



Short Term Rentals Registration Ordinance (STR)

City Council
January 11, 2021



Policy Development Strategy

Phase 1- Registration Ordinance

- Create a system where legally operating STR's within Flour Bluff, North Padre, and Mustang Islands can register and receive a permit.
- Establish health and safety requirements for STR units
- Create additional tools to assist with enforcement

Phase 2- Land Use and Zoning Analysis

- The goal is to complete this process within 6 months.
 - Determine what single family zoned areas are appropriate for Short Term Rental use.
 - Determine a basis for location of STRs. Density percentage, overlay district, buffering distance from other units.
 - Benchmark against other cities.
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Short Term Rentals

- Rental accommodations that include a variety of unit types (condo, townhome, single family home, RV's, boats, etc..) for less than 30 days.
- Offers visitors a different experience outside of staying at a standard hotel.
- Not a new concept but the technology connecting owners and users has improved.
- **Unified Development Code 5.2.24 Rentals (Single Family)** Single-family units in a single-family zoning district cannot be rented for less than a one-month period.
- UDC does not prohibit STR use in other zoning districts, therefore the use is permitted

The image displays two screenshots of short-term rental platforms. The top screenshot is from Airbnb, showing a search interface with fields for location, check-in (Tue, Jun 15), check-out (Thu, Jun 17), and adults (1). A search button is visible. Below the search bar is a promotional banner for earning up to \$2,131/month by hosting travelers. The bottom screenshot is from Vrbo, showing a search interface for Corpus Christi, Texas, United States, with dates from 06/15/21 to 06/18/21. It features a map of the area with blue location pins and a list of property listings. The first listing is a 'Key West style 20 Cabana with private yard & hot tub' for \$575/night. The second listing is a 'Recently Remodeled 1 Block From Beaches (On 1st Floor...)' for \$519/night. The third listing is a 'Poolside and Along a Canal! Has a Reserved Boat Slip wit...' for \$280/night.



Island STR Units





Proposed Ordinance Modifications

- Registration for North Padre, Mustang Island, and Flour Bluff with an effective date of March 15, 2022.
- The remainder of the city will become effective 180 days after passage.
- Permit renewal cycle adjusted to annual (Simplifies permitting and monitoring of active permits)
- Fee is the same at \$50 per year
- Fines up to \$500 for failure to register



STR Implementation

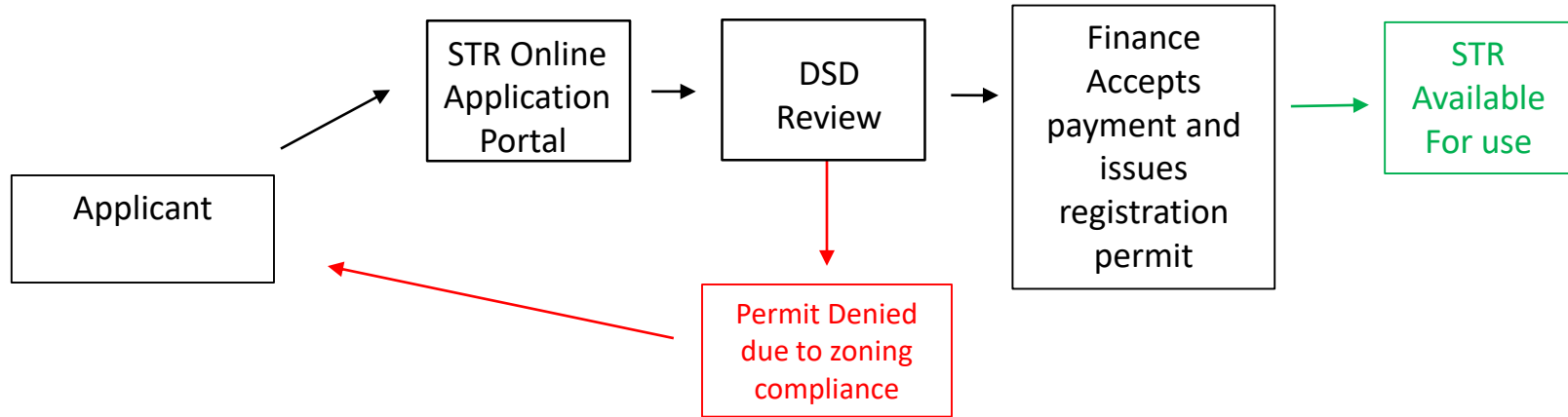
The screenshot shows the City of Wilmington website at the URL wilmingtonnc.gov/departments/planning-development-and-transportation/short-term-lodging. The page features a navigation menu with categories like SERVICES, RESIDENTS, VISITORS, BUSINESS, DEPARTMENTS, and HOW DO I... A sidebar on the left lists various city departments and services. The main content area is titled "Short-term Lodging" and includes a photo of a residential street. Below the photo, there are links for "Register your short-term lodging", "File a complaint", and "See the B&B and STL map". The text explains that all owners wishing to operate short-term lodging must register and provides information about ongoing litigation and the definition of short-term lodging. It also defines homestay lodging and whole-house lodging.

March 15, 2022

- Application Portal customization.
- Website creation that offers information and portal to application.
- Develop permit layout
- Public education campaign (in person stakeholder meetings and social media, etc.)



STR Permit Workflow



*only in areas currently allowed per the UDC (see slide 3).



Code Enforcement Sting – Pilot Program

- Staff completed purchase of a two-night rental of a single-family home
 - Property location confirmed to be in zoning district RS-6/Residential Single-Family
- Completed rental of property established direct evidence of zoning violation for “Illegal Land Use”
 - Unified Development Code (UDC) 1.7.2 – Minimum Requirements and 5.2.24 – Use Regulations | Rentals (Single Family)
 - Single-family units in a single-family district cannot be rented for less than a one-month period
- A summons (citation) has been issued to the property owner for the “Illegal Land Use” violation



Pilot Program Conclusion

- January 2022, staff purchased a two-night rental of a single-family home at a cost of \$568.00
 - STR rental rates vary based on factors such as minimum number of nights required, size of unit or available bedrooms, stays during the week vs. weekend, seasonal peak days, holidays, or event
- Staff time and effort to investigate and prepare the case against the illegal short-term rental equals 13.5 man-hours or \$617.50
- “Sting” type rental transactions are not sustainable and are not an immediate resolution to the violation as defendants have the right to judicial process, up to and including a jury trial
 - \$500.00 to \$2,000.00 range for a zoning violation that is determined at the discretion of the Judge or Jury...\$1,000.00 (*Average Fine for illustrative purposes, see table on slide 10*)
 - A “window fine” of \$2,000.00 may be assessed by Municipal Court for a guilty plea



Pilot Program Sums

| Activity | Hours worked | Cost per hour | Total |
|---|--------------|-----------------|-------------------|
| Code Enforcement - Inspection, Reinspection & travel (fuel) | 5 | \$84.00 | \$420.00 |
| Code Enforcement - case research (internet STR listing sites), case preparation, & review | 5.5 | \$19.00 | \$104.50 |
| Legal – case review, preparation, Court proceedings | 3 | \$31.00 | \$93.00 |
| City Staff Time/Cost (Estimated Total) | 13.5 | \$134.00 | \$617.50 |
| Two-night rental of a single-family home | | | \$568.00 |
| Cost to prepare case and file charges for STR | | | \$1,185.50 |
| The average fine assessed by Municipal Court judge | | | \$1,000.00 |
| Amount recovered from STR Sting | | | -\$185.50 |



Next Steps

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- Complete STR website customization
- Configure software and design registration permit layout
- Identify Staffing and Resources for administration of registration
- Develop SOP's for administration and enforcement

Phase 2

- Determine what single family zoned areas are appropriate for Short Term Rental use.
- Determine a basis for location of STRs - Density percentage, overlay district, buffering distance from other units.
- Stakeholder Advisory Group to provide input.
- Staff works with consultant to develop draft ordinance.
- Present draft ordinance to Planning Commission for action.
- City Council considers Land Use Regulation Ordinance changes.
- Completion in 6 months (July 2022).