



TOWN COUNCIL & PLANNING COMMISSION

Joint Work Session

November 2, 2023

Cape Charles Civic Center

Immediately following the Special Meeting

1. Call to Order:
 - A. Town Council
 - i. Roll Call
 - B. Planning Commission
 - ii. Roll Call
2. Items for Discussion:
 - A. Short-Term Rental Committee Recommendations
3. Adjournment
 - A. Town Council
 - B. Planning Commission

Memorandum



From: John Hozey, Town Manager
Date: November 2, 2023
To: Town Council and Town Planning Commission
RE: Short-Term Rentals

Earlier this year I created an ad hoc committee to research short-term rental (STR) issues. Over the past five months, this committee has been reviewing related information and considering possible suggestions for STR regulations that the Town Council and Planning Commission might consider. This committee had no formal authority nor any decision-making ability. It was simply a working group assisting staff, that brought together varying perspectives. This six-member committee had the following representation:

- Town Council/Planning Commission
- Cape Charles Historic District Civic League
- Cape Charles Vacation Homeowners Association
- Bay Creek Community Association
- Town Zoning Administrator
- Town Manager

The consensus among these committee members was that our work should be guided by the following question: ***How do we best protect/preserve the town's sense of community; while recognizing the existing proliferation of STR's and their associated economic benefits?***

Note that the rationale to consider some type of limitation or regulation of STR activity was not only driven by our desire to protect the character of our residential communities, but also to address concerns of stress on the Town's infrastructure. In other words, the town is only so big, and can only accommodate so many people before saturation of public infrastructure occurs. Staying ahead of this curve is unquestionably in the Town's best interest.

So, this was a balancing act to be sure; pitting economic needs against practical concerns. Nobody wanted to take anything away from those already vested in any STR interest, nor did anyone want any STR impact to unnecessarily affect our residents. Therefore, the attached list of recommendations attempts to thread that needle.

It is important to note that the presentation of these recommendations does not represent the end of a process, but rather the beginning of one. This is just a starting point. If during the joint work session of the Council and Planning Commission a consensus can be found on what to move forward; public input would then be solicited. This would likely take the form of a Town Hall style meeting. Only after full public vetting would anything be considered for the formal adoption process.



TOCC STR Regulation Committee Recommendations

11/02/23

- 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
- 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, will constitute termination of the permit; requiring reapplication the following year, and going to the bottom of a waiting list (if any)
- 6) STR permits in good standing are transferable with the sale of the property
- 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 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. 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.

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
- 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

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
- 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