Pines	No	Yes	STR prohibited-granted non-conforming use for those in existence as of 7/1/20. Must obtain permit within 90 days of establishment of ordinance.		Non-conformance only - permitted.	Minimum > 1 day. Max. stay - < 30 days. Max 2 persons per bedroom, exclusive of children under 12. One less than total bedrooms of dwelling	Complaint based	2020	1/1/2021	Chapter06-SpecialRequirements1313120825091321P M.pdf (vwprnc.org)
Wilmington	Yes	Yes		Required	400 feet required between units in residential districts. One off-street parking space per bedroom. 3 strikes rule and permit revocation. No special events.					
Wrightsville Beach	Not regulated	N/A	Tabled discussion 08/21					2021		https://www.msn.com/en-us/news/us/wrightsville-beach-board-of-aldermen-tables-short-term-rental-discussion/ar-AAngoz2