

# Short Term Residential Rental Task Force

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*Report Delivered to the City Council on June 6, 2017*

## Introduction

The Short Term Residential Rental Task Force was appointed to make a recommendation to the city council regarding regulatory issues related to short term rentals. The recommendation comes in the form of a proposed ordinance.

The task force is composed of 16 members. This diverse group included 4 members who are currently short term rental owners in Raleigh.

- Anne-Louise Lord
- Antoine Marshall
- Bob Mulder
- Brent Woodcox
- Eddie Ham
- George Huntley
- Gregg Stebben
- Janet Howard
- John Faison
- Katina Turner
- Loren Gold
- Lynn Minges
- Molly Stuart
- Ted Shear
- Tim Niles
- Tom Slater

Tom Slater and Brent Woodcox were chosen as co-chairs of the task force. Members held 10 meetings between January 12 and May 18. Just as there has been within the city council and the city at large, there was robust discussion of the issues surrounding short term rentals within the task force. A diverse variety of viewpoints were held by the members. The conversation was respectful and members were diligent in their attempts to craft an ordinance that was in the best interests for the citizens of Raleigh.

## Process

The Short Term Rental Task Force began its work by reviewing existing regulations on short term and rental housing throughout the city as well as current regulations related to Bed & Breakfasts. Task force members were educated on zoning, special use and overlay districts and the normal approval process for permitting. Members of the group who are current owners and operators of short term rentals shared their experiences with the group and provided an understanding of how short term rentals typically operate. Several members of the group expressed concerns about residential zoning protections and the potential effects of short term rentals within neighborhoods. Task Force members were also educated regarding the use of restrictive covenants and neighborhood associations and how those issues affected regulation of short term rentals within Raleigh. Members of the task force also reviewed current state laws regarding vacation rentals as well as the regulations governing long term rentals at the local and state levels and the two previous ordinances considered by the city council.

Task Force members formed subgroups to discuss categories of regulation that would need to be included in an ordinance. Topics included:

- Enforcement
- House Rules
- Minimum Standard
- Owner Occupancy
- Proximity Rule
- Zoning

Subgroups subsequently made recommendations on each topic to the full task force which prompted discussion and recommendations for inclusion into the initial draft ordinance. Once the draft ordinance was prepared by city staff, task force members deliberated and offered modifications to the draft ordinance to obtain general consensus on the provisions of the final proposed ordinance. The task force was initially deadlocked on the final reading for regulations regarding whole house (type 3) rentals. A subsequent compromise in the provisions for type 3 rentals lead to a majority vote of the task force members on the final proposed ordinance now being recommended to city council.

## Consideration of Options

Early in the discussion regarding short term rentals, the task force deliberated on the merits and differences of partial rentals versus “whole house” rentals. The task force subsequently identified three different types of short term rental properties:

- **Type I rentals** -- defined as short term rental of less than 30 days in which the owner or property manager is present during the entire period of the rental.
- **Type II rentals** — defined as short term rental of less than 30 days in which the owner or property manager is not required to be present during the entire period of the rental, but must reside on the property for more than 180 days of the year.
- **Type III rentals** – defined as short terms rental of less than 30 days where neither the owner or property manager resided on the property.

General consensus from a majority of task force members show little objection for type I and type II short term rentals given the condition that the owner or property manager resided on site for at least half the year as the caretaker of the property and maintained a presence in the neighborhood. There was lingering disagreement within the group regarding the proper regulation and placement of type III rentals. Some members of the group were interested in exploring regulatory methods that would empower neighbors to have a say in whether a short term rental could operate within their neighborhoods.

There were multiple options considered to explore the various types of short term rentals. The task force debated several topics including whether to require an overlay zoning district for the operation of short terms rentals. The task force ultimately concluded that were not well suited for the overlay districts given the process was too onerous for owners or neighborhoods to pursue. The task force also deliberated establishing a petition process much like the traffic calming procedures currently in place in the city. Some members within the task force preferred this approach. However, in consultation with and at the advice of counsel within the City Attorney’s office, the task force concluded the petition process was not a workable solution. The task force also considered trying to identify fringe

areas near thoroughfares where short term rentals were thought by some to be more appropriate. It was ultimately concluded by the task force that the designation would too complicated to develop and would lead to confusion within the city about which areas would allow short term rentals.

An important provision of the ordinance was creating a strong enforcement process so that the city could eliminate violators efficiently while limiting risk of litigation to the city. The task force ultimately recommended adopting a “two strikes and you’re out policy.” If a short term renter commits two violations of the ordinance, their permit will be revoked. Once lawfully revoked, the task force recommends the permit not be reinstated or a new permit issued to the owner of the offending property. Operating a short term rental is a privilege and not a right under the recommended proposed ordinance and the applicable rules must be followed and respected.

## **Recommendation**

The proposed ordinance being recommended by the task force offers significant compromise between the sixteen members of the task force and many hours of discussion and debate on a large variety of ordinance topics. Ultimately, the greatest subject of disagreement between the task force revolved around allowing type III rentals in residential zoning districts. Options were considered to allow for this use, including adopting a special use permit, a limitation on allowing more than 3% of parcels within a census tract to be used for this purpose, requiring a neighborhood meeting before the use could be approved as well as other limitations. Despite multiple proposals, only a plurality of the group could be gained for any one set of regulations for type III rentals in residential zoning districts. Some members of the task force were not in favor a type III rentals altogether. A compromise proposal was offered that would extend the compliance period for this use if owners reported their nonconforming use to the city. During this period, the city is encouraged to gather data about the use: such as the areas of the city that are most greatly impacted, what effects are felt by neighbors and how neighborhoods are impacted by existing short term rentals. The city also will have the time to engage with hosts and short term rental platforms to require them to “prove it.” If short term rentals and the platforms that host them are going to be good neighbors for Raleigh then the city has a duty to vet them and ensure that they are adding value to our neighborhoods. Any remaining concerns about negative impacts can be addressed in new language in a future ordinance. The city withholds the authority to restrict this nonconforming use if it cannot be shown that short term rentals are not creating a Raleigh that is a better place to live and visit.

Ultimately, two options were offered for a vote of the task force. The first option would allow type I and type II short term rentals in all residential zoning districts and mixed use districts, while type III short term rentals would only be permitted in mixed use zoning districts. The second option was identical from a regulatory standpoint, but it includes a provision to extend this “prove it” period described above in residential districts. The task force recommended ordinance allows city council to gather data and work with current short term rental owners to evaluate the legal continuance of short term rental properties in certain residential districts. The first option garnered 2 votes from the 13 members present. The second option garnered 8 votes in favor, with five against. There were 3 members not present at this meeting.

The proposed ordinance is a recommendation of a majority of the short term rental task force appointed by city council members. It represents a compromise that reflects months of discussion and deliberation on the issues surrounding short term rentals in the city. The goal of the task force was

recommend an ordinance that balances the desire to make Raleigh a better place to live and visit with the need to protect the character and integrity of our neighborhoods.

The ordinance as recommended is attached to this report, as are the meeting minutes from each task force meeting.

# Short Term Residential Rental Task Force

Recommendation – May 18, 2017

ORDINANCE NO. (xxx-2017)  
TC-XX-17

## **AN ORDINANCE TO ESTABLISH REGULATIONS FOR SHORT TERM RESIDENTIAL LODGING FACILITIES**

WHEREAS, The City of Raleigh Unified Development Ordinance does not contain regulations related to short term residential rentals; and

WHEREAS, Short term residential lodging facilities provide itinerant housing for travelers, guests and families in the City of Raleigh where the duration of the stay is less than 30 days; and

WHEREAS, Recent reports have indicated a shortage in lodging facilities in the city; and

WHEREAS, Reasonable regulations placed within the UDO can directly address any real or perceived impacts of short term residential lodging facilities;

WHEREAS, The regulations have been crafted to acknowledge the difference between home sharing, the initial intent of short term rentals, and true investment properties where the property owner has limited contact with the short term renters.

### ***NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RALEIGH THAT:***

**Section 1.** Section 6.1.4 of the Part 10A Raleigh Unified Development Ordinance, Allowed Principal Use Table, is hereby amended by adding: “Short Term Residential Lodging Facility” to the Specific Use column as a separate entry underneath the “Overnight Lodging, Except as Listed Below” heading. Under this new section heading, there will be three classifications listed: Type I, Type II and Type III. The Type I and Type II classifications will be shown as a Limited Use in the following zoning districts:

R-1, R-2, R-4, R-6, R-10, RX, OX, NX, CX, DX.

The Type III classification will be shown as a limited use in the following zoning districts:

RX, OX, NX, CX, DX.

**Section 2.** Section 6.2.2.B. of the Part 10A Raleigh Unified Development Ordinance, Boardinghouse, is hereby amended by insertion of the following underlined provisions and deleting the language shown with a strike-through:

#### **B. Boardinghouse**

##### **1. Defined**

A facility that contains individual rooms ~~without cooking facilities~~ that are rented to the general public to more than 4 unrelated persons for periods in excess of 30 days. Includes rooming house, lodging house and tourist home.

## **2. Use Standards**

- a. The facility was constructed originally as a detached house.
- b. The total number of individuals occupying a boardinghouse is limited to 6.
- c. In a Residential District, there is no exterior advertising except 1 unlit announcement sign not to exceed 2 square feet in area.
- d. No boardinghouse can be located within 1,200 feet of another boardinghouse (determined by a straight line from property line to property line).
- e. The minimum tenant rental period exceeds 30 days.
- f. Cooking facilities are not permitted in the rented rooms of the boardinghouse.
- g. The facility complies with the City's Housing Code, Article 11.6 of this UDO.

**Section 3.** Section 6.4.6 of the Part 10A Raleigh Unified Development Ordinance, Overnight Lodging, is hereby amended by inserting a new subsection "E", which reads:

### **E. Short Term Residential Lodging Facility**

#### **1. Defined**

The rental of a single-, two- or multiunit dwelling to accommodate visitors, vacationers or travelers where the rental occurs for less than 30 days at a time. There are three types of short term rental lodging facilities. In certain types, a resident manager provides oversight for the operation of the short term rental and ensures that the applicable regulations are enforced.

#### **2. Use Standards Applicable to All Types**

- a. Every Short Term Residential Lodging Facility operator shall first apply for and procure a zoning permit for a Short Term Residential Lodging Facility from the City's Development Services Department. The zoning permit must be renewed annually.
- b. The zoning permit shall be accompanied by all submittal requirements, as listed on the City's application checklist. This shall include proof of a certificate of insurance or liability insurance. The insurance must remain valid and current for the duration of any short term residential lodging activities. Prior to the issuance of a zoning permit, the Development Services Department shall perform an inspection to ensure compliance with the applicable standards.
- c. The standards listed in section 11.6.3.D.3 and 11.6.3.E, with the exception of subsections 11.6.3.E.6 and E.7, shall be required for any type of short term residential lodging facility.
- d. The operator of the short term residential lodging facility must post contact information for the party responsible for the property, the property rules and must disclose whether or not the short term rental lodging facility has a wired

phone line. The posting can occur inside the property or on a digital medium, such as a website.

- e. The operator of the short term rental lodging facility shall maintain a registry of guests that includes their name, contact information and duration of stay. This information must be produced upon request of City staff.
- f. Each short term rental facility shall have a minimum amount of gross floor area per bedroom. There shall be at least 70 square feet for the first guest and an additional 50 square feet for each subsequent person.
- g. If a zoning permit has been granted by the city of Raleigh, mailed notice in accordance with section 10.2.1.C.1 must be provided. The notice shall include contact information for the property owner or resident manager and include contact information for the city of Raleigh.
- h. No short term rental facility bedroom can contain cooking facilities. This shall not pertain to “studio” units, where the bedroom, living area and kitchen are located in one room. For the purpose of this regulation, a “studio” unit cannot contain more than one bedroom.
- i. The short term residential lodging unit may have a separate entrance, or may be accessed through the primary dwelling.
- j. No exterior advertising is allowed.
- k. No short-term lodger shall remain in any short term residential lodging facility for longer than 30 consecutive days. Following the expiration of the 30 day period, no short-term lodger shall occupy the same dwelling without a gap of at least 7 consecutive calendar days.
- l. In residential zoning districts, short term residential lodging facility tenants may not utilize the premises for holding special events or gatherings.
- m. The premise cannot also be used for “Live-Work” or a “Day Care, Home”.

### 3. **Types of Short Term Rental Facilities**

There shall be three types of short term rental facilities: Type I, Type II and Type III. All types of short term rental facilities shall comply with the applicable use standards, in addition to the type-specific standards listed below.

- a. **Type I Short Term Residential Lodging Facility**
  - i. A Type I short term residential lodging facility must have a resident manager. The resident manager may be either the property owner of the Short Term Residential Lodging Facility or another person appointed by the property owner.
  - ii. This resident manager must be domiciled on the premise for at least 181 calendar days per year and must be present in the dwelling unit throughout the rental period. Proof of address of the resident manager and telephone number must accompany the application.
  - iii. There shall be a maximum of five total bedrooms permitted within a Type I short term residential lodging facility.
- b. **Type II Short Term Residential Lodging Facility**

- i. A Type II short term residential lodging facility must have a resident manager. The resident manager may be either the property owner of the short term residential lodging facility or another person appointed by the property owner.
  - ii. This resident manager must be domiciled on the premise for at least 181 calendar days per year. The resident manager is not required to be present in the dwelling unit during the rental period. Proof of address of the resident manager and telephone number must accompany the application.
  - iii. There shall be a maximum of five total bedrooms permitted within a Type II short term residential lodging facility.
  - iv. A Type II short term residential lodging facility can be located in a lawful detached accessory, such as above a detached garage.
- c. Type III Short Term Residential Lodging Facility
  - i. A Type III short term residential lodging facility does not require a resident manager.
  - ii. Type III short term residential rentals are subject to the regulations in section 6.4.6.E.2.

### 3. **Revocation of permit**

The Development Services Director shall revoke the zoning permit for the short term residential lodging facility following a written determination that any resident of the facility, resident manager of the facility, the operator of the facility and/or their short term lodgers have been:

- a. Convicted of violating on the short term residential lodging facility premise a “Criminal Law two or more times within a 365 day period.” Criminal Law” means a conviction of any of the following:
  - i. Article 27 of Chapter 14 of the North Carolina General Statutes.
  - ii. Article 3 of Chapter 18B of the North Carolina General Statutes.
  - iii. N.C.G.S 14.71.1.
  - iv. N.C.G.S 14-292.
- b. Received within a 365 day period two or more “Verified Violations” of any combination of:
  - i. Any City Code zoning regulation on the short term residential lodging facility premise.
  - ii Any noise regulation on the short term residential lodging facility premise.
  - iii Any nuisance prohibited by City Code section 12-6002 on the short term residential lodging facility premise.
- c. Any combination of convictions and/or Verified Violations of two or more items from a. and b. above within a 365 day period.



A Verified Violation means a determination made by a Code City enforcement official or a judge, with notice of violation of the City Code, opportunity for respond to the noticed alleged failures and an order or other mandate issued to the owner or any other person imposing a sanction or requiring further actions to comply with the City Code, including, without any limitation, the payment of civil penalties or administrative fees, or implementation of corrective measures, or cessation of activities which are not authorized by the City Code, or conviction of a criminal Code offense for failure to comply with the Code provisions listed in this subsection. A verified violation that is appealed continues as a verified violation unless it is overturned on appeal. If the violation is reinstated on a further appeal, it resumes its status as a verified violation.

Once lawfully revoked, a new permit for a short term residential lodging facility cannot be issued or re-instated on the violating property and to the owner of the premise. Any appeal of this action shall be consistent with the provisions contained in section 10.2.11.

**Section 4.** Staff will create an application form for this use, or modify an existing application form to accommodate this use. The application form will require property owner consent, where the applicant is not the property owner. Upon adoption of this ordinance, the “Development Fee Schedule” will be amended to include an application fee of \$150.00 for any initial application for short term residential rental and a renewal fee of \$82.00 (the current fee for a zoning permit) for any subsequent renewal of a short term residential rental. These fees shall be automatically indexed each year in accordance with the Engineering News Record or Consumer Price Index.

Staff will also create a checklist to accompany the application. This checklist shall include the basic submittal requirements, such as a room/unit layout, a requirement for current, valid insurance and an acknowledgement that the applicant intends to comply with the applicable standards.

**Section 5.** After adoption of this ordinance, property owners that have Type III short term residential lodging facility located within a residential district, which exists on or before the adoption date of this ordinance, may request that the city of Raleigh recognize the use as a non-conformity. Within one year of the adoption date of this ordinance, the City Council may choose to re-examine the allowance of Type III short term residential lodging facilities within residential districts. This re-examination may include information gathered from those Type III rentals that existed prior to the adoption date of this ordinance.

**Section 6.** All laws and clauses of laws in conflict herewith are repealed to the extent of such conflict.

**Section 7.** If this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given separate effect and to this end the provisions of this ordinance are declared to be severable.

**Section 8.** This text change has been reviewed by the Raleigh City Planning Commission.

**Section 9.** This ordinance has been adopted following a duly advertised public hearing of the Raleigh City Council.

**Section 10.** This ordinance has been provided to the North Carolina Capital Commission as required by law.

**Section 11.** This ordinance shall be enforced as provided in N.C.G.S. 160A-175 or as provided in the Raleigh City Code. All criminal sanctions shall be the maximum allowed by law notwithstanding the fifty dollar limit in N.C.G.S. §14-4(a) or similar limitations.

**ADOPTED:**

**EFFECTIVE:**

**DISTRIBUTION:**

*Prepared by the Department of City Planning*

The following comments were generated by the Task Force subgroups at the February 9, 2017 meeting. The comments are organized by subgroup topic.

## **1. Zoning and Proximity**

- We do not support a straight proximity rule, as it creates winners and losers among neighbors and incentivizes immediate permit applications regardless of intent or readiness to operate a short-term rental.
- We generally agreed that short-term rentals should have a stabilizing effect on neighborhoods (permitting residents to stay in homes through additional income) and avoid destabilizing effects (such as large-scale apartment building conversion or numerous nearby units attractive to larger investors).
- We propose a proximity rule that allows:
  - There should be no proximity rule for units having resident managers (see below).
  - There should be limitations on the number of units without resident managers. We generally liked a cap of 3% of dwelling units within each census tract, applicable only to non-resident-managed short-term rental units. Our goals here are to ensure administrative ease as much as possible while still limiting large, destabilizing commercial operations that have occurred in other cities. The group was very open to alternative ways to state a cap on non-resident-managed units, and the 3%/census tract limitation was simply the best idea we heard.
- We recognize the need to put additional work into the definition of 'resident manager' to account for same-house sharing (by space or time period), accessory unit rentals, and very small apartment houses.
- With respect to zoning, we saw no reason to limit short-term rentals anywhere that dwelling units are permitted.
- We also saw no need to regulate the maximum numbers of bedrooms, bathrooms, or guests outside of existing building code and noise regulations. We did not discuss a potential tie between those violations and short-term rental permit revocation but perhaps should revisit that topic.

## **2. Whole House Rental**

There was agreement among group members in allowing short term rentals in all zoning districts with an on-site manager or resident. We adopted the language of the first draft ordinance as requiring the on-site manager live on the property for 275 days in the calendar year.

The subgroup agreed that if there was whole house rentals they would require a special use permit separate from short term rentals with a live in on site manager's special use permit.

There was disagreement over the use of whole house rentals. One member of the group believed that allowing whole house rentals violated the use of the spirit of the UDO by allowing commercial

usage for a home within a residential district. He is comfortable with allowing whole house short term rentals in mixed-use or commercial districts.

The other two members of the subgroup were ok with allowing whole house rentals within residential districts. They disagreed when it came to controlling density of whole house rentals within those districts. One member preferred we control prevalence of short term rentals by establishing a rule whether it was a buffer zone (we need to follow up with Travis how they came up with the 400 foot buffer), or create a grid system where we break the city into zones/grids and only allow a certain number of whole house rentals per zone. The other individual within the subgroup believes that it's premature to seek a solution to a problem that doesn't currently exist. If there becomes an issue with density, to reconvene a task force to deal with that issue.

Restrictions would be placed on who can get a special use permit and how many an individual or group can get. Corporations, Partnerships and LLCs would be barred from getting Special use permits, and the city would limit Permits to two per person. (the name on the deed would have to apply for the permit).

Recommendations that the city place a statement on it's webpage stating a mission statement or purpose for short term rentals to discourage bad actors.

### **3. House Rules**

We used as our starting point Raleigh's current regulations for Bed & Breakfast and the standards contained in the UDO related to minimum housing standards. These were provided to the task force by Travis Crane in the meeting packet for Feb 9, 2017.

#### **Methodology**

- We began our review with the list of 10 items which are identified as standards contained in the UDO related to minimum housing standards. This list begins on Page 2 of the packet of materials provided for the meeting.
- We feel that all 10 of these items are appropriate as written with exceptions noted here Beginning under Item 1: Bed & Breakfast.

1. Defined we would not bring this definition forward for use with short term rentals
2. Use Standards - we did not address these use standards as we felt these would be part of the Proximity Rule / Zoning
3. appropriate as written
4. This item defines the minimum square footage required for occupancy of a bedroom. Instead of limiting ALL short term rentals to the same occupancy limits, we propose using the standards in this item to define the maximum occupancy for each rental unit. When a property owner presents an application for a permit for a short term rental, the property owner shall provide a floor plan of the structure with dimensions provided. Upon issuing a permit, the city will authorize the occupancy limits for each room and the total for the residence as part of the permit.
5. appropriate as written

6. Resident manager. No resident manager shall be required for a whole house rental. But, contact information shall be posted for getting in touch with someone responsible for addressing issues within a reasonable time period.
7. A land line shall not be required. But, if one is not available that information shall be disclosed in any and all advertising for rentals.
8. appropriate as written
9. appropriate as written
10. appropriate as written

OFF STREET PARKING - current regulations require one off street parking space for each bedroom available for rent. We would drop this requirement and instead replace it with a requirement for disclosure of what parking is available.

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#### **Addition of section E of Overnight Lodging Short term residential lodging Type A in UDO Methodology**

We next reviewed the earlier proposals that were made to City Council. Specifically, we reviewed VERSION 1, Section 4 . This was the proposal for amending Section 6.4.6 of the Part 10A Raleigh Unified Development Ordinance , Overnight Lodging, to insert a new Section E Our review results follow 1. Defined We made no review of this other than to note we no longer want to restrict whole house rentals. Also, we don't want to specify restrictions on the type of housing that qualifies. We feel instead that rental apartments being excluded under the proposed language here should instead be governed by their rental leases. Similarly, non-rental units should be governed by any applicable HOA rules and/or restrictions.

#### **Use Standards**

1. We eliminate standards
2. We eliminate standards
3. We eliminate standards
4. We eliminate standards
5. Cooking facilities are not permitted in any of the short term residential lodging bedrooms
6. The short term residential lodging unit may have a separate entrance, or may be accessed through the primary dwelling.
7. No exterior advertising is allowed
8. eliminated. To be covered by apartment rental leases, HOA regulations, and by recommendations made by the Proximity Rule / Zoning sub group.
9. In residential zoning districts, short term residential lodging unit tenants may not utilize the premises for special events or gatherings.
10. The premise cannot also be used for "Live-Work" or a "Day Care Home"
11. Prior to the establishment of the short term residential lodging unit, a zoning permit shall be obtained from the city

#### **Additionally**

1. When applying for a permit, you must present proof of appropriate business liability insurance.

2. Be aware that the State of NC has a Vacation Rental Act and that all of those rules and regulations shall apply to short term rentals.
3. A document listing all applicable "House Rules" shall be posted in a prominent location in the rental unit. This would be similar to the sample provided to the task force by Gregg Stebben.
4. We have not detailed these requirements. But it should include items such as:
  - The address of the unit
  - Maximum occupancy of the unit
  - Emergency Contact Information
  - City of Raleigh regulations for issues such as noise and use standards
  - Any additional rules the owner imposes above & beyond those required by the city

#### 4. **Enforcement**

- 2 violations with no time limit for enforcement to proceed
- Violation 1: probation for a period of 1 year with a \$250 fine
- Violation 2: \$500 fine and revocation of permit for 1 year
- If permittee applies for reinstatement after that 1 year, only 1 violation after reinstatement would be necessary for permanent revocation of the permit.

#### **Permitting**

- A permit required for up to 2 rental rooms, and that permit would be tied to one address.
- Multiple permits: No more than 2 permits tied to one individual..
- In the case of whole house rentals, a special use permit would be required. Should permanent residency in Raleigh or Wake County be mandatory? Would it be legal to require this?
- Owner would have to be registered on at least one portal like AirBnB, and would have to show proof.
- Record keeping required that would show that users of an AirBnB property were legitimate visitors, travelers, etc., to prevent a facility from being used as a rooming house. Records would have to be submitted to a City of Raleigh Inspections Department database on a quarterly basis. Failure to do so would constitute a violation. (New Orleans Ordinance Model for information sharing.)
- When a property is permitted, neighbors within a prescribed distance would be notified, and would be provided with a list of rules and regulations and inspections department contact information.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – January 12, 2017

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The Short term rental task force held its inaugural meeting on January 12, 2017. The meeting began at 5 pm. The following members were present:

Bob Mulder, Tim Niles, George Huntley, Gregg Stebben, Ted Shear, Lynn Minges, Molly Stewart, Antoine Marshall, Anne-Louise Lorde, Katina Turner, Eddie Hamm, Janet Howard, John Faison, Brent Woodcox, Tom Slater, Loren Gold.

Staff present: Travis Crane

Mr. Crane welcomed the group and asked for brief introductions. He explained the reason for this special task force and provided a summary overview of the topic “short term residential rental.”

At the end of the staff presentation, the task force asked questions related to State and Federal regulations; difference between a Bed & Breakfast and short term rentals; how the City regulations relate to private homeowner’s covenants.

The task force elected two co-chairpersons: Mr. Woodcox and Mr. Slater.

Staff provided a summary of the information requested for the next meeting, which included:

1. List of zoning complaints related to short term rentals;
2. Copy of the citizen comments at the public hearing;
3. Tax revenue collected by Wake County for short term rentals

The meeting adjourned at 7:00 pm.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – January 26, 2017

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The Short term rental task force held its bimonthly meeting on January 26, 2017 in room 305 of the Raleigh Municipal Building. The meeting began at 5 pm. The following members were present:

Bob Mulder, Tim Niles, George Huntley, Gregg Stebben, Ted Shear, Antoine Marshall, Anne-Louise Lord, Katina Turner, Eddie Ham, Janet Howard, John Faison, Brent Woodcox, Tom Slater, Loren Gold.

The following members were not present: Lynn Minges, Molly Stewart

Staff present: Travis Crane

The meeting was started by co-chair Slater. He briefly explained the contents of the meeting agenda and took roll.

Mr. Crane provided information on three topics raised at the last meeting. The three topics were:

1. Attempt to identify the amount of lodging tax paid to Wake County in 2016 for short term rentals;
2. Provide a copy of the minutes from the October 4, 2016 city council public hearing for short term rentals; and
3. Provide a list of complaints related to short term rentals, as compared to the overall number of zoning complaints.

Mr. Crane informed the group that Wake County has reported collecting \$189,000 in lodging tax since May 2016 for short term rentals. A member asked the tax rate for lodging. Mr. Crane also reviewed the city records related to short term rental complaints. The following information was shared in the staff packet:

Year	Total number of zoning complaints	Short Term Rental complaints	Percentage of total complaints
2014	71*	3	4.23%
2015	490	7	1.43%
2016	537	6	1.12%

\*The starting point for 2014 was October, as it aligns with the first short term rental complaint.



Finally, Mr. Crane informed the members that the minutes from the October 4, 2016 city council meeting were included in the staff packet. Additionally, a weblink was provided to the video stream of the meeting.

Mr. Slater then moved to the next item on the agenda, which was an informational session related to short term rentals. Several members of the task force shared their experiences with operating and patronizing short term rentals.

The task force then began to discuss topics related to short term rentals. The topics ranged from regulations utilized by other cities to impacts generated by the use. The task force created six categories, which were populated with topics. The categories were: enforcement, house rules, minimum standards, owner occupancy, proximity rule and zoning. The topics identified are listed below, with a list of volunteers who wish to collaborate on the topics:

Enforcement (Mulder, Huntley, Woodcox, Gold)

- Fees/taxes
- Registration/permits
- Reporting
- Investigation
- Penalties
- Anti-discrimination policies

House Rules (Faison, Niles)

- Noise
- Permitted activities

Minimum Standards (Ham, Stebben, Turner, Niles, Marshall, Slater)

- Parking
- Life/safety
- Insurance
- Inspections
- Beds to bath ratio
- Signing

Owner Occupancy (Woodcox, Shear, Lord, Marshall)

- Resident vs. non-resident
- Definition of manager

Proximity Rule (Stebben, Howard, Lord, Marshall)

- Distance/density
- Number of units owned or operated

Zoning (Mulder, Huntley, Shear, Turner, Stebben)

- Qualifying zoning
- Separate rental unit
- B&B regulations vs. AirBnB regulations
- Maximum number of bedrooms & individuals

Co-chair Slater asked that the topic groups discuss the topics and report back at the next meeting (Thursday, February 9).

The task force asked for two pieces of follow up information. Staff was asked to identify all regulations for bed & breakfast operations. A question arose about vacation rentals, particularly in regards to the State regulations for that use. Mr. Marshall volunteered to find that information and share it with the group.

With no more business to discuss, the meeting adjourned at 7:00 pm.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – February 9, 2017

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The Short term rental task force held its bimonthly meeting on February 9, 2017 in room 305 of the Raleigh Municipal Building. The meeting began at 5 pm. The following members were present:

Bob Mulder, Tim Niles, George Huntley, Gregg Stebben, Ted Shear, Anne-Louise Lord, Katina Turner, Eddie Ham, Janet Howard, John Faison, Brent Woodcox, Loren Gold, Molly Stewart.

The following members were not present: Lynn Minges, Tom Slater

Staff present: Travis Crane

The meeting was started by co-chair Woodcox. He briefly explained the process to date and explained the role of the task force. He provided some explanation of the previous meeting and the intent of the subgroups. He recommended that the six groups be consolidated into four groups: combine zoning and enforcement into one group; house rules and minimum standards; Owner occupancy; proximity rule.

Question: can zoning be combined with proximity? These are more similar. Enforcement can stand alone as a category. The four categories would then be:

1. Zoning and proximity (Lorde, Howard, Stuart, Huntley)
2. House rules and minimum standards (Niles, Ham, Turner)
3. Owner occupancy (Stebben, Shear, Marshall)
4. Enforcement (Gold, Mulder, Woodcox)

Mr. Crane provided information on open meetings laws, and advised that if the subgroups wished to meet outside of tonight that public notice must be provided.

At 5:25 the subgroups began to discuss their topics of interest in room 305 and room 303.

City staff received written comments at the meeting from an attendee. These comments are as follows:

*Problem of the possibility of a high number of residences in a neighborhood is not solved yet. Consider a ratio of short term rentals to ownership occupied homes. Consider also short term rentals help people moving to the city (could be considered "transient" to find a home and/or a job.)*

Each of the subgroups reported back at 7 pm. Proximity and zoning is mostly complete with their review. Owner occupancy has concluded their discussion. House rules/Standards is close to concluding their discussion. Enforcement has concluded their discussion.

Co-chair Woodcox asked that the topic groups discuss the topics and report back at the next meeting (Thursday, February 23).

The task force asked for two pieces of follow up information. Staff was asked to identify all regulations for bed & breakfast operations. A question arose about vacation rentals, particularly in regards to the State regulations for that use. Mr. Marshall volunteered to find that information and share it with the group.

With no more business to discuss, the meeting adjourned at 7:00 pm.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – February 23, 2017

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The Short Term Rental task force held its bimonthly meeting on February 23, 2017 in room 237 of the Raleigh Municipal Building. The meeting began at 5 pm. The following members were present:

Members present: Tom Slater, Brent Woodcox, George Huntley, Bob Mulder, John Faison, Tim Niles, Molly Stuart, Gregg Stebben, Ted Shear, Janet. Howard, Loren Gold, Lynn Minges, Katina Turner, Anne Louise Lord, Antoine Marshall

Members absent: Eddie Ham

Staff present: Travis Crane

Co-Chairperson Slater began the meeting by reviewing the meeting agenda. He asked that each of the subgroups provide a status report on their assignments. At the previous meeting, the subgroups met to discuss identified topics and discuss potential regulations and challenges. The house rules, enforcement and whole house groups stated that they are finished.

Each group reviewed their proposals. Bob Mulder began with the enforcement regulations. A question was raised about the probation period - is this tied to the property or the owner? Group believes it should be tied to the property + person. Another set of questions were raised about the permit - should the permit be an annual renewal? What is the cost of the permit? A few members thought \$500 was appropriate.

Antoine Marshall reported on the whole-house topic. The group was split on the topic. The group believed that a different special use permit would be required for different types of rentals. They believe that a resident manager should be for 275 days. A few members asked how the city came up with the 400 foot buffer zone in version two of the ordinance. The members would like to see a graphical representation of the spacing.

Tim Niles reviewed the house rules and minimum standards. The basis of the review was the B&B standards. He stated that there should be a correction to number 3 house rules; the numbering is off. The numbering in the subgroups notes is correct. The list should refer to items 1-3.

Molly Stuart provided a report for the resident manager subgroup. The group has defined two types of units- resident manager versus non-resident manager. Non-resident manager would be limited to 3% per census tract, and was referred to as an "investment property". The "owner occupied" version would have the resident manager requirement. There was some discussion about how the resident manager would be required. They referenced the Nashville model, which had some sort of cap (3%) of number allowed by census tract. The group did not like the buffer rule contained in a previous version of the ordinance because it causes neighborhood competition and neighbor wars. She stated there would be no limit on zoning districts, and that this use would be permitted in all zoning districts where residential is permitted.

Staff was asked to place a word version of the staff report in the google drive. To sum up the group discussions, there were three major issues identified: parking, whole house rental (investment properties) and proximity. There was also a request to have a definition of "resident manager." The group felt that the resident manager does not need to own the property.

Staff will begin to frame the regulations for the next meeting, which will be the basis of a draft ordinance.

With no further business to discuss, the chairperson concluded the meeting at 7:00 pm.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – March 9, 2017

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The Short Term Rental task force held its bimonthly meeting on March 9, 2017 in room 237 of the Raleigh Municipal Building. The meeting began at 5 pm. The following members were present:

Members present: Brent Woodcox, George Huntley, Bob Mulder, John Faison, Tim Niles, Molly Stuart, Gregg Stebben, Ted Shear, Janet Howard, Loren Gold, Katina Turner, Anne Louise Lord, Antoine Marshall

Members absent: Tom Slater, Lynn Minges

Staff present: Travis Crane

Co-Chairperson Woodcox began the meeting by reviewing the meeting agenda. Staff produced a memo that summarized the discussion at the last meeting. The subgroups members reported their discussion topics. Staff combined the written materials produced by the subgroups with the discussion points made at the February 23, 2017 meeting. The information was organized into the following categories: Prohibitions, Requirements, Permits, Enforcement, Type of rental and Challenges. Staff reviewed each category individually.

Under the “Prohibitions” heading, staff was asked if the word “parties” could be inserted into item A.3, which reads “The property may not be used for special events, [parties], gatherings, live-work or day care homes/centers.”

Under the “Prohibitions” category, there was a question about the requirement for toilet facilities. Is this standard tied to the total number of rooms in the structure or bedrooms? Item B.3 was discussed, with the subgroup clarifying that the minimum area per room is contained within the minimum housing code in the UDO. These standards would be applied to short term rentals. There was discussion regarding whether or not any space could be rented out for short term rentals. The example of a room over a detached garage was cited. These areas typically are not dwelling units, as they do not contain eating, sleeping and bathroom facilities. The group held this question for future discussion.

Under the “Permits” section, the idea of a limit on the number of permits per person or entity was discussed. Staff informed the group that this was likely not legal. There was discussion about the requirement for insurance, and whether or not this insurance must be commercial insurance, or simply adequate to cover the liability of renters in the house. Some members

shared that insurance companies have different allowances, and adequate insurance can be provided without obtaining a commercial policy. The group asked staff to modify item C.3 to reflect “adequate” insurance. There was further discussion about how the city could communicate the approval of permits, and it was suggested that the city could place permit information on the city website.

The “enforcement” section was discussed. Staff stated that the idea of a total restriction on permits for a three-time violator is likely not legal.

The group discussed the different types of rentals. The members clarified that there could be three types of short term rentals: Type I – resident manager is there when travelers are there. Type II – resident manager is not there when traveler is there, but lives on the property for six months plus 1 day . Type III is an investment property with no resident manager. The group stated concern with Type III, as it could produce the proliferation of investment properties. Some members felt that this type would be detrimental to residential neighborhoods and would be more appropriate in mixed use zoning districts.

There was discussion about the different methods for allowing uses in the zoning districts. A rezoning to a different district would be one potential tool, although rezoning property within the middle of a neighborhood would likely not be allowed, as it would constitute spot zoning. The special use permit process was discussed, which would require a public hearing before the Board of Adjustment. Customized findings could be crafted in the UDO to address impacts, and the requests would be reviewed based on the evidence provided at the hearing. One of the findings could be proximity to major streets (known as “thoroughfares”).

Staff was asked to provide some example locations where residential zoning exists near a major intersection. The group concluded by stating that as presented, the Type I and Type II rentals would be acceptable.

With no further business to discuss, the chairperson concluded the meeting at 7:00 pm.



# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – March 23, 2017

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The Short Term Rental task force held its bimonthly meeting on March 23, 2017 in room 303 of the Raleigh Municipal Building. The meeting began at 5 pm. The following members were present:

Members present: Brent Woodcox, Tom Slater, Bob Mulder, John Faison, Tim Niles, Molly Stuart, Gregg Stebben, Ted Shear, Janet Howard, Loren Gold, Katina Turner, Anne Louise Lord, Eddie Ham,

Members absent: Antoine Marshall, Lynn Minges, George Huntley

Staff present: Travis Crane

Co-Chairperson Woodcox began the meeting by reviewing the meeting agenda. He stated that he would like to establish an ending date, if possible, to conclude the task force duties. The goal is to identify a reasonable approach for short term rentals, with staff returning with an ordinance that could be presented to City Council.

Staff produced a memo that summarized the basic ideas identified by each of the subgroups. There were six different categories of regulation: allowed use, prohibitions, requirements, permits, enforcement, and type of rental. Staff also discussed the various types of approvals that are permitted by State law.

Under the “requirements” heading, there was some discussion about the minimum amount of area required per bedroom. In the staff report, there was a reference to the minimum housing code standards for area per room. This was not the intent of the subgroup. Instead, the group intended to use a minimum amount of area per bedroom, per person. The group settled on 70 square feet per bedroom for one person, with an additional 50 square feet of bedroom area required for each subsequent person.

There was also discussion about the guest registry. The group agreed that the registry should record the name, date, contact information (email or phone) and number of guests staying on the property. This would be produced to the city upon request. The lack of a guest registry would constitute one zoning violation. Additionally, the group believed that a 100 foot mailing radius was sufficient for the notification.

There was discussion and clarification of the various types of short term rentals. The group identified three types: Type I, Type II and Type III. The Type I rental would have a resident manager at the property and would be considered a “partial” rental of the property. The Type II rental would allow for partial or whole house rental, although the resident manager would not be required when the guests are staying at the property. The Type III rental is more of an investment property. There would be no requirement for a resident manager.

The group discussed short term rentals in apartment buildings. There was consensus that a Type I and Type II would be permissible in an apartment building in the mixed use zoning districts. A Type III rental would be permitted in the mixed use zoning district, but with limitations on the number allowed per building. The group agreed that for each 20 units, one could be a Type III short term rental. For every 20 units thereafter, one Type III would be permitted, up to a maximum.

There was group discussion of the Type II rental in the residential zoning districts. The group looked at different areas of the city and contemplated the type of street and appropriate zoning for a Type III rental. There was no consensus on this issue. Staff was asked to bring back more information on the residential zoning districts.

With no further business to discuss, the chairperson concluded the meeting at 7:30 pm.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – April 6, 2017

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Members present: Brent Woodcox, Bob Mulder, Tim Niles, Gregg Stebben, Ted Shear, Janet Howard, Loren Gold, Lynn Minges, Katina Turner, Antoine Marshall

Members absent: Eddie Ham, Tom Slater, George Huntley, Anne Louise Lorde, John Faison, Molly Stuart

Co-Chair Woodcox began the meeting. Staff provided an overview of the staff memo, which was a recounting of the residential zoning districts.

Mr. Niles asked if the Type III could have a spacing rule or would require notice. He further asked if there a way to have a petition for approval of the Type III? What about an overlay district?

Mr. Stebben asked if it was possible to look at triggers for the Type III – can this happen through a petition, like the traffic calming program?

Ms. Minges stated that these rules should place Bed & Breakfast operations on same footing as short term rentals.

Ms. Howard stated that businesses in neighborhoods are required to have standards – like a home business. These home businesses must comply with parking, limit on number of BRs for rent, for example. These should be located on (and face) a thoroughfare.

There was more discussion about a cap on the number of rentals for multi-family buildings. Staff will present a cap in the ordinance.

There was discussion about parking and a petition process for a Type III. There was discussion about the board of adjustment process.

1. Neighborhood support (75%)
2. Some level of density control (2-3% per census tract or some spacing standard)
  - a. Concerned about oversaturation in a particular location.
  - b. Have city send permits to the County so they are aware (lodging tax)

Without any further business to conduct, the co-chair closed the meeting.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – April 27, 2017

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Room 303 RMB

Members present: Brent Woodcox, Bob Mulder, Tim Niles, Ted Shear, Lynn Minges, Katina Turner, Eddie Ham, John Faison, Anne Louise Lorde, George Huntley, Molly Stuart, Tom Slater

Members absent: Gregg Stebben, Janet Howard, Loren Gold, Antoine Marshall

Co-Chair Woodcox began the meeting. Staff provided an overview of the proposed ordinance.

Questions from the group during discussion:

- Is there a need to modify B&B in the use chart? There was no consensus on this topic.
- Is there a need to modify the AirBnB regs to speak to a prohibition on food service? The group believed that these regulations do not need to be replicated, as they are enforced by another governmental agency.
- Section 3 E.2 - Certificate of insurance or liability insurance is required. The language should be clarified to include language that says insurance must “maintained in order to be valid”
- Notices (posting and logbook) can be electronic.
- Alter 2.f – 70 square feet for the first **guest....**
- For notification purposes – provide notice to property owners within 100 feet and both sides of the street
- Detached dwelling unit on a property (unit above a garage) is called a Type II rental. Add this to the language.
- Staff to send a redline document.

With no further questions or comments, the meeting concluded.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – May 4, 2017

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Room 701 One Exchange Plaza

Members present: Tom Slater, Brent Woodcox, Bob Mulder, Tim Niles, Ted Shear, Lynn Minges, John Faison, Anne Louise Lorde, George Huntley, Molly Stuart, Eddie Ham, Antoine Marshall

Members absent: Gregg Stebben, Janet Howard, Katina Turner, Loren Gold

Staff present: Travis Crane

Co-Chair Slater began the meeting. She asked that members look at the draft ordinance provided by staff, with changes noted in red strikethrough. He asked that the members bring up any questions on that language.

He then asked staff to review the Type III rental standards in the proposed ordinance. He informed the group that after consultation with the City Attorney's office, the provision in c.ii.e would not be allowed. This would have required adjacent property owners to sign a petition in support of the application.

Co-Chair Slater asked if all task force members would support Type III rentals. There was some concern expressed with a Type III rental (in all districts) in that it does not create a level playing field for hotels. It also may encourage more investment-type properties. There were comments about various levels of support (or not) for Type III rentals.

Mr. Woodcox distributed handouts from the UDO that contains information on the special use permit and neighborhood meeting process. He stated that he has talked with someone in the industry and that there appear to only be 19 "Type III" rentals occurring in the city now.

Brent made a motion to ask the group to vote on two proposals:

1. Type I and II allowed, Type III in mixed use districts only and not in residential districts.
2. Type I and II allowed as stated in the ordinance. Type III would be allowed in the mixed use districts. Same as above, but enforcement for Type III in residential districts will be extended for one year, at which time the City Council will re-evaluate the Type III

Mr. Slater made a motion to vote tonight on the proposals. The motion was seconded by Ms. Stuart. The motion failed, with only Mr. Slater voting in the affirmative.

Mr. Faison made a motion to conduct a future meeting, where task force members attend in person or can call in to the meeting at the designated time to cast a vote. Ms. Stuart seconded. Motion passed, with only Mr. Slater voting no.

With no further questions or comments, the meeting concluded.

# City of Raleigh Short Term Rental Task Force

## Meeting Minutes – May 18, 2017

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Room 303 RMB

Members present: Tom Slater, Gregg Stebben, Tim Niles, Molly Stuart, George Huntley, Brent Woodcox, Bob Mulder, Ted Shear, Eddie Ham, Katina Turner, Anne Louise Lorde, Loren Gold

Members joining via conference call: John Faison

Members absent: Janet Howard, Lynn Minges, Antione Marshall

Staff present: Travis Crane

Co-Chair Slater began the meeting. He explained that staff has presented two options for short term rentals. The body has previously asked to vote on these two options. Staff explained the previous motion that occurred at the last meeting.

Co-Chair Slater made a motion to approve Option A. The motion was seconded by Tim Niles. Co-Chair Slater and Mr. Niles voted in the affirmative. No one else voted on the motion.

By a simple show of hands, the following members stated support for Option B: Ms. Lorde, Mr. Ham, Ms. Turner, Mr. Gold, Mr. Stebben, Mr. Faison, Mr. Woodcox and Ms. Stuart voted yes.

Mr. Stebben made a motion to recommend Option B to City Council. Ms. Stuart seconded the motion.

Ms. Lorde, Mr. Ham, Mr. Faison, Ms. Turner, Mr. Gold, Mr. Stebben, Mr. Woodcox and Ms. Stuart voted in support of the motion.

Mr. Niles, Mr. Slater, Mr. Shear, Mr. Mulder, and Mr. Huntley voted to oppose the motion.

The motion passed 8-5.

With no other business to conduct, the meeting was adjourned.