



TOWN OF OCEAN CITY

DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

Memorandum

Date: September 13, 2024

To: Planning & Zoning Commission

From: George Bendler, AICP, Planning & Community Development Director
Kay Gordy, Zoning Administrator
Chase Phillips, Zoning Analyst

Re: Discussion of regulations to be proposed for short-term rental properties.
a- Occupancy (overnight) b- Minimal duration of stay R1&MH

Introduction

With the increasing number of rental properties in the Town of Ocean City, staff recognizes the need to establish regulations for Short-Term Rentals to safeguard the health, welfare, and safety of our residential communities. Currently, there are 8,930 licensed rental properties in the Town, with 230 of these located in the R1 zoning districts. As new housing projects are completed, we anticipate a continued rise in properties marketed as Short-Term Rentals.

Proposed Solution

To address these concerns, staff proposes that the Council consider implementing regulations on Short-Term Rentals, specifically focusing on occupancy restrictions and minimum length of stay requirements.

Minimum Length of Stay: Introducing a minimum length of stay could mitigate issues related to large group parties and short-term bookings during peak seasons, while also improving occupancy rates during off-peak periods. We suggest a minimum stay of 5 to 7 days for properties in the R1 zoning districts, which could help property owners better manage their rentals and enhance community stability.

Occupancy Restrictions: Currently, the only restriction on Short-Term Rentals is a cap of no more than 4 unrelated persons per dwelling, which has proven difficult to enforce. To provide more effective regulation, we recommend adopting occupancy limits similar to those in other municipalities:

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- Rehoboth Beach, DE: Limits occupancy to two people per bedroom plus two additional people. Children under six are not included in the count.
 - Bethany Beach, DE: Enforces occupancy limits within rental agreements and allows landlords to evict tenants who exceed these limits.
 - Dewey Beach, DE: Restricts occupancy to two people per bedroom plus two additional individuals, excluding children ages 5 and younger.

- Virginia Beach, VA: Limits occupancy to three people per bedroom between 11 PM and 7 AM to maintain a peaceful environment.
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Staff Recommendation

Staff recommends adopting a similar approach, restricting Short-Term Rentals to two people per bedroom plus two additional guests. For instance, a three-bedroom rental would have a maximum occupancy of eight people, excluding children six years old and younger.

We also propose defining the hours of overnight accommodations to support effective enforcement of these limits. These measures aim to balance the needs of property owners with the interests of the community, ensuring a harmonious living environment for all residents

Staff will present a proposed zoning code amendment at the next Commissioners' meeting. Following this, staff will prepare an ordinance for the public hearing process to address any comments or concerns received and will then formulate a recommendation for the Mayor and City Council regarding the proposed amendments
