



## *City of Raleigh* *North Carolina*

### **MEMORANDUM**

**Date:** April 19, 2018

**TO:** Dottie Leapley, City Attorney

**FROM:** Donald Belk, Planner II, City Planning  
Ira Mabel, Planner II, City Planning

**CC:** Bynum Walter, Senior Planner, City Planning  
Ira Botvinick, City Attorney

**SUBJECT:** Homestays – An Examination of City of Asheville’s Regulations and Applicability to Raleigh; Comparisons and Summaries of Regulations from Other Cities

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A report on the matter of Short-Term Residential Rentals is provided. The following pages contain background information on the Short-Term Residential Rental phenomenon, an examination of Asheville’s homestay regulations, and observations from Asheville staff on the issues and costs of their homestay program. A review of City of Wilmington’s proposed regulations is also included.

Please note the four attachments cited within this report:

- (1) Asheville’s Homestay Regulations (UDO Sec. 7-16-1)
- (2) Homestay Application & Submittal Checklist (Asheville)
- (3) Comparison of City of Asheville & City of Wilmington’s STR Regulations
- (4) Summary of STR regulations in other communities

Please let us know if we can provide additional data.

# Homestays – An Examination of the City of Asheville’s Regulations and Applicability to Raleigh; Comparisons and Summaries of Regulations from Other Cities

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## Background

The growth in app-based short-term residential rental listings (STRs) has increased over tenfold from 2008 to 2015.<sup>1</sup> Dozens of web-based platforms can be found online, catering to a wide range of travelers and their needs. Airbnb alone boasts 4.5 million listings in 191 countries, more than the combined total of the top 5 hotel brands, with 3.4 million listings worldwide. The platform has recently opened two new categories of STRs: Airbnb Plus, an elevated tier of homes verified for comfort and quality, and Beyond by Airbnb, a luxury category that includes full-service travel planning for unique experiences at high-end homes. The growth in Airbnb presents one of the most direct challenges to the lodging industry in its history. The success of this and other STR platforms has produced changes in marketing strategies and brand makeovers in the traditional lodging industry to compete for business from a younger demographic in search of “authentic” or “local” travel experiences.<sup>2</sup>

## Pros and Cons

STR has disrupted the traditional lodging market resulting in a range of pros and cons, such as:

- Increase in local rent prices.
- Impacts to neighborhood character.
- Expanded lodging options for travelers.
- New income opportunities for property owners.

Evidence is [emerging](#) to support the contention that proliferation of STRs results in higher rent prices. In cities with tight rental markets, [previous research](#) has found a link between STR growth and increased housing costs.

Airbnbs and other STR residences displace units otherwise available for long-term rental, reducing available housing stock. It increases rents primarily by taking units off the market. In 2015, seekers of long-term housing in ZIP codes with average growth in Airbnb listings would have found one Airbnb unit

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<sup>1</sup> The number of STR listings was estimated at 300,000 in 2008; in 2015, the top 4 short-term rental platforms listed nearly 4 million homes (Source: HostCompliance.com)

<sup>2</sup> While ‘Homestays’ are the focus of this report, they are one of several activities categorized as STRs,, from ‘whole house’ rentals to homestays to ‘couch-surfing’. This report will use ‘STR’ when referring to general numbers or trends.

for every 13 houses that were vacant-for-rent in their neighborhood. In the ZIP codes that saw the highest relative growth rate of Airbnbs—such as vacation hotspots like Sunset Beach in St. Petersburg, Florida—as much as 50 percent of potentially available homes were placed on Airbnb instead of the long-term rental market.<sup>3</sup>

STRs can adversely affect the character of existing neighborhoods; common complaints include excessive noise, large public gatherings, reduced parking availability, and other impacts affecting quality of life.

Advocates and promoters of STR platforms contend that these services can provide more options for travelers and tourists, particularly in major cities and popular tourist destinations; lodging can be found at substantial discounts over traditional hotels.

STRs can also provide income-generating opportunities for homeowners. Airbnb boasts of “democratizing capitalism by expanding the economic pie for ordinary people, allowing them to use their home, typically their greatest expense, to generate supplemental income to pay for costs like food, rent, and their children’s education,”<sup>4</sup> yet analyses show that Airbnbs tend to cluster in neighborhoods that are already prospering.

## Revenue/Tax Implications

Airbnb has aggressively responded to legislative attempts to regulate STRs by proactive engagement with major host communities. In November 2015, the company released its [Community Compact](#), which pledges to “treat every city personally” in developing efficient means of collecting taxes, create transparent data resources for the benefit of hosts and local governments, and “promoting responsible home sharing to make cities stronger.” The company has also developed a [Policy Tool Chest](#) that provides four sets of policy options for consideration by local governments: (1) tax collection; (2) “good neighbor” tools for hosts and guests to help alleviate concerns over nuisances; (3) collaboration with communities on practical and enforceable rules for home sharing; and (4) transparency and privacy in developing platforms to provide data to local policymakers to enable “smarter decision-making about home sharing rules without compromising hosts’ or guests’ privacy rights.”

The company has entered into partnerships with over 275 jurisdictions, collecting and remitting nearly \$0.25B in hotel and tourists taxes globally. Airbnb claims to “have evolved our approaches to collecting and remitting taxes based on existing regulatory structures, to working with governments to identify new pathways to doing so, including in places where no such paths existed.”

In North Carolina, Airbnb has established agreements with the City of Asheville and the Town of Woodfin to collect and remit taxes. The company also claims that over 150 local jurisdictions in the state have established or maintained regulations for home-sharing.<sup>5</sup>

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<sup>3</sup> “There’s New Research Behind the Contention that Airbnb Raises Rents.” Alastair Boone, 8/2/2017, [Citylab.com](#).

<sup>4</sup> Christopher Lehane, Global Head of Policy & Public Affairs, Airbnb Policy Toolchest, May 2017 Update.

<sup>5</sup> Policy Tool Chest.

A [January 2018 News & Observer article](#) cited a recent company report detailing revenues generated by the top 15 host communities in North Carolina. Hosts typically shared their home with guests for 47 nights and made an average of \$6,800 in 2017, according to Airbnb.<sup>6</sup>

1. Asheville: \$19.8 million (*approximately 160,000 guests*)
2. Charlotte: \$8.7 million
3. Wilmington: \$3.9 million
4. Raleigh: \$3.8 million
5. Boone: \$2.3 million
6. Durham: \$3.1 million
7. Kill Devil Hills: \$2.2 million
8. Chapel Hill: \$1.7 million
9. Black Mountain: \$1.4
10. Greensboro: \$1.5 million
11. Carolina Beach: \$1.9 million
12. Bryson City: \$1.4 million
13. Brevard: \$1.4 million
14. Hendersonville: \$1.3 million
15. Swannanoa: \$1.1 million

## Regulatory Implications

There are four main policy justifications for regulating STRs: (1) to provide for the safety of renters; (2) the generation of transient occupancy tax revenue; (3) the jurisdiction's duty to ensure that permanent residents have affordable housing options; and (4) minimize nuisance complaints (e.g. parking, noise, and overcrowding). Furthermore, there is an equity issue at hand: STRs are viewed as unfairly competing with hotels and B&B's, which are required to pay local taxes and are subject to inspection for compliance with local health and safety codes.<sup>7</sup>

## Asheville's Homestay Ordinance

Vacation rentals of less than 30 days have proven very lucrative and popular in Asheville, a destination for tourists from around the world. The demand has lured some investors to purchase multiple homes or apartments for full-time use as short-term rentals,<sup>8</sup> but the practice also has proven controversial. Critics claim short-term residential rentals hollow out neighborhoods, adversely impact rental prices, and exacerbate the city's housing shortage.

Asheville has become the recognized model in North Carolina for STR regulations. The city (and Buncombe County) initially began to regulate STR use to help address its affordable housing crisis, which

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<sup>6</sup> See Figure 1 for a map showing the distribution of peer-to-peer short-term residential listings in Raleigh.

<sup>7</sup> "The Airbnb Gold Rush: What's a City to Do?" From Coates' Canons: NC Local Government Law, UNC School of Government

<sup>8</sup> In one extreme case in Elkin, NC an investor purchased a large home (capable of lodging sixteen people) and marketed it as 'The Party Palace' to the consternation of the neighbors, which include the Town's planning director. (George Crater, e-mail message via NCPlan Listserv, 5 April 2018)

developed in part due to an increased demand for STRs in residential neighborhoods. The city decided to restrict the rental of entire dwelling units (“whole-house” STRs) to the “Resort” zoning district, which exists only in limited areas where resorts and conference centers are allowed. Elsewhere, property owners now must apply to the city for conditional zoning (subject to approval by City Council) to establish a whole-house short-term rental.

The Asheville UDO defines homestays as “a private, resident occupied dwelling, with up to two guest rooms where overnight lodging accommodations are provided to transients for compensation and where the use is subordinate and incidental to the main residential use of the building.”<sup>9</sup>

A homestay allows a host (who must be a “permanent resident” of the property) to rent up to two individual rooms within his or her residence for overnight lodging. Homestays are permitted by right, subject to special requirements and standards, in all zoning districts where a residential use is permitted as a primary use, which is every district except Light Industrial, Industrial, and Airport. They are also permitted as part of a Level III<sup>10</sup> development in the CBD Expansion, Residential Expansion, and Mixed-Use Expansion Districts.

The special requirements to which homestays are subject include:

- The person managing the homestay:
  - 1) is a “full-time resident” of the property, meaning someone who resides on the property on a permanent basis, and it must be the person's primary home
  - 2) is present during the homestay term for the entire time lodgers are staying and is not away on vacation, visiting friends or family, travelling out of town for business or personal reasons, etc.
- The length of stay of guests shall not exceed 30 days.
- No activities other than lodging shall be provided.
- Only one homestay shall be permitted per lot/parcel.
- Homestay permits shall be limited to one per person, at any given time.
- The homestay owner or operator shall maintain liability insurance on the property, which covers the homestay use and homestay guests.
- The homestay owner or operator must pay any applicable taxes, including occupancy and sales taxes, to the appropriate governmental entity.

The city requires homestay operators to submit a signed permit application with a \$208 fee, and be inspected annually. Guest rooms must be integral to the dwelling unit; they cannot have separate entrances or kitchen facilities. This effectively negates the use of garage or basement apartments, accessory dwelling units, or add-on “suites” as homestays.

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<sup>9</sup> City of Asheville Unified Development Ordinance, Sec. 7-2-5, Definitions

<sup>10</sup> Due to their size and/or height, Level III developments are expected to have a significant impact upon public services, infrastructure, and neighborhood character. Level III Projects are above 100,000 square feet or 50 units.

For an apartment complex or condominium development, a single permit would be issued on a first-come, first served basis. An owner of multiple properties may sign multiple applications on behalf of tenants who are applying, but the owner is only entitled to one homestay permit for his/her primary residence.

It should be noted that Asheville's UDO makes a distinction between homestays and "short-term vacation rentals," which can have up to six guest rooms, are required to have off-street parking, do not need a host to remain on the premises, and are only permitted in the Resort, CBD Expansion, Lodging Expansion, and Mixed-Use Expansion Districts.

Asheville's homestay regulations (UDO Sec. 7-16-1) and Application & Submittal Checklist are provided as Attachments (1) and (2) respectively.

### Reception in Asheville

Homestay rules have proven quite popular in Asheville. Approved applicants may "market" their availability through Airbnb and other platforms.<sup>11</sup> Since the homestay rules were adopted in November 2015, the city has issued approximately 600 homestay permits annually.<sup>12</sup> However, the city's robust homestay permitting program has been costly. Asheville reported expenses of \$130,000 for its first year of active enforcement and administration of the program. This figure included a full time Development Review Specialist who reviewed plans, conducted inspections, and actively enforced against illegal STRs, as well as a half-time administrative assistant. Costs included a city vehicle and a \$26,000 contract with [Host Compliance](#)<sup>13</sup> for ongoing monitoring of STR activity. During the first year, Asheville delivered over 100 notices of violations and processed dozens of homestay permits.

Asheville's homestay regulations have proven to be difficult and costly to enforce. The city has contracted with an independent company to track and identify violations. Most complaints have come from "violation vigilantes"; i.e., previously cited violators exposing other operators. A major issue has been the existence of sinks and refrigerators identified during inspections of homestays. These are not permitted. Some applicants have attempted to circumvent the rules by installing non-code compliant sinks and kitchen appliances.

### Application to Raleigh

If Asheville's homestay regulations were adapted to fit the City of Raleigh, it would require the following changes to Raleigh's UDO:

- A new use category for "Homestay" as an exception to "Overnight Lodging," similar to how "Bed and Breakfast" and "Hospitality House" are currently treated.

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<sup>11</sup> From Asheville Citizen-Times, "A Guide to Asheville's short-term vacation rental rules: Can you rent your space?" J. Burgess, 1/18/18.

<sup>12</sup> Chris Collins, Development Services Manager, City of Asheville. Personal communications.

<sup>13</sup> Host Compliance is one of several companies that provide short-term rental compliance monitoring and enforcement services to local governments.

- This use category would be a Limited Use in all districts except IH, CMP, and PD.

All other standards applied in Asheville related to homestay operators, permit issuance, etc. could be included in Raleigh's UDO as written.

See *Table 1* for a chart listing Asheville Permitted Uses and potential zoning districts in Raleigh where homestays could be permitted.

### **Wilmington Considering New Rules for Homestays and Whole-House STRs.**

The City of Wilmington has researched the issue extensively and brought forward comprehensive regulations for consideration. City Council will hold a work session on the draft Land Development Code amendments for homestays and whole-house lodging on April 30, 2018.

The proposed amendments, in summary, would:

- Require registration for all types of short-term lodging.
- Restrict registration to a "natural person" and would not be issued to a corporation, LLC, or other entity.
- Restrict registration to one per person, regardless of use type, in residential districts.
- Restrict registration to a property owner; while a host or operator would be allowed, only a property owner could register a short-term lodging use.
- Allow homestay lodging in all residential districts.
- Define two types of whole-house lodging:
  - Type I uses would have a principal resident (rented while the resident is away) or onsite supervision.
  - Type II uses would not have a principal resident (used exclusively for lodging).
- Allow both Type I and Type II whole-house lodging as uses permitted by prescribed conditions in single-family detached homes in the Residential (R), Historic (H), and Multi-Family Residential (MFR).
- Allow one whole-house lodging (Type I) in duplex, triplex, quadraplex, and accessory dwelling units with onsite supervision.
- Require 400 feet separation between Type II whole-house lodging uses within the greater downtown area or 650 feet in the remainder of the corporate limits.

A comparison of Asheville's adopted homestay-only regulations with Wilmington's proposed amendments is provided as Attachment (3).

### **Benchmark Cities Research (Update of October 2017)**

The benchmark research shows that there are no clear best practices or standards for addressing the issue of peer-to-peer rentals. While many cities are working towards developing regulations, other cities have adopted standards and are working on amendments to those standards.

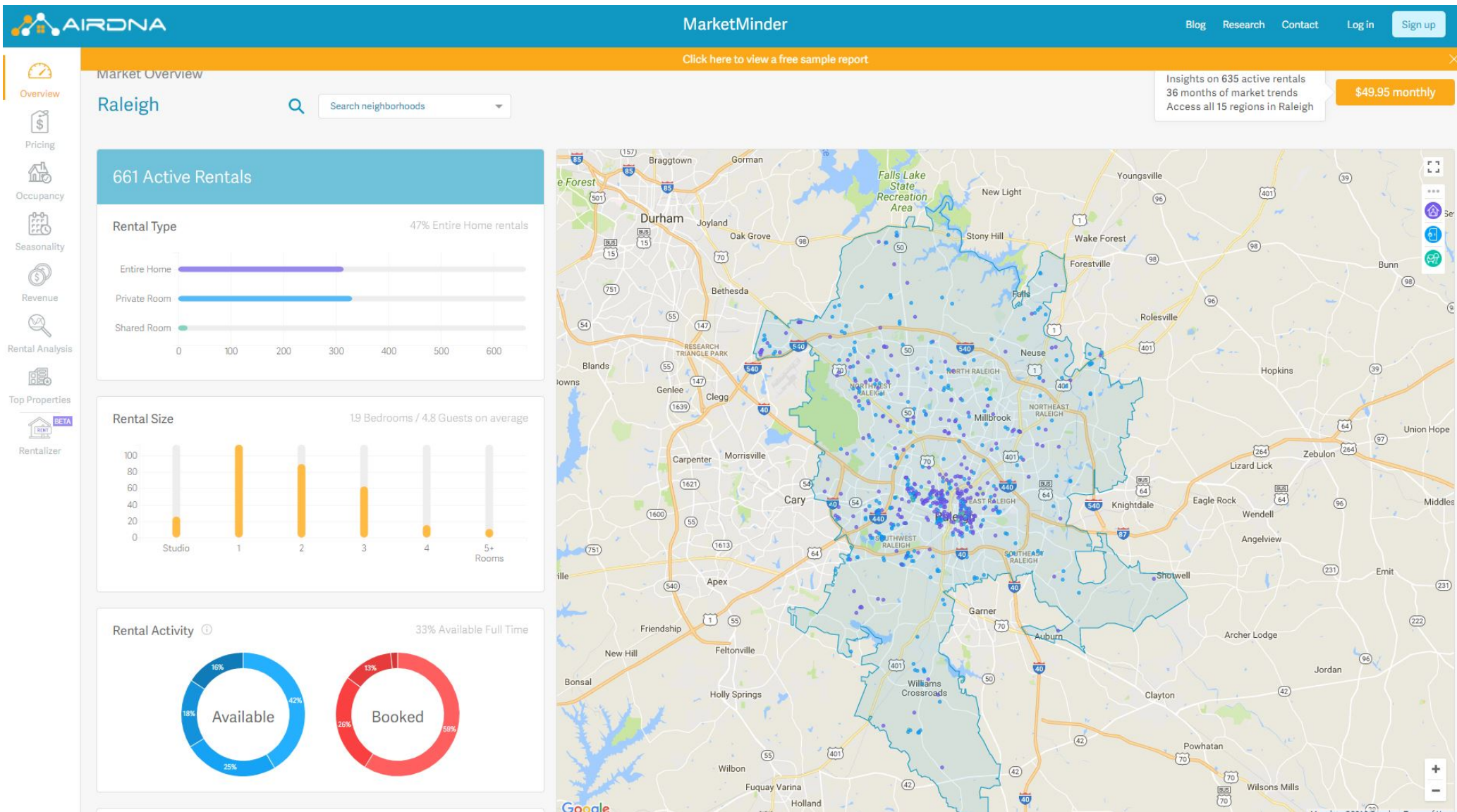
Coastal communities in North Carolina, particularly popular oceanfront destinations, have a long cultural history of dealing with short-term rentals, much of it through traditional vacation rental agencies leasing

properties constructed for this purpose. However, the rise in Airbnb-type platforms has forced many of these communities to consider STR regulations, with the main impetus being ensuring the full collection of transient occupancy taxes.

The Benchmark Cities Research is provided as Attachment (4)



Figure 1 – Extent of Peer-to-Peer Rentals in Raleigh



From <http://www.airdna.co/>

**Table 1**  
**Permitted Uses**  
**City of Asheville (Actual) and City of Raleigh (Potential)**

**Asheville Permitted Uses**

	Residential Districts					
	RS2	RS4	RS8	RM6	RM8	RM16
<b>Residential Uses</b>						
Dwelling, Single family detached	P	P	P	P	P	P
Dwellings, Duplex				P	P	P
Dwelling, Townhouse			P	S	S	S
Dwellings, Multi-family				P	P	P
Cottage Development			S	S	S	S
Sustainable Development Projects				S	S	S
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Accessory dwelling unit	P	P	P	P	P	P
<b>Commercial/Business Uses: Lodging</b>						
Hotel, extended stay						
Hotel, large						
Hotel, small						
Bed & breakfast inns				S	S	S
Boardinghouses						S
Homestays	S	S	S	S	S	S
Short-term vacation rental						

P = A use permitted by right that must still meet all regulatory standards for the district.

S = A use permitted by right subject to special standards, as well as all regulatory standards for the applicable district.

**Potential Raleigh Permitted Uses**

	Residential Districts				
	R-1	R-2	R-4	R-6	R10
<b>Residential Uses</b>					
Single-unit living	P	P	P	P	P
Two-unit living		L	L	P	P
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Multi-unit living			L	L	P
Cottage court		L	L	P	P
Conservation development	P	P	P	P	P
Compact development	P	P	P	P	P
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<b>Commercial/Business Uses: Lodging</b>					
Overnight Lodging, except as listed below:	L				
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Bed and breakfast					L
Hospitality house					L
<i>Homestays (potential)</i>	<i>L</i>	<i>L</i>	<i>L</i>	<i>L</i>	<i>L</i>
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P = Indicates that the use is permitted by right in the district.

L = Indicates that the use, while allowed by right in the district, must meet the use standards associated with the specific use.

**Table 1**  
**Permitted Uses**  
**City of Asheville (Actual) and City of Raleigh (Potential)**

**Asheville Permitted Uses**

	Commercial/Mixed-Use Districts																		
	NB	OFF I	OFF II	OB	CBI	CBII	NCD	HB	RB	CI	CBD	LI	IND	RES	INST	RIV	UR	UV	UP
Residential Uses																			
Dwelling, Single family detached		P	P	P	P	P		P	P					P	P		S	P	S
Dwellings, Duplex		P	P	P	P	P	P	P	P	P	P			P	P	P	P	P	P
Dwelling, Townhouse		S	S	S	S	S	S	S	S	S	S			S	S	S	S	P	S
Dwellings, Multi-family	S	P	P	P	P	P	P	P	P	P	P			P	P	P	P	P	P
Cottage Development																			
Sustainable Development Projects		S	S	S	S	S		S	S	S					S	S			
--																			
Accessory dwelling unit		P	P	P	P	P				P									
Commercial/Business Uses: Lodging																			
Hotel, extended stay														P					
Hotel, large														P					
Hotel, small														P					
Bed & breakfast inns		S	S	S	S	S	S	S	S						S	S	S		S
Boardinghouses					S	S	S	S	S		S				S	S		S	S
Homestays	S	S	S	S	S	S	S	S	S	S	S			S	S	S	S	S	S
Short-term vacation rental														S					

P = A use permitted by right that must still meet all regulatory standards for the district.

S = A use permitted by right subject to special standards, as well as all regulatory standards for the applicable district.

**Table 1**  
**Permitted Uses**  
**City of Asheville (Actual) and City of Raleigh (Potential)**

**Potential Raleigh Permitted Uses**

	<b>Commercial/Mixed-Use Districts</b>						
	<b>RX</b>	<b>OP</b>	<b>OX</b>	<b>NX</b>	<b>CX</b>	<b>DX</b>	<b>IX</b>
<b>Residential Uses</b>							
Single-unit living	P		P	P	P	P	
Two-unit living	P		P	P	P	P	
--							
Multi-unit living	P		P	P	P	P	L
Cottage court	P		P	P	P		
Conservation development							
Compact development							
--							
<b>Commercial/Business Uses: Lodging</b>							
Overnight Lodging, except as listed below:		P	S		P	P	P
--							
--							
Bed and breakfast	L		P	P	P	P	
Hospitality house	L		P		P	P	P
<i>Homestays (potential)</i>	<i>L</i>		<i>L</i>	<i>L</i>	<i>L</i>	<i>L</i>	<i>L</i>
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P = A use permitted by right that must still meet all regulatory standards for the district.

S = A use permitted by right subject to special standards, as well as all regulatory standards for the applicable district.

# City of Asheville's Homestay Regulations

## Sec. 7-16-1. - Uses by right, subject to special requirements (USSR<sup>1</sup>).

(c) *Uses by right, subject to special requirements standards.*

(9) *Homestays.*

- a. Use districts: RS-2, RS-4, RS-6, RS-8, RM-6, RM-8, RM-16, UR
- b. No displays of goods, products, services, or other advertising shall be visible from outside of the dwelling.
- c. The homestay operation shall be managed and carried on by a person who: 1) is a full-time resident of the property; and 2) is present during the homestay term for the entire time lodgers are staying at the property. To be a "full time resident," the person must reside on the property on a permanent basis, and it must be the person's primary home. For purposes of this homestay ordinance, a person can only have one primary, full time residence, and the homestay must be operated from that primary, full time residence. In order to be "present during the homestay term," the full time resident shall be at the property overnight and not away on vacation, visiting friends or family, travelling out of town for business or personal reasons, etc. during the homestay term. However, the full-time resident may be temporarily absent from the property for purposes related to normal residential activities such as shopping, working, attending class, etc. A minimum of two documents establishing proof of residency shall be supplied from an approved list of documents.
- d. No activities other than lodging shall be provided.
- e. No additional off-street parking is required for a homestay.
- f. Only one homestay shall be permitted per lot/parcel
- g. Homestay permits shall be limited to one per person, at any given time.
- h. No signage shall be allowed for homestays.
- i. The length of stay of guests shall not exceed 30 days.
- j. Exterior lighting shall be residential in nature and shall comply with the lighting requirements in the UDO.
- k. The homestay owner or operator shall maintain liability insurance on the property, which covers the homestay use and homestay guests.
- l. The homestay owner or operator must pay any applicable taxes, including occupancy and sales taxes, to the appropriate governmental entity.
- m. The homestay area of the dwelling shall comply with all current and applicable building codes.
- n. The homestay must be reviewed annually and inspected for compliance with this subsection.
- o. Subsection [7-16-1\(a\)\(1\)](#) shall not apply to homestays. Legally established, but non-conforming properties are eligible for a homestay use.

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<sup>1</sup> USSR: a use permitted by right subject to special standards in [Sec. 7-16-1](#), as well as all regulatory standards for the applicable district in Sec. 7-8.



# HOMESTAY APPLICATION

and

## Submittal Requirements

DEVELOPMENT SERVICES DEPARTMENT  
161 SOUTH CHARLOTTE STREET  
ASHEVILLE • NORTH CAROLINA • 28801

Application Date: \_\_\_\_\_

Permit No: \_\_\_\_\_

### HOMESTAY APPLICATION SUBMITTAL CHECKLIST

#### DOCUMENTS & FEES

<input type="checkbox"/>	This <u>Completed</u> Form
<input type="checkbox"/>	\$208 Zoning Application & Technology Fee Payment
<input type="checkbox"/>	Proof of Residency (2 Forms, please see FAQ)

#### FLOOR PLAN (See attached example, appendix A)

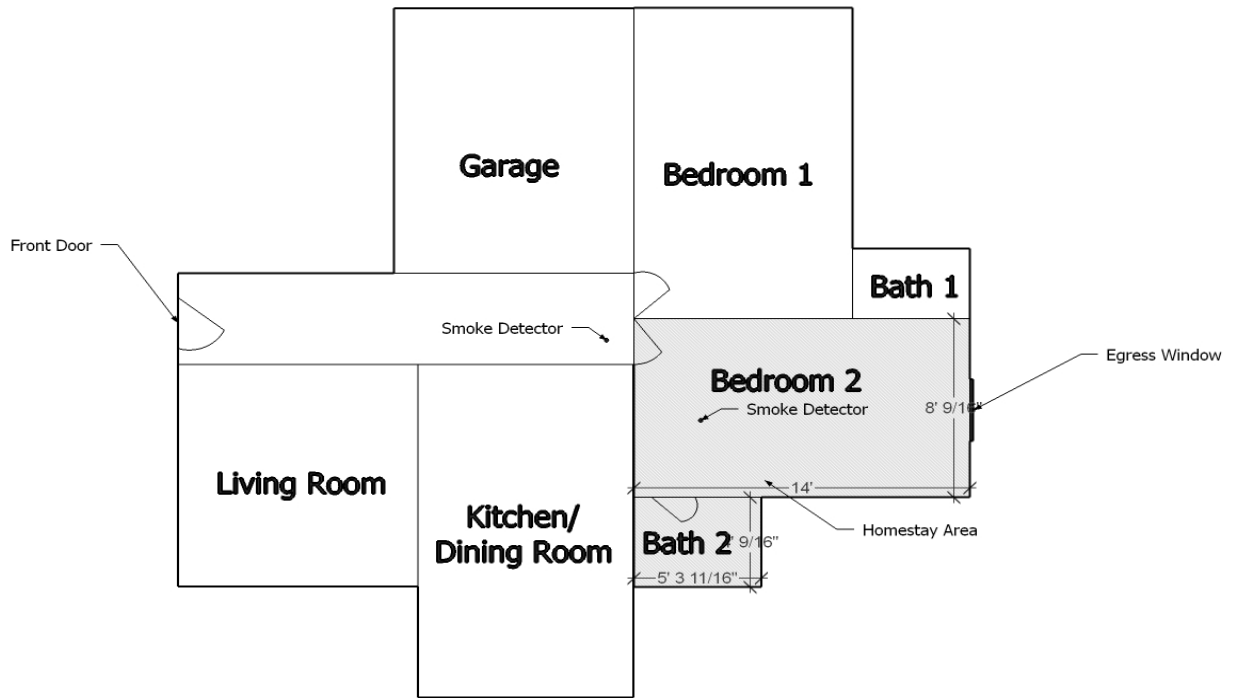
<input type="checkbox"/>	Must show all portions of home or building that include heated floor area.
<input type="checkbox"/>	Label designating each room function/classification
<input type="checkbox"/>	All doors and windows, with egress windows clearly identified for the homestay area.
<input type="checkbox"/>	Area to be utilized for homestay guests should be indicated.
<input type="checkbox"/>	Show locations of all smoke and carbon monoxide detectors.
<input type="checkbox"/>	Show dimensions and area of all rooms in the homestay area.
<input type="checkbox"/>	Show any sinks present in or contiguous to the homestay area and indicate the depth of the basin and diameter of the drain line in inches.
<input type="checkbox"/>	Show any refrigerators present in or contiguous to the homestay area and indicate the capacity in cubic feet

### APPLICATION INFORMATION

Project Address:	New Address: Yes No
Property Owner:	Parcel Identification # (PIN): - -
New Owner: Yes No	Civic ID:
Mailing Address:	Phone Number: ( )
City: State: Zip:	Email Address:
Homestay Bedrooms:	Homestay Bedroom(s) Square Footage:
Off-Street Parking Provided: Yes / No	
Owner Carries Insurance Covering the Homestay Yes/No	

### OWNER SIGNATURE

Owner/Agent Signature	Date
Print Name:	



Frequently Asked Questions		
What forms of proof of residency are accepted?	<ul style="list-style-type: none"> <li>• Voter registration</li> <li>• DMV License Address</li> <li>• Income Tax Form*</li> <li>• W-2*</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle Insurance*</li> <li>• Auto Registration</li> <li>• Car Title</li> <li>• Public School Registration</li> </ul>
Can I operate more than one homestay?	No. The homestay must be operated out of your primary residence. Only one permit may be issued to a single applicant.	
How many rooms can be in the homestay area?	A maximum of two bedrooms can be used.	
How long is my permit valid?	Permits must be renewed every 12 months.	
Can I have a separate kitchen or kitchenette/kitchen area for the homestay?	<p>No, the homestay area may not have a separate full kitchen. A kitchen is defined as any area with:</p> <ol style="list-style-type: none"> <li>1. Cooking appliances or rough in facilities for such appliances including, but not limited to: ovens, convection ovens, stoves, stove tops, built-in grills or built-in microwave ovens or similar appliances, 240 volt electrical outlets or any gas lines, or</li> <li>2. A sink less than 18 inches in depth with a waste line drain 1 1/2 inches or greater in diameter, or</li> <li>3. A refrigerator exceeding five cubic feet in capacity or space opening with an electrical outlet that may reasonably be used for a refrigerator</li> </ol>	

## Comparison of Short-Term Residential Rental Regulations – Asheville & Wilmington

Asheville		Wilmington		
Short-term Rental Types allowed	Homestays only (Whole-House Lodging permitted only in Resort District)	Homestays	Whole-house Lodging (Type I & II)	
Districts permitted	Permitted (with special standards) in all zoning districts except Industrial, Industrial Expansion, Lodging Expansion, Institutional Expansion, Commercial Expansion	Permitted in all residential districts and most commercial, and MXD	Permitted in all residential districts except MHP, and most commercial and MXD	
Registration required	Yes; one registration per person; owner must sign permit application	Yes; one registration per person (must be property owner, but host or operator allowed); restricted to ‘natural person’, not corporation, LLC or other entity		
Permit Renewal	Annually	Annually		
Housing unit type permitted	Any housing type, only one permit per lot or parcel. In the case of a parcel with multiple units (apartment building, townhome, condominium), first come, first served.	All housing unit types	Type I	Type II
			<ul style="list-style-type: none"><li>• Single-family detached</li><li>• Duplex, triplex, quadraplex (only one unit, with principal resident in another of the units), ADU (with principal resident in primary dwelling unit)</li></ul>	<ul style="list-style-type: none"><li>• Single-family detached and multifamily (5 or more attached units)</li></ul>
Supervision Requirement	Yes; principal resident required	On-site supervision required for all homestay locations	None	Local operator within 20 miles
Separation Requirement	None	None		400 feet within 1945 Corporate Limits, 650 feet outside 1945 Corporate Limits, measured from parcel lines



Length of Stay	≤ 30 days	≤ 29 days	
Inspections and life safety	Reviewed and inspected annually; owner must maintain liability insurance covering homestay and guests. Floor plan submitted with permit application must show locations of smoke & carbon monoxide detectors.	Owners must keep in full force and effect a general liability policy with a company authorized to do business in North Carolina insuring against personal injury and property damage.	
Kitchen facilities allowed	No. 'Kitchen' is defined in the submittal requirements on the permit application form.	Not expressly prohibited, although Ordinance states that no cooking shall be permitted in individual bedrooms; also, the "preparation and service of food by operators for guests shall be prohibited."	
Off-street parking required	No	No	Minimum of 1 space per rented bedroom required; shared parking or rented spaces allowed.
Maximum number of bedrooms	2	3	

## Benchmark Cities Research – Updated October 2017<sup>1</sup>

The benchmark research shows that there are no clear best practices or standards for addressing the issue of peer-to-peer rentals. While many cities are working towards developing regulations, other cities have adopted standards and are working on amendments to those standards.

Alexandria, VA	Not regulated
Annapolis, MD	<ul style="list-style-type: none"> <li>• Regulations adopted in 2011</li> <li>• Whole-house rentals allowed</li> <li>• Rental of bedrooms is considered a boarding house and not permitted</li> <li>• License required (\$100 fee)</li> <li>• Units rented for up to 6 months/year</li> <li>• No minimum rental period</li> <li>• Registration exception for certain specific events</li> </ul>
Asheville, NC	<ul style="list-style-type: none"> <li>• Regulations adopted November 2015; amendments considered (and rejected) since</li> <li>• Homestay permitted – up to 2 guest rooms</li> <li>• Whole-house rentals prohibited in residential zoning; only permitted in Resort district</li> <li>• No grandfathering with exception of 11 historic vacation cottages</li> <li>• Full-time staff position added to handle compliance</li> </ul>
Blowing Rock, NC	<p>Presently considering the establishment of a permitting process. Regulations have been in place for some time. Generally, no major problems (enforcement is complaint-driven), but Town wants to determine if many short-term rentals are operating off-the-radar and not paying appropriate taxes.</p> <p>Short-term rental of dwelling units is permitted only in the General Business, Town Center, Central Business, and Office-Institutional zoning districts as well as the three R-6M/PUD zoning districts.</p>
Carolina Beach, NC	Not regulated
Chapel Hill, NC	Not regulated; the definition of “dwelling unit” is used to govern duration of stay of one week or longer
Charleston, SC	<ul style="list-style-type: none"> <li>• Regulations adopted in 2012; amendments currently under consideration (considered by Planning Commission 10/5/17, workshop scheduled for November 2017 – not scheduled for city council review)</li> <li>• Short-term rental overlay district created; allowed only in commercial zoning within the overlay</li> <li>• Rental period between 1 and 29 days</li> <li>• Business license required</li> </ul>

<sup>1</sup> Adapted from City of Wilmington, Land Development Code Amendment Staff Report, Case LDC-1-717, 6 December 2017

<b>Charlotte, NC</b>	Not regulated; B&B and boarding houses regulated
Chattanooga, TN	<ul style="list-style-type: none"> <li>• Regulations adopted in 2009; amendments currently under consideration</li> <li>• Daily or weekly rentals, not to exceed 30 days</li> <li>• Whole-house rentals allowed in limited residential zoning districts and only in single-family structures</li> <li>• Weddings and events prohibited</li> <li>• No more than 5 sleeping rooms</li> <li>• No registration required</li> </ul>
<b>Durham, NC</b>	Not regulated; decided not to pursue regulations
<b>New Bern, NC</b>	Not regulated
St. Augustine, FL	<ul style="list-style-type: none"> <li>• Regulations adopted in 2010</li> <li>• One or two-family dwelling units rented for a period of one week or more, but less than 3 months</li> <li>• Permitted in 2 residential zoning districts</li> <li>• Registration required</li> <li>• Large gatherings prohibited</li> <li>• No grandfathering of nonconforming uses</li> <li>• Enforcement staff dedicated specifically to short-term rentals</li> </ul>
San Francisco, CA	<ul style="list-style-type: none"> <li>• Regulations adopted in 2014</li> <li>• Rental of all or a portion of a dwelling unit for 1-30 nights</li> <li>• Only permanent residents (owners/tenants who spend at least 275 days/year in the unit) permitted to rent short-term</li> <li>• Registration and life safety inspection required</li> <li>• Created office of Short-term Rentals with staff of 6</li> </ul>
Santa Fe, NM	<ul style="list-style-type: none"> <li>• Regulations adopted in 2009; amended in 2016</li> <li>• Rental period of up to 30 days; only one rental period every 7 days</li> <li>• Residential zoning requires a permit; allowed without permit in accessory dwelling unit and "resort facility"</li> <li>• Cap of 1,000 permits citywide</li> <li>• Prohibition on commercial activity</li> <li>• Limit on occupants of twice the number of bedrooms</li> <li>• No grandfathering of nonconforming uses</li> <li>• In process of hiring dedicated staff and purchasing compliance software</li> </ul>
Savannah, GA	<ul style="list-style-type: none"> <li>• Regulations adopted 2014; amendments currently under consideration</li> <li>• Rental period of up to 30 days</li> <li>• On-site manager not required</li> <li>• Permitted in all housing types; excludes group living and other lodging uses</li> <li>• Registration required</li> <li>• Permitted in limited mixed-use, historic, and residential districts</li> </ul>

<b>Wilmington, NC</b>	<p>The City of Wilmington has researched the issue extensively and brought forward comprehensive regulations for consideration. City Council will hold a work session on the draft Land Development Code amendments for Homestays and Whole-House Lodging on April 30, 2018.</p> <p>The proposed amendment, in summary, would:</p> <ul style="list-style-type: none"> <li>• Require registration for all types of short-term lodging.</li> <li>• Restrict registration to a “natural person” and would not be issued to a corporation, LLC, or other entity.</li> <li>• Restrict registration to one per person, regardless of use type, in residential districts.</li> <li>• Restrict registration to a property owner; while a host or operator would be allowed, only a property owner could register a short-term lodging use.</li> <li>• Allow homestay lodging in the R, H, MHP, and MF, some commercial, and mixed-use districts with a registration requirement.</li> <li>• Define two types of whole-house lodging: Type I uses would have a principal resident (rented while the resident is away) or onsite supervision and Type II uses would not have a principal resident (used exclusively for lodging).</li> <li>• Allow both Type I and II whole-house lodging as uses permitted by prescribed conditions in single-family detached homes in the R, H, and MF districts with a registration requirement.</li> <li>• Allow one whole-house lodging (Type I) as use permitted by prescribed conditions in duplex, triplex, quadraplex, and accessory dwelling units with onsite supervision and a registration requirement.</li> <li>• Require 400 feet (within 1945 Corporate Limits) or 650 feet (outside 1945 Corporate Limits) of separation between Type II whole-house lodging uses.</li> <li>• Delete guest lodging as a permitted use and remove all references to guest lodging.</li> </ul>
<b>Wrightsville Beach, NC</b>	Not regulated