



TOWN COUNCIL
Work Session
June 13, 2024
Cape Charles Civic Center
6:00 PM

1. Call to Order:
 - A. Roll Call

2. Items for Discussion:
 - A. Short-Term Rental Regulations

3. Adjournment



Town Council STR Work Session Overview

June 13, 2024

Expectation for the evening:

- We will not solve the entire STR dilemma tonight
- No formal action can take place this evening; although individual concepts may be polled to determine if they currently enjoy majority support
- Tonight's goal is to provide the TM with general guidance on individual concepts and to confirm the process for moving forward
- Final solutions will be reviewed as a comprehensive strategy, and will require legal review
- We also need to discuss conflict of interest considerations for participation in the discussion

Issues not resolved from the November recommendations:

- Number of STRs
 - Is there support to keep working on artificial limitations
 - Can we rely on market forces to eventually bring numbers into balance
- Occupancy Standards
 - Should we use certificate of occupancy standards per building codes
 - Should we use unique standards, possibility linked to parking
- Parking Requirements
 - Is there a reason to treat STRs differently than B&Bs
- Tracking/Accountability
 - Issue permits as part of a revamped business license application/process that captures the required database
 - Revoke permits for qualifying violations

Review subparts of recommendation 13 to ensure there is support to enable further development:

- a. There are no restrictions on the types of homes that can be used for an STR (i.e., single family, duplex, condos, etc.)
- b. Except for existing legal non-conforming uses, STRs are prohibited in accessory dwelling units or accessory structures
- c. There is no requirement for owner occupancy or residency on site
- d. No simultaneous STR rentals under separate contracts within a single residence
- e. No Subleasing
- f. If within an HOA, proof that HOA has been notified
- g. No commercial events or gatherings
- h. Signage will comply with soon to be updated zoning requirements
- i. No person or entity may have an ownership interest in more than five STRs
- j. Refuse requirements: one and two bedroom units require one trash receptacle; three or more bedroom units require two receptacles

**Comments Received After April 29, 2024 Town Hall Meeting
(Not included in previous compilation)**

From: formbuilder@municipalnotices.com <formbuilder@municipalnotices.com>
Sent: Sunday, April 28, 2024 11:34 AM
To: John Hozey <john.hozey@capecharles.org>
Subject: Report a Concern

Brief Description of Problem:

My name is Katie Austin, and I am a full time Cape Charles resident here in the historic district. I am writing to voice my dissent regarding putting limits on short term rentals. Short term rentals are an integral reason why Cape Charles has maintained and improved upon its small town charm and its reputation as being a great place for families to spend time together. Tourism has enabled our community to hold fun events not only during the summer months, but the shoulder months as well. There are legitimate concerns regarding parking that can be dealt with by managing the rentals better without resorting to such drastic measures such as capping STRs. I do not think it is wise to rush into this without thoroughly thinking through the long term consequences that this could have. I believe the tourists are generally very respectful of our town. They keep our shops and restaurants bustling and vibrant. STRs help preserve Cape Charles' quaint character, as this is the main reason people choose to spend their vacation here and not some other beach town. Tourism has not lessened the sense of community we share with so many other full time residents. We know many of our neighbors, and on any given day we run into many friends when we are on walks or at restaurants. STRs will naturally cap themselves through market forces. Our lovely town is better than it's ever been. Let's not rush into something we may soon regret.

Name: Katie Austin
Email: ktrettin311@gmail.com
Address: 506 Nectarine St.
Phone: (410)353-8292
Response Requested: None

From: david@hotelcapecharles.com <david@hotelcapecharles.com>
Sent: Wednesday, May 1, 2024 3:27 PM
Subject: STR discussion input
Attachments: DMG STR (002).docx

John, I was unable to make the public forum on Monday evening. I did however, listen to the FB livestream (all three hours...) yesterday. I hesitated to be vocal on this issue, as the Hotel is largely insulated from the debate-one way or another. As a business owner and developer, I am of course pro-tourism. However, while my professions inform my perspective-they are not dispositive of where I land on the issue. There are no easy choices here (other than the need for regulatory reform to manage the properties). Neither the pro nor the anti STR camps should get everything they want, and if that is where council lands, then they have probably done a good job.

I hope each of you will take a moment to read my analysis.

Thanks kindly
David Gammino

There are two components to this proposal to address the legitimate concerns that STR growth is adversely affecting Cape Charles quality of life.

REGULATORY ENFORCEMENT

- I. The first component involves regulatory reforms, the need for which appears to have near uniformity in the community. This regulatory regime will require dedicated staffing, funded from licensure fees (not from TOT revenue). It is critical that permanent residents see this regulatory scheme as substantial, to address the multitude of nuisance issues associated with STR's. Permanent residents also must see these regulations as enforceable-and only the creation of a dedicated position within the Town's government will accomplish this.

This office would create and maintain a registry of STR properties including building specifications-bedrooms, baths, and off-street parking (if any). Based upon these specifications, a maximum occupancy would be established for each license. Based upon this occupancy load, a limit on guest vehicles would be associated with each property. STR owners would be required to publish both the maximum occupancy and maximum vehicle

count in any marketing materials-in print or online. A **knowing** violation of this publication requirement would revoke the permit for the following calendar year. Each STR license renewal would require a licensed third-party management firm listed as a local point of contact.

This office would also create a uniform code of regulations that would be posted in each STR:

- Noise ordinance specifics (hours/decibels)
- Golf Cart regulations.
- Trash removal requirements.
- Management Company responsible for compliance

MAXIMUM DENSITY/PERCENTAGE LIMITS

- II. The second component is more problematic as the community is much more deeply divided on the issue of managing/limiting STR growth. The indisputable fact is that the community of Cape Charles has been significantly changed by virtue of the large-scale presence of STR's. How one wishes to characterize that change is of course subjective.

However, what is very clear is that this change will not abate as the percent of STR's increase versus full-time residential homes. Contrary to the representations of advocates, the "marketplace" will not curtail this growth. During specific market conditions, there may be a decrease in rental activity. However, the continued possibility of rental income from commercial activity will simply continue to increase property values. **This becomes a self-perpetuating cycle, as property values increase, prospective purchasers will underwrite rental income as a means to justify the home value.**

This is the core dilemma facing Cape Charles presently. While the expansion of STR's has indeed brought amenities and revenue growth, there is arguably a point of diminishing return in this transition as it regards quality of life issues and property value increases.

If the goal of the Town Council is to **substantively** address these two aspects of STR growth, there is no non-controversial or easy option. **Hence, if Cape Charles wishes to maintain a vibrant, engaged, and substantial full time resident base, it must manage the growth of STR's and decouple a significant portion of its residential housing stock from valuations based upon the potential of commercial income.**

In addressing this problem, advocates, and opponents of STR's need to accept two divergent realities:

1. STR's are critical to Cape Charles incredibly successful and diverse merchant community.
2. STR's are degrading the community through the attrition of permanent residents and their unchecked growth will continue to increase property values to such an extent that home buyers seeking to reside in Cape Charles permanently will be unable to afford to do so.

Cape Charles has become an incredibly vibrant community over the past ten years, propelled largely by tourism and by the many individuals and businesses focused on serving this new industry. The Town has amenities and resources that were unthinkable 20 years ago. In the last few years, however, that transformation has come with a cost. This is the ideal time to recognize these realities and forge a compromise that maintains a robust STR economy but allows the prospect for the growth of the full-time residential population.

The Town should bring forth a solution which maintains current STR privileges to those who have a vested interests in STR income, and who likely purchased homes based upon this assumption (an ongoing business). The Town would calculate that number as a percent of the current residential housing stock and set that limit.

The STR license would be associated with the property. The Cape Charles real estate market would eventually reflect a bi-furcated valuation, and Northampton County assessments would reflect this over a period as comparable sales occurred of STR eligible property and non-STR eligible property. Permanent residents would likely see a reduction in their assessments and STR owners would pay real estate taxes commensurate with a commercial activity property.

Finally, although not a core principle of this proposal, it is suggested that STR licenses would be portable. If a homeowner no longer wishes to utilize their property as an STR-they would be able to sell that license at whatever fair market value they can obtain. Conversely, if a non-STR homeowner wishes to begin to use their property as an STR, they could seek out an STR license.

Thank you for taking time to consider my thoughts on this matter.

David Gammino

From: Cynthia Emrich <cynthia.emrich@gmail.com>
Sent: Thursday, May 2, 2024 11:16 AM
Subject: Follow-up to Monday's STR Town Hall

Greetings on this gorgeous day, Town Council Members, Mayor Charney, and Town Manager Hozey.

First, thank you for hosting Monday's Town Hall. It was an important step toward (hopefully) encouraging all of us to look at this complicated issue of STRs from multiple perspectives.

On that note... Although I understand the rationale behind first hearing from those in the room, the unintended consequence was that no letters were read in the Town Hall. Thus, the balance of views expressed may well have been skewed.

Fortunately, we have clear data regarding perceptions and preferences when it comes to STRs and their impact on the Town. We cannot find the survey results (but trust Councilman Grossman to correct us if the percentages we cite below are wrong! 😊). Our best recollection is that...

- ~40% of respondents are in favor of caps, ~50% are not, and the remainder have no opinion. (If only our presidential election results were this clear-cut.)
- We also remember that a very high percentage (exceeding 80%) either agreed or strongly agreed that the Town is doing a good job of safeguarding our small town character (or something to that effect). This result refutes the several laments heard during the Town Hall...

We were told by one TC member that the response rate to this survey was among the highest they've seen. These findings are not from Palm Springs, 15 metropolitan areas, or Folly Beach. These are our townspeople speaking pretty darn clearly on this matter. Please keep these survey results in mind going forward, and please do not let them be "swamped" or discounted by the vocal minority, the number of (grammatically incorrect) "LIMIT STR'S..." [sic] yard signs, or even the poignant stories shared in the Town Hall.

Finally, one townspeople spoke early in the Town Hall. Among their many points was a call for one TC member to recuse themselves, because of an implied inability to be unbiased on the topic of STRs. Though this person didn't name the TC member, we believe that it was clear to many, if not all, in the room to whom they referred. We were personally offended by this call for recusal. And by the way, to accuse someone of holding a particular bias is to state the blindingly obvious: "you are a human being." Biases are an evolutionary glitch in our "software"--designed to help simplify an increasingly complex, information-overload world. Research shows that the only thing that separates "prejudiced" vs. "non-prejudiced" people is their (a) awareness of their biases and (b) relentless efforts to prevent their biases from becoming acts of discrimination.

The TC member to whom this townspeople referred is, in our opinion, the hardest working member of our community. They are one of the kindest, most thoroughly decent people we know, and our community would be much poorer without them. What we'd ask of all of you is to have each other's backs if or when this type of attack (and we do view it as such) is made in future. Well-intentioned people can and will disagree. It's inevitable. But it's no cause or excuse to question someone's intent or character. These type of attacks need to stop, and they can stop with you.

Thank you for your service, and thank you for listening.
Cynthia & Tucker
Cynthia Emrich, Ph.D. & C. Tucker Van Dyck, O.D.
420 Randolph Avenue, Cape Charles, VA 23310
mobile: 757-332-4230 & 757-291-9276

From: Kimberly Chandler <kimchandler427@gmail.com>
Sent: Saturday, May 4, 2024 12:12 PM
Subject: Stake holder considerations of overcrowding and pedestrian safety matters on Bay Ave

Dear Mr Charney and City Council Members,

The recent town meeting to discuss short-terms rentals in a bridge too far at this juncture. Namely, no data was shared from the town making this a scapegoat frankly for broader issues. Many matters have not been addressed since the town has emerged as a Virginia Tourist destination. Our current lesson, be careful what you wish for.

If I may summarize, the people who own houses here fall into three groups or should I say four. First, permanent residents who have no association with the tourist industry, permanent residents who are stakeholders in the tourist industry, either business owners or employees and part-time residents, among those some that own short-term rentals. Short-term rentals are also stakeholders, as we also employ people, cleaners, realtors, landscapers and contractors.

These groups have one thing in common a small local beachfront. It is in fact exceedingly small and the town lacks any means to expand considering the town's recent decision not to purchase the private beachfront area that recently sold for \$1 million to a local person. That said we are beyond capacity for three solid months of the year in several areas that require immediate solutions. Again, the town misses a great opportunity to expand resources, so the ants on a picnic atmosphere out-lined below continues with no relief in sight.

First, parking. People living here cannot move their cars to take a simple day trip to the store without ending up unable to park reasonably near their homes during peak beach hours. This community was built around street parking. The town has never addressed this. Frankly, this is irresponsible. We are not the only small undiscovered beach in Virginia. Example; in 2022, Historic Port of Falmouth Park, also known as Falmouth Beach, issued residents only parking near and around the beach as did the city of Fredericksburg in the city. The city also built a parking structure that charged \$25.00, per day for parking to non-residence. And yes if you want to move your car you must pay again to get into the lot! No apology from the city because they are teaching tourists a valuable lesson, namely please learn to park and walk in our town. Policy that supports a walkable town is needed in Cape Charles as well, where we have an exceedingly large number of cars from across the bay every weekend. Reason being, we have one of the few safe and child-friendly beaches in our state. The town needs to institute a residential parking pass program immediately and allow all property owners the right to park near their homes. Depending on the applications I suspect that most street could accommodate one side of the street as pass protected and the other side as open parking. Yes, it is time to limit cars first before we start limiting renters. Yes, this will force some of our short-terms rental owners to use a part of their yard for parking, like many of us do already. For rentals that have alley access to our backyards, that should be mandatory. Why? Because your renter has a car and is also is renting a golf cart. Your renter is taking up two spaces and not one. Sorry, but residents should not have to subsidize your guests autos or golf carts by walking several blocks to their own home. Tell your renters to bring a bike or make room on your property.

Second, preserving our beachfront and the creation by the town of multiple safety hazards, along the entire beachfront needs to be addressed. There should be no motorized or commercial parking there. There be one small "15 minute unloading zone only" and unlimited bike parking. There should not be what equates to a city parking lot in front of our natural dunes! This is not just unsightly it is a hazard, as our small people guests exit the dunes they have no line of sight as to on-coming cars on Bay Avenue. As a resident of Bay Avenue, I cannot tell you how many close calls this has caused for children rushing to cross the road. You have sold our crosswalks to food trucks. In fact this is irresponsible and frankly unconscionable to sell the right to what would be in any other town pedestrian walkways to huge unsightly, loud and emission producing food trucks. Now, not only can adults and children not see when exiting the dunes they cannot hear any warning that might come from an adult. This is a "city created hazard" and the first person injured should rightly go after the town.

It is past time the town stop selling off our beach front for what amounts to a few dollars to destroy the view meant for all our residence. Having recently visited the Hamptons let me be clear South Hampton allows 15 minute drop offs in a space of about 40 feet for their entire population of 65,000 millionaires who live there.

That is precisely why the beach stays beautiful because no matter how wealthy people are that view it is not for sale. In Cape Charles our lovely view of the dunes is for sale to vendors for \$200.00 per season, you can park your food, flash your food signs, stand there and run your generator there morning to night fall so every person walking past can experience the industrial noise of the city that we are trying to escape. Shame on the short sightedness of this town. To add insult to injury now the town wants us to weigh in on privatizing part of the beach with unsightly cabanas? So again for a \$200.00 permit, vendors can stake out the best spots on the beach for day trippers to sling down \$80.00, to create permanent overcrowding on our beach and more unsightly lines of sight? Are we to be like the ugly overcrowded beaches in Europe many of which are the size of our beach such that the unused cabanas take up so much room that the rest of the beach is akin to shopping at a Walmart on Christmas Eve. Where is the dignity of even being a Chesapeake Bay beach town. Where is the vision?

Next, the view belongs to all of us it is not yours to sell? Street vendors destroy our peace and quiet and the natural beauty of the dunes , which is inexcusable and unnecessary. There is in fact ample, restaurant capacity or space to re-zone for commercial parking of food trucks elsewhere in town, including the harbor where overflow parking should already be in place. Please also, do yourself a favor and visit Annapolis to see how they adjust to dining in summer peak visitors season. Every night the historic district is roped off as a walking area where restaurants are

able to expand their seating to the street so they can capitalize on the summer influx. They expand and contract in non-residential areas. And local bricks and mortar business profit and day trippers can get a meal. This is not where people are enjoying the quiet use of their homes, and their porches of their own homes! We can no longer eat meals on our porch for the noise of the food trucks has driven us inside. And frankly, what should be a pedestrian view here amounts to an airport parking lot so what is the point of our natural dunes. No one can see them who live here or walk here and no one can hear the unique sounds of the waterfront. In truth, this speaks to our town values. You have sold off everything you can think of, including our views for a small amount of taxes and contributed to the exasperation of the parking shortage in front of the homes on our side streets. Each food truck takes up multiple town parking spots and they stay significantly longer -12 hours per day on Bay Avenue, whereas the average tourist stays for a couple hours and then leaves. We have a distinct before lunch crowd and after lunch crowd. Again every side street suffers with this influx of commercial vehicles using up the parking.

Solution, let commercial trucks and also day traffic pay to park elsewhere. We have a walkable town and ample parking at the harbor right now. We need a bike friendly town and more so a return to a walkable town. We have allowed the parking situation to contribute to the expectations that one should drive their car everywhere while visiting. That should be the opposite. Having permit parking and limiting influx parking will make tourists aware that they should park and walk. And if they do not then they will suffer the fate of our current residents by having to circle round and round to park every time you move your car. Sorry but I have no pity for visitors who cannot use our sidewalks. The traffic is out of hand. The free parking should be limited to residents. The frustrations from people at the last meeting and the focus on short-term rentals without focus on actual plans to return residents to where they ought to be, namely prioritizing our taxpayers historic waterfront views in our town and our right to park reasonably near our own homes is short sighted. Please get the Dulles like parking area removed from our beachfront and move summer parking to the harbor.

Please allow our residence at least one side of the street for permit parking only so they can reasonable take a short trip to the store in summer. And please suspend all commercial food trucks parking at our dunes. This is a residential area not commercial area. The gas fumes from generators, unsightly food bill boards and industrial noise is about as earth unfriendly and nature unfriendly as could be imagined. Moreover, the combination of the Dulles parking lot atmosphere at our dunes and food trucks is unconscionable in our small town. A town that puts profit over people and profiteers from destroying the quiet use of peoples homes all along Bay Avenue and our town atmosphere for all residence who stroll to the beach is not in your charter to govern. Please start adding to our atmosphere and not destroying it. Please return the town to an atmosphere where all our residence can enjoy some simple tranquility. We don't need hotdog and coke signs everywhere. Put taxpayers first not profit. Move commercial enterprises to commercial areas. Again the harbor has plenty of room for parking, walking, and eating a hotdog, put your picnic area there. Our small beach is already overrun and in dire need of protection from overuse.

Lastly, I will not address short-terms rentals because you have no data to share on that. If you install a pay to park system at the harbor you will have actual data for day trippers v. summer renters and their contributions to foot traffic. You further have the ability to set up a survey platform to ask all short-term rental owners to estimate the number of rentals they have per year and the maximum occupancy of each house. Again, you can send this survey out with the tax bills. People need data and the town needs transparency. What revenue comes from short-terms rentals v actual real property taxes? If I had to guess I would say short-term taxes contribute at least as much as actual real property taxes to the budget. Day visitors contribute nothing unless they are lucky enough to get a seat at local restaurant on the weekend or a T-shirt or hot dog from a vendor. They do not pay the occupancy taxes that our short- term renters pay. They visit only on peak days, Saturday and Sunday, and contributing to traffic, and parking shortages everywhere. Whereas our short-terms renters keep our brick and mortar business in business Monday – Friday, which is good for business owners and even better for employees who need to work more than two days a week. Our last meetings focus on our short-term renters as compared to our day visitors and that did not take into consideration of what each set contributes to the overall health and welfare of our town.

Please take your positions seriously in the stewardship of our towns natural beauty and contribute to a walkable town by creating incentives and disincentives, for people to park and walk. Favor commercial areas from our bricks and mortar stakeholders and offer them the ability to expand to outdoor cafes. Make solar electric hook-ups for electric in areas you want to attract food vendors. Stop all use of generators in our town so all pedestrians do not have noise pollution to contend with. Stop all commercial signage at our beachfront and create a drop off only zone there. Have unlimited bike parking at our beachfront, and on Mason Avenue, thereby encouraging people powered transport as opposed to supporting the use of our historical waterfront and town center as a Dulles Airport car park.

I hope you will pass these concerns to your ad hoc committee as the short-term rentals are getting the heat for the overall issues of overcrowding in town. They need to have real data and they need to be able to address actual numbers both fiscal and quantitative in regards to how many visitors we actually have per season.

Without real data, this so-called problem is linked to solvable problems. The two issues need to be addressed separately not as one issue. There are many factors as detailed above that contribute to the disenfranchisement of all homeowners. We cannot allow more encroachment of rights frankly by the town, more so than our visitors. You set the tone for our visitors to be disrespectful of our residents by forecasting that everything here is free or for sale. Our historical beach is not free we have paid to preserve it by investing in this town over decades not just a handful of years or a few rental seasons. Make it pristine and people will respect it, make it orderly and people will obey the rules. Make it a tourist trap that caters to the weekend warrior and there will be no stakeholders that want to live here. Moreover, want to vote you back into office.

Please put tourists back on track to be respectful when visiting the shore and to contribute by walking after they arrive and paying daily to park and visiting our commercial areas for refreshments.

Sincerely,
Kimberly Chandler
Home Owner, & Stakeholder and contributor to our bayfront

From: Karen Willis <Karen@steelmasterusa.com>
Date: May 7, 2024 at 3:56:10 PM EDT
Subject: Thoughts for Dealing with STRs

Dear Mayor Charney:

After listening to the townhall meeting, I had a couple of thoughts with how to deal with the STRs.

First, a little about my family. I believe we one of the “target markets” for the town. We started out as short-term visitors (via boat) and fell in love with the small-town charm and laid-back vibe. Eventually, we bought a home that we had planned to use as a STR. However, after spending a few weekends here and touring a local school, our kids decided that they wanted to move here permanently. Two of our 3 boys attended school here and graduated from high school. One of them has already graduated from college and moved back, living and working full-time on the Shore. The other is in college now but can’t wait to return. Our third son got married and moved here on his own. My parents fell in love too and my mother moved here from Florida where she lived full-time for a couple of years before she recently passed.

We’ve witnessed the explosive growth of the town and along with others, feel the pains of not being able to go out to eat during the summers and the aggravation of strangers taking up parking spots right in front our house for days on end. We’ve heard the drunken parties drive by late at night on golf carts. However, these things only happen a few times a year – the rest of the time, we love our small little town. We appreciate the investments that small business owners have made to provide more restaurants and services for both tourists and residents in the off season. When we first moved here, there were only a couple of places that stayed open year-round. They need the visitors, and I don’t think it’s right to punish them.

Please do not place limits on the number of STRs – I firmly believe this will be the downfall of our town. Let the natural market of supply and demand resolve things.

My idea was to put together a Code of Conduct that both owners and renters would sign. Nothing crazy but I would definitely include something to cover these items:

1. Reminder regarding golf cart law – must have a driver’s license, pull over and let a car coming from behind pass you, no driving and drinking, etc.
2. Parking is only available right in front of the owner’s house and in the driveway, if applicable. Have the owner draw a map to show where parking is allowed and how many cars are allowed. Maybe Oyster Farm would be willing to rent out their extra spaces as overflow (they probably need the cash??)
3. Quiet time starts at 10:00 pm? 11:00 pm?

Owners should advertise in the rental listing that a code of conduct will be enforced, and violators may lose their security deposits.

Post a list of all registered STR houses somewhere online, along with 24-hour contact information for each owner or owner’s representative. If a resident has a complaint, they should have someone to call without having to report it to the police dept.

I don't know how the licensing works now but the owners should have to apply for a permit each year to reaffirm their commitment to the code of conduct. If the owners are non-responsive or have too many complaints, deny their renewal. Maybe you also publish the complaints online, similar to the way the police dept publishes the crime stats?

I assume they are already paying some sort of tax based on revenues? Is there a way to establish a new special local tax that can be passed along to renters which can be used towards beautification efforts around town? Anything we can do to help ease the tax burden for full-time residents should always be at the forefront for council members.

Rather than punish everyone by placing limits on who can rent their home, let's instead punish those who won't follow an established set of reasonable expectations.

Sincerely,
Karen Willis

Walter Bronson, 515 Tazewell Ave. Cape Charles, VA 23310

May 15, 2024
Mayor, Council, and Mr. Hozey
Town of Cape Charles
RE: Short Term Rentals (STRs)

Lady and Gentlemen,

I'm afraid my attempt to quote numbers and the immediate debate about them from Council completely overshadowed the points that I was trying to make at the STR Public Hearing. There were four:

First: While I agree that STRs are not the complete bane of Cape Charles, nor do I believe that they are the complete savior that some would have you believe either. At least one STR owner spoke of driving into town and turning around and leaving before even getting to downtown during their first visit. A visit several years later found things still not great but better and she decided to repair a house and open it as a STR so clearly things were improving prior to STRs becoming as numerous as they are today. I'm not saying the STRs have not helped the recovery of Cape Charles, but there were and are many other factors involved than just STRs.

Mr. Buchholtz presented one himself. When I tried to explain that the town is overrun with tourists by explaining that some people run down to the beach at the crack of dawn to stake out their spot, Mr. Buchholz blamed that on the nearby campgrounds and day trippers. Are we to believe that the campground and day trippers only come to the beach and don't patronize our businesses and that STR renters only patronize our businesses, but don't use the beach?

This leads to the SECOND point I was trying to make. We moved here, STR renters come here, and others visit Cape Charles because it is a quaint little town with a nice beach, numerous restaurants, cute shops and other amenities. We all know that during the summer season that it can be virtually impossible to get into a restaurant and all the town amenities are as crowded as the beach. We are getting to the point where we are a tourist trap and not a quaint little town any longer. Eventually that is going to hurt the tourism industry. We are quickly becoming a victim of our own success.

Speaking of success, point number THREE, one of the officers from Cape Charles Main Street took credit for helping to fill in the shoulder season. I agree, the Town has many visitors beyond just the 12 weeks of the summer season that some STR proponents would have you believe is the only time that STRs stress the Town. STRs and other tourists flock to the town for spring break, the Love Run, Festive Fridays and other events well beyond the 12 week summer season.

Point FOUR. Currently STRs are very popular and in high demand. Because of that demand STRs are very profitable and STR owners can afford to pay high prices for properties because of the high rents they can charge. It also means higher taxes for those wishing to stay.

Because STRs are currently popular, especially in Cape Charles, rents are quite high. The high rents mean that the clientele tends to be affluent families. All pendulums swing back and forth though. During Covid STRs saw unprecedented growth. However, more recently the news has stories of the vacationing public becoming disenchanted with Airbnb and VRBO and growth is slowing and even some STR proponents have spoken of slowing rentals.

What happens when demand reduces and supply increases, which will undoubtedly happen at some point, be it this year, next year, or five years from now? Prices will drop as owners compete to try and stay booked and then the clientele will change. At the extreme, STR owners may not be able to pay their mortgages and then there will be a sell off, devaluation of properties, and possibly a return to abandoned and empty buildings. Restricting the supply of STRs now will help to limit the damage that will eventually happen.

Lastly, it appears that the businesses in Cape Charles are doing fine now. Do we need more STRs to support more tourist related shops? Then we need more tourists to support those shops. When does the cycle end?

Sincerely,


Walter Bronson

From: Julie Jones <julierjones.2354@gmail.com>

Sent: Thursday, May 16, 2024 2:02 PM

Subject: please read during public comments at Town Council meeting tonight....

Good evening Mayor Charney, Town Council, and Town Manager Hozey,

My name is Julie Jones. My husband and I live at 538 Monroe Avenue.

Thank you for providing the opportunity to speak during the public comments tonight.

I have a question for you tonight:

Do you see value in having full time residents in Cape Charles?

Just off the top of my head, here are some of the volunteer opportunities for people that benefit the town of Cape Charles:

Between the Waters Bike Tour
Building Code Board of Appeals
Cape Charles concerts in Central Park
Cape Charles Day and Community Clean Up
Cape Charles Illumination in Central Park

Cape Charles Main Street
Cape Charles Museum
Festive Fridays
Friends of the Cape Charles Library
Historic District Review Board

July 4 parade and events
Love Fest in Central Park
LOVE run
New Roots Youth Garden
Planning Commission

Rescue Squad
Thursdays in the Park clean up
Volunteer Fire Company
Wetlands and Coastal Dune Board.

Are the volunteers who give so much of their time, energy and talents, to make all of this possible, residents of Cape Charles, or tourists staying in short term rentals?

Just using our block of Monroe Avenue as an example, almost every time that a neighbor's home sells, it becomes a short term rental.

Are you OK with no limits on short term rentals in Cape Charles?

Given your reluctance to regulate the proliferation of short-term rentals, it would seem that you value the money from tourists and unlimited short term rentals over full time residents.

More and more short-term rentals equals fewer and fewer residents to fill the volunteer needs of Cape Charles.

As you ponder solutions to the problem of short-term rentals in our town, please think about the people who live here and love this little town that they call home.

Do full-time residents add value to the town?

If so, how are you showing them that they are valued?

Thank you so much for your service to the people of Cape Charles,

Julie Jones
Cape Charles, VA

From: Julie Jones <julierjones.2354@gmail.com>

Sent: Monday, June 3, 2024 10:37 PM

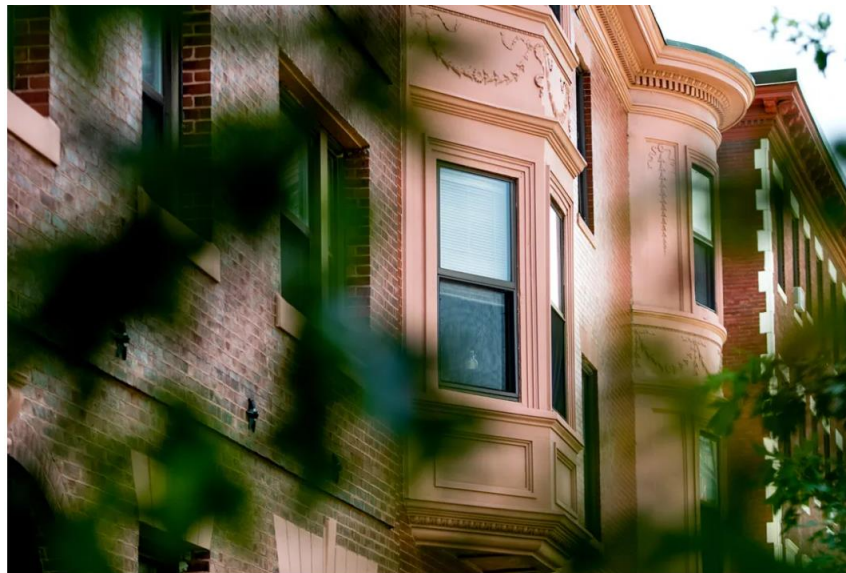
Subject: Why Does Crime Increase in a Neighborhood When Airbnbs Increase?

"And while their data are limited to Boston, the motivating theory that a community of neighbors who all know and look out for each other is a strong crime deterrent is one that can be translated to cities and communities across the country, the researchers say."

<https://news.northeastern.edu/2021/07/16/when-airbnbs-increase-in-a-neighborhood-so-does-crimeheres-why/>



When Airbnbs increase in a neighborhood, so does crime. Here's why.



A proliferation of Airbnbs, or similar short-term rentals, in a neighborhood contributes to higher rates of crime in the area, according to a new study by two Northeastern researchers. Photo by Matthew Modono/Northeastern University

A proliferation of Airbnbs, or similar short-term rentals, in a neighborhood contributes to higher rates of crime in the area, according to a new study by two Northeastern researchers.

The relationship is likely because the highly transient housing “pokes holes in the social fabric of the neighborhood,” says [Dan O’Brien](#), associate professor of public policy and urban affairs who, with his colleague [Babak Heydari](#), associate professor of engineering, recently [published a comprehensive study](#) of Airbnb listings and crime rates in neighborhoods throughout Boston.

They found that it was the proportion of buildings with at least one home-sharing listing—and not the volume of tourists cycling through such units—that had the greatest (indeed, only) measurable effect on crime in the neighborhood. Their research was published Wednesday in *PLOS One*, a peer-reviewed scientific journal published by the Public Library of Science.

“What seems to be the problem is that Airbnb is taking households off the social network of the neighborhood and eroding its natural capacity to manage crime,” says O’Brien, who also studies criminology and criminal justice at Northeastern.

The researchers hope their study can help guide local and regional policy decisions about short-term rental regulations.

O’Brien and Heydari compiled 911-call data and Airbnb listings and reviews from 2011 to 2018, a period of rising concern about crime and during which listings on the online home-sharing platform more than doubled in Boston. They found that certain violent crimes, including fights, robberies, and reports of someone wielding a knife, tended to increase in a neighborhood a year or more after the number of Airbnbs increased.

The lag, Heydari says, is evidence that it’s not the immediate presence of rowdy tourists or criminals taking advantage of newcomers that’s driving an increase in crime. Such effects would be seen in the same year that listings increased, not afterward.

“What we’re seeing is evidence of a slower process, one that becomes significant over the years,” he says. “It’s another support that changing the social fabric of the neighborhood is what’s undergirding these results.”

In reply to a request for comment, a spokesperson for Airbnb referred a *News@Northeastern* reporter to a written response [posted to the company’s website](#). The missive takes issue with the study’s methodology and conclusions and questions whether the researchers controlled for other factors such as new housing construction and other economic conditions.



Daniel O'Brien is an associate professor of public policy and urban affairs and criminology and criminal justice in the College of Social Sciences and Humanities. He also directs the Boston Area Research Initiative. Photo by Adam Glanzman/Northeastern University

To measure the presence of Airbnb in the city, O’Brien and Heydari used a combination of geographic available data scraped from website listings and the “host since” feature on the company’s website, which logs the year a host joins the site. They organized the data by longitude and latitude and matched it with census tracts to approximate neighborhoods in the city.

This gave the researchers a sense of the number of Airbnb units per neighborhood, but not how they were distributed—after all, a dozen units contained to one condominium complex may have a different overall effect than a dozen units in a dozen different houses along a street.

In order to determine this distribution, which they describe as the penetration of Airbnb units in each neighborhood, the researchers divided the number of unique addresses with listings by the number of parcels in the census tract.

The calculation resulted in an approximate measure of the proportion of buildings with at least one listing.

Heydari and O’Brien relied on data about when a user “joined” Airbnb because the platform does not make more specific data available, but the researchers acknowledge that their proxy isn’t always a perfect representation of when units cropped up in buildings.

“This serves to highlight the need for Airbnb—and other social networks and web platforms—to be more transparent in their data,” Heydari says.

The researchers also accounted for other, unrelated changes to the neighborhoods that might have had an effect on crime rates, including rental transience and sociodemographic changes, Heydari says.

And while their data are limited to Boston, the motivating theory that a community of neighbors who all know and look out for each other is a strong crime deterrent is one that can be translated to cities and communities across the country, the researchers say.

“What we’re showing here is that when we tease out the other factors, we see that the penetration of Airbnb has a role in a gradual increase in crime,” Heydari says. “That effect is not specific to Boston, although other cities and neighborhoods may contain factors that change the degree to which it presents.”

For media inquiries, please contact Jessica Hair at j.hair@northeastern.edu or 617-373-5718.



Babak Heydari is an associate professor of mechanical and industrial engineering in the College of Engineering, and one of the authors of a new paper linking the increased presence of Airbnb rentals with rising crime. Photo by Matthew Madoono/Northeastern University

**CAPE CHARLES TOWN COUNCIL MINUTES RE STRS
2019 JANUARY-OCTOBER**

2019 January 26 Town Council Strategic Planning Session

Review Town Manager Recommendations on Administrative Items:

Town Manager Larry DiRe reviewed his report regarding administrative, financial and personnel priorities as identified by Council at the November 3, 2018 Strategic Planning Session.

A total of 34 priorities were listed (16 administrative, 10 financial, and 8 personnel).

Larry DiRe reported the following:

vi) He had spoken to the finance and building departments about enhanced observation and enforcement of short-term rental units.

Social media and online booking sites would be reviewed regularly to determine properties being used as short-term rentals that may not have complied with all licensing, inspection and tax collection regulations.

The Code Official was directed to placard properties in violation of the short-term rental regulations, much as “stop work” placards were posted at non-compliant construction sites;

vii) Unrelated to financial obligations, short-term seasonal rental units presented numerous current and future challenges which were more cultural and behavioral.

A new population was present every week or less so maintaining compliance and continuity on issues like trash, golf cart operation, beach behavior and public alcohol consumption needed to be a town staff priority.

Several department heads would work in a coordinated effort to get information to rental agents, realtors, golf cart rental companies, all TOT payers with business licenses and the general public;

viii) Short-term rental units generally added to congestion to neighborhood streets compared to owner-occupied single-family dwellings.

They also reduced the number of units available for 12-month rentals and drove up rent of year-round units.

Short-term rentals didn’t add to the year-round population needed to attract year-round businesses and amenities, nor did a seasonal population create a sense of neighborliness and community.

He would address the structural inequalities of short-term rental units and bring a report to Council in early 2019. Councilwoman Burge suggested a subcommittee to study the numerous issues to get a better picture for Council.

Councilwoman Holloway noted that she reviewed information through the B&B Association and there was a noticeable impact on business shifting from weekly rentals to weekend rentals especially during the shoulder season. Some have far lower price points than B&Bs.

There were a lot more short-term rentals out there than the Town realized.

Many of the rental owners did not know all the legalities and liability involved and an information session should be provided for them to let them know the risks involved regarding insurance, extra trash receptacles, etc.

The Town needed to provide the tools for the rental owners to do things correctly.

Council needed to work with Town Planner Zach Ponds to determine the various issues and zoning ordinance language then provide direction to get the Planning Commission involved;

2019 March 21 Town Council Public Hearing and Regular Meeting

Councilwoman Holloway commented as follows:

i) She wanted to follow-up on the work session regarding short-term rentals.

She knew we were in the budget season, but this work session needed to be held.

There were more and more conversations regarding this issue and cities and towns were developing ordinances regarding enforcement of Airbnbs and rentals.

This impacted the Town in a financial sense and the sense of community.

It would be interesting to know how many rentals were in the town vs. residences;

2019 May 2 Town Council Special Meeting and Executive Session

Councilman Grossman

(c) Homestay Regulations was identified as the second priority and would be discussed at the June 6, 2019 meeting

2019 May 16 Town Council regular meeting and executive session

Town Manager comments:

ii) Staff

was keeping an eye on short term/vacation rental compliance such as business licenses, inspections, and adherence to occupancy limits.

The building and finance departments were working together to check advertisements to ensure everyone had a safe experience when renting in Cape Charles.

2019 June 6

C. Homestay Regulations:

Larry DiRe stated that the issue of regulating homestay accommodations for all short-term rentals was discussed in 2017 by the Planning Commission and Town Council following the passing of state enabling legislation which granted greater regulatory and enforcement powers to local governments.

The town took no action at that time.

Recently, Council expressed interest in bringing the matter back for review.

In recent years, Cape Charles experienced an increase in the number and variety of such accommodations.

While obtaining business licenses, collecting and paying transient occupancy tax and passing health and safety inspections were currently imposed regulations, issues such as density per street/neighborhood, on and off-street vehicle and parking arrangements, including boats, RVs and various types of trailers, on-site advertising and signage, balcony inspections, and approved occupancy number limitations compared to those advertised by owners/agents deserve review and potentially new legislation.

Staff did not expect any new legislation to be effective until early 2020.

There was much discussion regarding the following:

i) Occupancy numbers – If the code officials issued a certificate of occupancy for eight people and eighteen people were staying in the house, it could pose serious problems in addition to parking issues, especially if there was a fire. Council needed to develop smart legislation regarding this issue;

ii) Trash receptacles – The property owner or rental management company needed to take the responsibility of putting the trash cans out for pickup and putting them back in afterwards vs. letting them sit on the curb for a week;

iii) The City of Charlottesville required home occupation provisional use permits for all homestay properties. It provided an opportunity for discussion regarding parking spaces, trash pickup, obtaining contact information of someone who could be reached if needed, etc.;

iv) Short term rentals were an important piece of the town and supplemented the two boutique hotels and bed & breakfasts, but proper legislation and procedures needed to be developed;

v) People going through the process to open a bed & breakfast had more restrictions than other homestay accommodations.

The world and industry had changed with the inception of Airbnb, etc. and the regulations needed to be reviewed to level the playing ground;

vi) There was some concern expressed regarding the number of investment properties in the town vs. second homes and the impact on the overall community or neighborhood;

vii) Direction needed to be provided to staff to develop a draft ordinance and procedure which could potentially include maximum occupancy of a unit, parking requirements, a maximum number of units permitted based on density, possible designation of a rental district, and the required inspection process;

viii) Enforcement was an issue needing to be discussed;

ix) Property owners were renting their houses/rooms thinking they could make some money without checking with the state, county, etc. and some without notifying their insurance carriers;

x) A good thing had gone wild with people coming from all areas.

It would be difficult to control, but an application/registration process would be a good start; and

xi) Any new legislation would not take effect until 2020, but the process needed to begin now.

Larry DiRe stated that Code Official Jeb Brady would provide information about the current inspection process at the July 11, 2019 special meeting and further discussion could be held regarding this item.

**TOWN COUNCIL Regular Meeting & Executive Session
August 15, 2019**

Unfinished Business:

B. Homestay Regulations:

Larry DiRe stated that the issue of regulating homestay accommodations was discussed by both the planning commission and Council several years ago following the passing the enabling state legislation which granted greater regulatory and enforcement powers to local governments.

The town took no action at that time but had recently expressed an interest in revisiting the matter.

Staff had reviewed similar relevant legislation and discussed this issues among the relevant town departments and went on to review some of the recommendations as follows:

- i) Conditional use permits were not recommended except for bed and breakfasts/tourist houses as currently stated in the town's zoning ordinance;
- ii) Establishment of a formal registry to be maintained in the treasurer's office;
- iii) Occupancy limit irrespective of what the building, fire and life safety codes approvals but in no instance more than 10 overnight occupants with no differentiation between adult or child;
- iv) Limitation on the number of homestay accommodations to one per property owner;
- v) If found to be in violation of more than three town ordinances, the property would be removed from the registry and activity as a homestay accommodation would cease for the remainder of the year; and
- vi) A requirement that the golf cart use regulations be posted in a public place proximate to the publicly posted business license.

The inspector would check to see if the property was in compliance before permit issuance.

Larry DiRe went on to state that recently there had been discussion regarding the character of the Cape Charles historic district.

Two years ago, the National Park Service (NPS) did an analysis of the City of Savannah's landmark district and while finding the district relatively strong, they cited several issues as threats such as noise, the proliferation of hotels, and the increase of short- term vacation rentals within the district.

Larry DiRe read an excerpt from the NPS report which stated "research shows that historic neighborhoods thrive best when they remain active communities, not just empty theme parks for heritage travelers."

In July 2017 the National Trust for Historic Preservation published a posting entitled "Do Short-Term Vacation Rentals Change the Character of Historic Neighborhoods."

Larry DiRe requested Council direction regarding this issue so text amendment language could be drafted for review at a future meeting.

There was discussion regarding the following:

- i) The biggest issue with short-term vacation rentals was parking which could be addressed in the ordinance. There was also the issue of enforcement of the parking regulations and identification of the vehicles for the vacation rental. One suggestion was to require the owners of the vacation rentals to issue a certain number of parking passes for their rentals;
- ii) Councilwoman Burge stated that the town could not require property owners who were represented by a rental management company to register. There was much discussion regarding the need for the registry. Treasurer Deborah Pocock stated that registration helped with auditing for business licenses and taxes and added that the town was working with the county on this issue;
- iii) Councilwoman Holloway stated that a seasonal vacation rental was a tourist house. There was discussion regarding tourist houses being essentially the same as bed & breakfasts. Councilwoman Holloway suggested removing the reference to tourist houses if they were the same as bed & breakfasts to help alleviate any confusion; and
- iv) Capacity would be governed by the occupancy limit identified by the building code but no more than 10 per vacation rental. Some concern regarding enforcement was raised.

Mayor Dize asked Council to think about the issue and email their thoughts to Larry DiRe so he could draft language for review.

Councilwoman Holloway interjected that she would like to have the ordinance finalized by January 1, 2020 so the rental agencies and property owners were aware for next year's season.

October 17, 2019

UNFINISHED BUSINESS:

A. Homestay Regulations:

Larry DiRe read his staff report.

Council discussion was as follows:

- i) Councilman Bannon wanted to know if the Town acted on the garbage cans sitting in the streets. Mr. DiRe responded that was a code violation and the code department had been informing the realtors and property managers.
- ii) Councilman Grossman was in favor of doing this in phases and wanted to know if the next step was to have a public hearing. Mr. DiRe answered that a public hearing was not required to make changes to the Town Code.
- iii) Councilwoman Holloway asked if the owners could appoint a designated person for emergencies or issues in their absence; yes.
- iv) Councilwoman Burge had concerns about getting everyone to register as it was not a requirement.
- v) Councilwoman Holloway said communication was key and suggested having an interactive work section.

Mayor Dize said he would work with the town manager to schedule a work session.

There were 3 email comments as part of the record.

Did not see the referenced staff report.

From: James Metz jdjmetz@yahoo.com

Sent: Wednesday, June 5, 2024 11:29 AM

Subject: Feedback from a review of the recommendations for regulating STRs

On May 20, 22 attendees at the Monthly Meeting of the Cape Charles Historic District Civic League conducted a review of the ad hoc committee's recommendations for regulating short-term rentals. To our knowledge, this was the first public review of the recommendations since they were first introduced at the Joint Work Session on Nov. 2, 2023. While the Town Hall meeting on April 29 was originally intended to conduct a review of these recommendations, Town Council recognized that the SRO attendance merited a change in the agenda to allow individuals to make personal statements.

Across the country and around the world, municipalities are struggling to balance the economic benefits of short-term rentals with safeguards to preserve the sense of community for which residential districts are created. The turnout of over 100 people at the April 29 Town Hall meeting testifies to the importance stakeholders attach to the decision Town Council will make with regard to regulating short-term rentals.

As a community organization serving the oldest residential district in Cape Charles, the Cape Charles Historic District Civic League organized, in March of 2023, its own committee to study the impact of short-term rentals on the Historic District. The committee led our membership in identifying what creates "a sense of community". The committee surveyed stakeholders in the Historic District to understand where various groups stand on the issue. The chair of the committee was invited, along with representatives from other community organizations, to participate on the Short-term Rental Ad Hoc committee. The ad hoc committee drafted recommendations that attempted to strike a balance among the interests of merchants, short-term rental operators and full-time residents.

With the suspension of the ad hoc committee's meeting schedule after the April 29 Town Hall meeting, some Civic League board members felt that it was important to conduct a review of the ad hoc committee's recommendations before any more time elapsed. The decision among board members was not unanimous. Our board is as divided as the rest of the town. Some on our board feel that discussing the recommendations for regulating short-term rentals is divisive -- that nothing positive will result.

A controversial issue like short-term rentals is inherently divisive. Cape Charles' merchants, short-term rental owners and full-time residents are each focused on different objectives. Merchants are focused on tourist flow. Their businesses have grown with the increase in visitors to Cape Charles.

Short-term rental owners are focused on weeks booked. The income stream from renting has provided a return on their investment. Those full-time residents who chose the Historic District as a place to retire are focused on limiting the density of short-term rentals on their block. They have watched helplessly as neighbors move out and short-term rentals move in.

It is the unenviable task of the Town Council to align these competing interests into an amended zoning ordinance that promotes Cape Charles as a great place to visit; a great place to shop, and a great place in which to retire. We hope that this report provides insights and suggestions that will facilitate that process.

Introduction:

On May 20, twenty-two people gathered at the Cape Charles Historic District Civic League meeting to conduct a public review of the recommendations for regulating short-term rentals that the Short-term Rental Ad Hoc committee presented on November 2, 2023.

Of those in attendance, fourteen identified themselves as full-time residents. Two identified as merchants as well as full-time residents. Two identified as long-term rental owners as well as full-time residents. The three who were not full-time residents, identified themselves as second-home owners.

We observed that Cape Charles' merchants, STR owners and full-time residents are each focused on different objectives. Merchants are focused on tourist flow. Their businesses have grown with the increase in visitors to Cape Charles. STR owners are focused on weeks booked. The income stream from renting has provided a return on their investment. Many full-time residents are focused on limiting the density of STRs on their block. They have watched helplessly as neighbors move out and STRs move in.

Is it feasible to regulate the density of STRs such that 1) the Historic District will remain a residential district, 2) the short-term rentals that are grandfathered will continue to provide a return on investment for their owners, and 3) a flow of visitors into the Historic District will support continued growth of the businesses on Mason Avenue? Will the recommendations of the *ad hoc committee* for regulating short-term rentals make this goal feasible?

We decided to limit our review of the *ad hoc committee's* thirteen recommendations to the six recommendations that received ambivalent responses from the members of Town Council and the Planning Commission at the Joint Work Session on November 2. The recommendations are: 1, 2, 3, 4, 6 and 12.

- A. Recommendations 1, 2 and 3 describe the **process for establishing the cap.**
- B. Recommendations 4 and 6 allow **exceptions** under the cap **for STR investments.**
- C. Recommendation 12 provides a **parking privilege for full-time residents.**

Before we could answer the question as to whether or not the *ad hoc committee's* recommendations provide a feasible solution, we discussed the rationale for each recommendation, and examined the evidence supporting that rationale.

A summary of the discussion for each category of recommendation follows.

A. Limiting the number of short-term rentals: the Process and the Rationale

I. Process for establishing the cap:

The *ad hoc committee's* first three recommendations for regulating STRs: describe the process for establishing a cap at the zoning district level.

- 1) Effective date for all recommendations is January 1, 2025. This allows time to fully vet and develop these concepts, without them impacting operators during mid-season. It also provides additional time for those engaged in the development of an STR to potentially finish what's already been started
- 2) Set an initial cap on STRs at the number being operated per zoning district (or by village in Bay Creek) on the effective date. Establish the final cap for STRs (based on those actually operating) twelve months after the initial cap is set (to weed out those who grabbed a permit before the deadline, but who did not operate an STR). Note caps are by number, not percentage. This preserves all existing uses, while decreasing the overall density as additional construction occurs
- 3) Future changes to STR caps, or to establish caps in districts initially without STRs, would require a zoning text amendment for the affected district; enabling the Planning Commission and Town Council to evaluate the merits of such changes against the greater needs of the Town at that time

II. Discussion:

During the course of our discussion, three concerns emerged. 1) People want to see the **data** that supports the rationale for a cap, and justifies the process for generating the cap. 2) People question the **fairness** of the process. 3) People do not have **confidence** that the process will be able to deliver a result in a timely manner.

1) Where's the data?

"My biggest concern is the lack of supporting data associated with the recommendations . . . the impacts are too wide-ranging and too obviously economic to make any sort of decision without more relevant contextual data."

The town should have data on its housing stock down to the block level, showing which dwellings are owned by full-time residents, by second home-owners and by STR operators. This data would show the dimensions of the challenge, and should be made available to the public.

The evidence that has been shared with the community does not show the numbers of STRs at the block level, where the impact on full-time residents is felt. Regulating the density of and distance between STRs within blocks is more important than an overall cap for the zoning district.

There is an assumption that STR tourists are the only customers supporting local businesses. What do the data show? (Some wonder what percentage of business sales come from day-trippers. Could more be done to expand this segment of the market?)

A museum docent said that, "the 19 visitors today were day trippers." Someone else observed that there are more people in town during weekends. "Could [the additional people] be day-trippers?"

2) Is it fair?

The investments that STR owners are making in their houses are given more weight than the investments that persons retiring to Cape Charles are making in theirs. Is that fair? While STR owners are bringing a flow of tourists into the Historic District, many retirees volunteer their time to serve on the boards and committees that govern and plan events for the town.

The argument is often made that many STR owners are likely to end up retiring to Cape Charles someday. The income they derive from their STRs makes that dream possible. But, what about those STR owners who operate more than one STR? Is their interest in the town as an investment only, and not as a place to live?

One couple retired to Cape Charles with the intent of using their accessory dwelling unit (ADU) as an STR to supplement their retirement income. Before they were finished with the renovation, the town decided to prohibit the use of ADU's as short-term rentals. Is it fair that only full-time residents are prevented from participating in the short-term rental business? Is it wise for the town to deny STR operation as a way to retain full-time residents by allowing them an income stream to keep up with increases in real estate taxes brought on by higher property assessments?

Given a three-year process for establishing the "final cap", would-be STR owners are applying for business licenses and STR permits to protect the future asking-price for their houses. Is this perverse incentive fair?

"I'd love to see an analysis of comparable markets that have made policy changes in this area and what the impact was on tax base, property values, density, and other economic factors."

3) Can the town win the confidence of all stakeholders that the process will deliver a timely and sustainable solution for regulating STRs?

The *ad hoc committee on regulating STRs* didn't start meeting until the summer of 2023, six months after the results of the 2022 Community Survey were published. They worked diligently to present their recommendations to a Joint Work Session of the Town Council and Planning Commission on November 2, 2023.

Failing to receive either an endorsement of, or amendments to, their recommendations, the *ad hoc committee* suspended its work. In the interim, the Virginia General Assembly passed two laws out of

seven bills that were introduced to standardize the regulation of STRs across the Commonwealth. Meanwhile, the Town Council and Planning Commission met to update the Strategic Plan. While both these events had a bearing on the work of the *ad hoc committee*, their recommendations were not considered again until the Town Hall meeting on April 29, six months after their presentation at the Joint Work Session.

“These recommendations are a pipe dream. They’re not going to be passed.”

“I think the [town] should be pushed to commission . . . a consultant. Without . . . data in hand, I wouldn't feel comfortable either supporting the recommendations or an arbitrary effective date.”

“Like Cape Charles, the City of Hampton started their process in the summer of 2023. They decided to “pause” issuing any more STR permits to give decision-makers time to understand the problem and research the alternatives. If the amended zoning ordinance is passed by the Hampton City Council, it will go into effect July 1, with STR permits being issued under the new regulations.”

Some people suggested that Town Council visit Hampton to learn about their process.

There is anxiety over the direction the Town Council wants to take the idea of a cap. Given the uncertainty, there has been a rush on STR permits, and building schedules have been accelerated.

Some see the cap as being no more than a ratification of the number of STRs that will be operating on Jan. 1, 2026 without regard to its effectiveness in regulating the density of STRs.

The length of time to establish a cap seems to be designed to maximize rather than limit the number of STRs.

Someone suggested adopting a two-track process: one track focused on amending the zoning ordinance to implement a cap on STRs within residential districts, and another track focused on writing town ordinances to “manage” the nuisance behavior, which would apply to visitors and residents alike. Some have argued that managing nuisance behavior will take care of the concerns full-time residents have with STRs. Full-time residents counter that the fundamental issue is that STRs are not homes with neighbors, they are houses with transients.

III. Take-aways:

A breakdown of the housing stock in the Historic District needs to be published showing, by block, the houses being used 1) as full-time residences, 2) as second homes and 3) as STRs so that the density of STRs on each block can be ascertained.

A profile of customers patronizing businesses on Mason Ave. should be collected to ascertain the degree to which these businesses are dependent upon the tourist flow from STRs in the Historic District.

Outside advice should be sought through the services of a consultant.

Members of the *ad hoc committee* as well as members of Town Council and the Planning Commission should visit other municipalities (like the City of Hampton) to learn about their process for regulating STRs.

The Town Council should reexamine the decision to prevent full-time residents from operating an STR out of an accessory dwelling unit on their property.

The Town Council should consider differentiating the operation of multiple STRs by a single entity as a commercial rather than a residential use.

Note: Having reviewed this report at its Board Meeting on June 3, Civic League board members want to emphasize the importance of regulating occupancy. From the standpoint of safety, as well as reducing nuisance behavior, limiting occupancy per building codes is important.

B. Exceptions for STR investments

I. Two of the *ad hoc committee* recommendations for regulating STRs make exceptions for STR investments.

- 4) The established cap in the R-1 (historic) district may be increased for specific instances where significant investment is committed to rehabilitate a dilapidated (as determined by the Town) dwelling
- 6) STR permits in good standing are transferable with the sale of the property

II. Discussion:

Allowing the STR permit to convey with the sale of a house creates two real estate markets. Shouldn't there be a level playing field for all property owners? Why is the STR owner's risk qualitatively different from the risk that a person assumes when they buy a retirement home in Cape Charles?

Conveyance would freeze the market, preventing it from self-correcting as conditions change.

Some question the basic economic fairness of grandfathering existing STRs on a quasi-permanent basis.

Does the number of remaining dilapidated homes justify making exceptions to the STR limit?

Is there no market for full-time residents?

III. Take-aways:

What does the housing market in Cape Charles look like today?

Real estate sales in municipalities where a cap on STRs exists should be analyzed to ascertain the impact the cap has had on the market.

C. Parking privileges for full-time residents

I. The *ad hoc* committee recommendation number 12 provides a parking privilege for full-time residents.

- 12) There are no additional parking requirements for STRs. Instead, we will add to ZO Article IV, a new section for On-Street Parking within the R-1 District designating parking areas for permanent residents of the Town. The following requirements will apply:
 - a. Applicable only to permanent residents of R-1 (homeowner or long-term renters) who physically reside in the R-1 District for a minimum of 185 days per year
 - b. Allow up to two parking spaces along the primary residence property frontage (for developed lots only) not to exceed 40' in length. If there is a driveway, only one on street parking spot will be available (maximum 20' in length) Page 3 of 3
 - c. Curb will be identified as permanent resident parking (painted green or other color)
 - d. Permanent residents of R-1 must apply for the specific number of spaces they require (up to two) and receive stickers for their vehicle(s). Copy of vehicle registration will be required for each spot requested
 - e. This does not constitute reserved parking for any resident; a permanent resident displaying a valid sticker may park in ANY area designated for permanent residents
 - f. Signage and implementation requirements will need to be further explored with VDOT
 - g. An application for a short-term rental permit will prompt a review of off-street parking designations for that property
 - h. All other areas not designated for permanent resident parking will be open parking and available on a first come, first served basis, to all part-time residents, visitors, or STR guests

II. Discussion:

A full-time resident returning from the grocery store with bags of groceries resents not being able to park near their front door to carry in their groceries.

There are tourist towns where parking on residential streets is restricted to vehicles displaying a designated decal (resident) or rear-view mirror tag (visitor) that are identified by "restricted parking" signs posted on the street.

One person suggested that businesses renting golf carts could help alleviate the added demand that golf carts put on street parking. Would these businesses allow their customers to park a car on their lot for every golf cart they rent?

III. Take-aways:

With a system of street signs and a limited number of decals and tags per household, parking could be restricted on residential streets benefitting all categories of owner: STR, second home as well as full-time owners.

Overflow parking would be on those streets without restricted parking.

Creative solutions, such as giving customers a parking space for their car in exchange for a golf cart rental, should be pursued.



TM STR Regulation Committee Recommendations

(Post 11/02/23 Work Session)

Red text denotes no current consensus

Blue text denotes general consensus with minor revisions

Highlights denote notes or changes

- 1) Effective date for all recommendations is January 1, 2025. This allows time to fully vet and develop these concepts, without them impacting operators during mid-season. It also provides additional time for those engaged in the development of an STR to potentially finish what's already been started
- 2) Set an initial cap on STRs at the number being operated per zoning district (or by village in Bay Creek) on the effective date. Establish the final cap for STRs (based on those actually operating) twelve months after the initial cap is set (to weed out those who grabbed a permit before the deadline, but who did not operate an STR). Note caps are by number, not percentage. This preserves all existing uses, while decreasing the overall density as additional construction occurs
- 3) Future changes to STR caps, or to establish caps in districts initially without STRs, would require a zoning text amendment for the affected district; enabling the Planning Commission and Town Council to evaluate the merits of such changes against the greater needs of the Town at that time
- 4) The established cap in the R-1 (historic) district may be increased for specific instances where significant investment is committed to rehabilitate a dilapidated (as determined by the Town) dwelling

No consensus on the issue of limits or caps on STRs.

Additional research requested on economic impacts other communities have encountered as a result of implementing caps or limits.

Are there any other incentives or disincentives we could put in place to control STR growth without having to institute hard limits or caps?

- 5) STR's will require an annual permit that will be applied for with their business license. Permits once issued (valid for one year), will automatically renew each subsequent year upon approval of the associated annual business license. Any break in business license coverage for a period of one year, or if a STR remains vacant or not used as a valid short-term rental for a period of **one year 60 days between April 1st and October 31st each year**, will constitute termination of the permit; requiring reapplication the following year, and going to the bottom of a waiting list (if any)

Consensus to move forward with minor revisions.

- 6) STR permits in good standing are transferable with the sale of the property

No consensus on the issue of transferability as it relates to limits or caps.

- 7) There will be no STR registry. STRs will be tracked via the business license database. Business license applications will be expanded to collect additional information. This database will include points of contact for all businesses, to include 24/7 contacts for STRs. A listing of all businesses (grouped by type), with their contact information, will be posted on the Town website
- 8) Occupancy will be determined by the square footage of bedrooms, as already defined in ZO Article II; exception: children under the age of **10 2** are excluded from occupancy count
- 9) Initial inspections will be required for all STRs to confirm occupancy limits and other safety/building code requirements. Annual recertifications of these requirements will be made by the property owner at time of business license **renewal (with town reinspection every 2 or 3 years)**. Reinspection will occur upon a change in property ownership or management entity. The Town reserves the right to inspect any property to investigate potential violations, with adequate notice
- 10)** An STR permit will be suspended for the following calendar year (to minimize impacts on reservations in the current calendar year), if any of the violations described below occur. An applicant with a suspended permit will be required to reapply once the suspension period is over. Depending on the availability of permits under the applicable district cap, this may cause the application to go to the bottom of a waiting list. **[question on how we could enforce this, how do we stop someone from operating without a permit]**

Qualifying violations include:

- a. Failure to pay business or real/personal property taxes
- b. Failure to pay transient occupancy tax
- c. Cancellation of insurance and/or failure to notify the Town of insurance cancellation
- d. Operating without a business license
- e. Owner or management entity knowingly allow exceedance of occupancy limits
- f. Failure to adhere to safety/building code requirements following reasonable notice
- g. Falsifying annual certifications or resident parking applications
- h. Applicable zoning violations
- i. Failure to provide responsive contacts (as determined through Town investigations)

Note: individual nuisance, noise, or parking citations will not be counted against the STR owner/operator, but issued directly to the offending party

- 11) Violations will be determined by the Treasurer, Zoning Administrator, Code Official, or Police Chief as appropriate. Appeals may be made to the Town Manager, who will conduct, or cause to be conducted, an investigation. The Town Manager's ruling, based on the investigation, will be final

Consensus to move forward with minor revisions.

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- 12) There are no additional parking requirements for STRs. Instead, we will add to ZO Article IV, a new section for On-Street Parking within the R-1 District designating parking areas for permanent residents of the Town. The following requirements will apply:
- a. Applicable only to permanent residents of R-1 (homeowner or long-term renters) who physically reside in the R-1 District for a minimum of 185 days per year
 - b. Allow up to two parking spaces along the primary residence property frontage (for developed lots only) not to exceed 40' in length. If there is a driveway, only one on-street parking spot will be available (maximum 20' in length)
 - c. Curb will be identified as permanent resident parking (painted green or other color)
 - d. Permanent residents of R-1 must apply for the specific number of spaces they require (up to two) and receive stickers for their vehicle(s). Copy of vehicle registration will be required for each spot requested
 - e. This does not constitute reserved parking for any resident; a permanent resident displaying a valid sticker may park in ANY area designated for permanent residents
 - f. Signage and implementation requirements will need to be further explored with VDOT
 - g. An application for a short-term rental permit will prompt a review of off-street parking designations for that property

- h. All other areas not designated for permanent resident parking will be open parking and available on a first come, first served basis, to all part-time residents, visitors, or STR guests

No consensus on the issue of parking.

Requested additional research on the possibility of adding other public parking lots

13) Other miscellaneous STR provisions:

- a. There are no restrictions on the types of homes that can be used for an STR (i.e., single family, duplex, condos, etc.)
- b. Except for existing legal non-conforming uses, STRs are prohibited in accessory dwelling units or accessory structures
- c. There is no requirement for owner occupancy or residency on site
- d. No simultaneous STR rentals under separate contracts within a single residence
- e. No Subleasing [check into BC practice of “sale getaways”]
- f. If within an HOA, proof that HOA has been notified
- g. No commercial events or gatherings
- h. Signage will comply with newly updated zoning requirements
- i. No person or entity may have an ownership interest in more than five STRs
- j. Refuse requirements: one and two bedroom units require one trash receptacle; three or more bedroom units require two receptacles [can this be turned off during the off season?]

Consensus to move forward with minor revisions.