

CAROLINA BEACH

Planning and Zoning Commission Meeting

Thursday, August 13, 2026 - 6:00 PM

Council Chambers, 1121 N. Lake Park Boulevard, Carolina Beach, NC



MINUTES

CALL TO ORDER

Chairman Hogan called the meeting to order at 6:00 PM.

PRESENT

Chairman Jeff Hogan

Vice Chairman Bill Carew

Commissioner Melanie Boswell

Commissioner Ethan Crouch

Commissioner Todd Piper

Commissioner Lynn Conto

Commissioner Brad Jones

ALSO PRESENT

Community Development Director Jeremy Hardison

Senior Planner Gloria Abbotts

APPROVAL OF MINUTES

1. July 9, 2026 Minutes

ACTION: Motion to approve the minutes

Motion made by Commissioner Boswell, seconded by Commissioner Conto

Voting Yea: Chairman Hogan, Vice Chairman Carew, Commissioner Boswell, Commissioner Crouch, Commissioner Piper, Commissioner Conto, Commissioner Jones

Motion passed unanimously

STAFF REPORT ON RECENT DEVELOPMENTS

Ms. Abbotts reported the following during the past month:

Permitting

- 45 permits (renovation, repair, grading, additions, fences, etc.)
 - 9 residential new construction
- 3 certificates of occupancy

Demos

- 413 Spartanburg Avenue (single-family home)
- 167 Delaware Avenue (single-family home)

Updates and upcoming

- Council August 11
 - Text amendment: pierhead line (adopted)
 - Rezoning: Commercial Transition (CT) district (adopted)
 - Text amendment: home occupation (adopted)
- Legal update
 - Home occupations: A State law update clarifies that the Town may regulate home occupations but cannot require a permit for them.
 - Parking: A State parking lot bill was passed, though New Hanover County is exempt due to the Coastal Area Management Act (CAMA).
 - Stormwater: Stormwater regulations were updated to allow property owners to take advantage of existing built-upon area for State stormwater permits.
 - Accessory dwelling units (ADUs): New law would require all municipalities to allow ADUs statewide; however, New Hanover County communities are also exempt from that requirement due to CAMA.
- Technical Review Committee (TRC) September 1
 - Conditional Zoning (CZ) Stoked floating dock
 - 308 Carolina Beach Avenue North Mixed Use
 - Text amendment: driveways in front of on-street parking
 - Text amendment: storage buildings on vacant lots

Vice Chairman Carew asked whether home occupations are now permitted in ADUs given the legislative changes. Ms. Abbotts confirmed that home occupations remain prohibited in accessory structures and noted that the ADU exemption applies to this community, making the question moot for now.

PUBLIC COMMENT

Cindy Dunn of 915 Tidewater Lane spoke about the recently adopted CT zoning district. She said citizens were confused about whether this represented an entirely new zoning layer being added to the Unified Development Ordinance (UDO) or whether it had long been contemplated in the Land Use Plan. Ms. Dunn referenced the discussion at the Tuesday Council meeting, where it was noted the CT district had been under consideration for approximately six years. She asked whether updates to the Land Use Plan – which Mr. Hardison said happens every five to 10 years – are consistently incorporated into the UDO as amendments so that the public can more easily track and understand changes. Ms. Dunn acknowledged that she was seeking education on the process rather than making a formal objection and requested follow-up.

Chairman Hogan acknowledged Ms. Dunn's comments, noting that the Commission could not respond during public comment. Commissioner Crouch said he looked forward to further discussion with Ms. Dunn about the matter.

PUBLIC HEARING

2. Consider a Modification to Conditional Zoning Ordinance 21-1156 for PID R08814-003-015-000 to Update the Outdoor Amenity Areas and Allow for 10% of the Residential Units to Be Short-Term Rentals
Applicant: The Proximity at Carolina Beach

Ms. Abbotts provided background, noting that Proximity received its original CZ approval in November 2021 for a mixed-use commercial and residential project within the Highway Business district. A certificate of occupancy was issued in early 2025. The development currently contains 10 occupied commercial units and 250 residential units.

The applicant's modification request contained two components: (1) to allow up to 10% of residential units – equating to 25 of the 250 units – to be leased as short-term rentals and (2) to update the site plan to formally define and designate the locations of outdoor amenity areas, including an event lawn, pool, and other gathering spaces.

Ms. Abbotts said as part of the CZ process, a community meeting was held on June 11, and the applicant provided summary comments that are included in the agenda packet. She said during the TRC meeting on this matter, no issues were identified from a staff perspective.

Ms. Abbotts noted that the original CZ included a prohibition on lease terms of less than 90 days, a condition that arose from community concerns at the time of the original approval. The Town's UDO does not currently regulate short-term rentals independently; the 90-day restriction was a voluntarily adopted condition. Ms. Abbotts also noted that the UDO requires amenity areas to be clearly shown on the site plan in order to qualify for certain special event exemptions.

Chairman Hogan asked whether staff had a formal recommendation. Ms. Abbotts confirmed that staff recommends approval.

Commissioner Crouch raised the question of the pedestrian access connection to Winner Avenue that was listed as a condition of the original CZ. The condition stated that the applicant would install pedestrian access on Town property at 108 Winner Avenue. Mr. Hardison explained that it was determined it was not feasible to do this in that location. Crouch asked whether an unfulfilled condition required a formal modification or whether staff determination was sufficient. Mr. Hardison said because this was not a requirement and was determined to be infeasible, a formal modification was unnecessary. He further explained that the proximity of a well site and adjacent property owner constraints resulted in the determination of infeasibility.

Commissioner Jones asked whether the Town had ever imposed a no-short-term-rental condition on any other private entity. Ms. Abbotts confirmed this was unique to the Proximity project, arising from the original CZ negotiations. She said a private homeowners association may have restrictions on short-term rentals, but the Town does not.

ACTION: Motion to open the public hearing

Motion made by Chairman Hogan, seconded by Vice Chairman Carew

Voting Yea: Chairman Hogan, Vice Chairman Carew, Commissioner Boswell, Commissioner Crouch,

Commissioner Piper, Commissioner Conto, Commissioner Jones
Motion passed unanimously

Mike Brown of 1922 Brookhaven Road, Wilmington, a representative with Cape Fear Development who presented on behalf of the applicant, provided context on the development's origins, noting that when the project came before the Town in 2021, short-term vacation rentals were a significant community concern. He said Cape Fear Development voluntarily agreed to a condition prohibiting lease terms of less than 90 days, a commitment they honored throughout lease-up and operation. Mr. Brown expressed pride in the project's execution, including architecture, tree preservation, landscaping, local commercial tenant mix, and community engagement.

Mr. Brown explained that the current modification request is not being driven by vacancies or a desire to fundamentally alter the character of the community. Rather, after several years of operation, he identified two practical needs for greater flexibility. First, some residential units located above commercial tenants have experienced noise issues, and having the ability to offer shorter lease terms on a case-by-case basis would give management an additional tool to accommodate affected residents or handle operational transitions. Second, he noted interest from residents in having furnished, shorter-term accommodations available for visiting family or friends, or for seasonal and transitional housing needs. He emphasized that the request is for "optionality" – the ability to lease up to 10% of units for less than 90 days – and not a plan to convert 25 units to VRBO or Airbnb-style vacation rentals.

On the second component of the request – the amenity area update – Mr. Brown explained that the outdoor spaces, including the event lawn behind the commercial area, were always designed for community gathering and activation. The oversight, he said, was that these areas were not formally labeled as amenity and entertainment areas on the adopted site plan. Without that designation, any planned event – including live music, a farmers' market, or a wellness activity – requires a separate special event permit each time, up to a maximum of 10 per year. If the areas are formally designated on the site plan, such activities would be permitted as accessory uses under the existing code, subject to the Town's noise ordinance and other applicable regulations. Mr. Brown noted that the language for this component was developed in consultation with Town staff and refined during the community meeting held on June 11.

Chairman Hogan opened the floor for public comment.

Christina Bowen of 906 North Lake Park Boulevard, Apartment 312, identified herself as an early resident of Proximity. She stated that she chose the property because it was marketed as a safe, secure, upscale residential community and not as a vacation rental property. Ms. Bowen raised concerns about declining conditions under new management, including understaffed maintenance, overflowing trash, higher rents with fewer services, and the absence of activated security gates that were pre-wired at construction. She argued that short-term rentals would increase unknown traffic and reduce security and asked the Commission to deny the short-term rental component of the application.

Mike Mytych of 906 North Lake Park Boulevard, Apartment 406, echoed the security and maintenance concerns and noted that some buildings were not designed equally in terms of trash facilities and parking accommodations. He stated that he relocated to Carolina Beach for the community and signed his lease with the explicit understanding that short-term rentals would not be permitted. Mr. Mytych suggested the Commission consider approving the amenity and community engagement components while denying the short-term rental request.

Taylor Bailey of 1004 North Lake Park Boulevard, Unit 308, stated that he had never previously lived in an apartment and chose Proximity specifically because of its community character. He expressed concern about existing high turnover from residents in transition and argued the infrastructure was not in place to support 25 short-term rental units. Mr. Bailey asked the Commission to deny the application.

John Farley of 906 North Lake Park Boulevard, Apartment 219, stated that the issue fundamentally comes down to quality of life for residents. He acknowledged he was not opposed to the amenity area updates but objected to the short-term rental component.

Donna Shea of 906 North Lake Park Boulevard described herself as a longtime island resident of nearly 30 years who moved to Proximity after selling her larger home. She described visible problems associated with short-term rentals on Fort Fisher Boulevard, including trash and loading issues, and expressed concern about car break-ins and package theft if additional transient residents were added to Proximity.

Christian Dilger of 906 North Lake Park Boulevard noted that he had lived at Proximity since January 2025 and valued the community. He raised specific security deficiencies, including the absence of key fobs on building doors, no security cameras, and no security guard at the pool. Mr. Dilger described an incident in which approximately 15 minors broke into the pool and had to be removed by residents because no security was present. He estimated that 25 short-term rental units could generate 100 to 150 additional strangers at the pool at any given time during summer.

Lorrie Kirlin of 906 North Lake Park Boulevard stated she moved in on approximately June 30 and had already encountered overcrowding at the pool on Fourth of July weekend, with individuals who did not belong to the community present. She cited safety and security as her primary concerns and stated she had been told the buildings had key fob access, which she found was not the case upon moving in.

Steve Jaeb of 204 Tennessee Avenue spoke as a non-resident of Proximity. He noted that the term "short-term rental" was never clearly defined in the application and asked whether the Commission should specify a minimum duration. He also raised the question of subletting by existing long-term tenants. Mr. Jaeb noted that management's stated lack of intent to pursue vacation rentals should be formalized in writing and pointed to the promise of a pool or spa membership that had not materialized as an example of unmet informal commitments.

Howard Fineman of 910 Basin Road, Director at Federal Point Yacht Club, said his organization has approximately 17 to 18 homes and 100-plus members who have made significant investments in the adjacent area. He called Proximity a "nuisance," stating that Proximity residents regularly trespass onto

Federal Point Yacht Club property and docks. Mr. Fineman said the addition of 25 short-term rental units would exacerbate that problem. He also noted that at the June 11 community meeting, the majority of attendees opposed short-term rentals and Mr. Brown had informally indicated a willingness to limit outdoor event noise to 10:00 PM on weekdays and 11:00 PM on Fridays and Saturdays. He asked that any conditional approval include written noise-hour restrictions. Mr. Fineman expressed concern that at the June meeting, he and other attendees were led to believe the maximum number of short-term rental units under consideration was eight to 10 and that the formal application for 25 units was significantly higher than expected.

Mr. Brown returned to the podium and reiterated that residents' interests are aligned with the applicant's own interests, and that management would not take actions that would harm the community they have built. He said they are not planning to convert 25 units to vacation rentals and said with 97% of units leased, they don't even have 25 units that are currently vacant.

Mr. Brown acknowledged the trash concerns and stated management was actively working to reverse the valet trash system to find a better solution. He also acknowledged that unauthorized vehicles from outside the community had been parking in the lot and walking to the beach or nearby marinas, which he called unacceptable. On security, Mr. Brown confirmed that plans are underway to add key fobs to building entrances as a capital expense in the coming year and that video surveillance is also under consideration. He stated that these security concerns were not fully known to him until they surfaced online earlier in the week, and he welcomed residents reaching out directly.

Commissioner Conto noted that in North Carolina, a 90-day stay is the threshold for establishing residency and tax-exempt status in hotel settings and questioned where the practical distinction lay between what the applicant was requesting and a traditional short-term rental. Mr. Brown acknowledged the overlap in terminology but reiterated that the intent is operational flexibility rather than a pivot to vacation rental operations.

Commissioner Conto asked Mr. Brown to identify which specific units or buildings were contemplated for potential short-term use. Mr. Brown indicated the most likely candidates were units in Building 1 (at 1000 North Lake Park Boulevard, above tenants such as restaurants and the Pilates studio) and Building 2 (at 906 North Lake Park Boulevard, above Axis Fitness Training). He identified approximately 10 to 12 units where noise or leasing challenges had arisen, though he acknowledged no specific units had been formally designated. Mr. Brown also mentioned the "live-work" units, which have an open-plan commercial space on the ground floor and residential above, as units that have not leased as readily.

Commissioner Conto suggested putting hearing-impaired individuals into units that are less desirable due to noise or lowering the rent to find suitable long-term tenants. Mr. Brown said management discloses that some units may be noisy and has used reduced rent to entice residents, but he said sometimes the noise is more than what they expected and management has let a few people out of their leases as a result.

Commissioner Boswell suggested soundproofing the noisy units to make them more livable. Mr. Brown acknowledged that they have already undertaken sound attenuation work between floors in some buildings but conceded that some noise issues persist despite those efforts.

Commissioner Conto asked whether Mr. Brown or Proximity management had experience operating short-term rentals. Mr. Brown stated that Bell Partners, the property management company, has experience with "friends and family" units at other communities they manage but acknowledged he could not speak to specific hotel-industry experience on their team. He reiterated that they are not trying to get into the hotel business.

Commissioner Conto asked whether the applicant had held a meeting specifically with Proximity residents – as opposed to the surrounding community as a whole – prior to filing the application. Mr. Brown acknowledged that no such resident-specific meeting had occurred, stating that the intent had been to pursue the flexibility first and then engage residents in working out the implementation details. He said that was a decision he takes responsibility for in hindsight but added that the idea to have some units that could be used short-term came up in response to comments from some residents.

Commissioner Boswell said there are plenty of short-term rentals that friends and family may stay in without converting this residential community.

Commissioner Conto asked, outside of profit, what else is motivating the request. Mr. Brown responded that it is primarily about optionality – the ability to respond to resident complaints and operational needs – and not about chasing occupancy.

Commissioner Piper asked if the other two Cape Fear Development apartment communities – Proximity Watermark in Wilmington and the former Proximity New Bern (now Hawthorne at New Bern) – do not currently offer short-term rentals or friends and family apartments. Mr. Brown confirmed this, noting that New Bern had been sold and that Watermark only recently began lease-up and could have a friends-and-family unit or two in the future. However, he pointed out that neither of those projects have commercial above residential, which is driving some of the issues.

Commissioner Piper asked if Proximity would accept leases of 31 days or longer. Mr. Brown reiterated that they would like optionality.

Commissioner Boswell asked Mr. Brown about the traffic signal at the Winner Avenue and Lake Park Boulevard intersection, which was a condition of the original approval. Mr. Brown confirmed that the signal is now operational. He explained that the original condition required a \$300,000 contribution toward the signal but that Cape Fear Development ultimately managed and funded the entire project at a cost of approximately \$400,000 when the Town was unable to contribute. Mr. Brown attributed the delays to back-and-forth between the signal contractor and the N.C. Department of Transportation (DOT) over crosswalk alignment, which was ultimately resolved.

Commissioner Jones expressed gratitude for the signal, noting it has significantly improved safety at that intersection. He asked how many units Proximity needs to do what they want to do. Mr. Brown

said 10% seemed like a reasonable number, but he thinks 10-12 units would likely be acceptable, although he said they have not yet identified specific units that would be used short-term.

Vice Chairman Carew asked if 15 units would allow enough leeway. Mr. Brown said yes.

Commissioner Jones asked if the only needs the community has for short-term rentals is for friends and family and residents that need to be relocated. Mr. Brown said these are examples of why they are seeking this solution, but he can't rule out other scenarios coming up in the future, such as someone needing a furnished apartment for a week.

Commissioner Boswell said Proximity needs to listen to and address concerns of its residents before requesting something from the Town. Mr. Brown said their concerns are one and the same, and that would guide any optionality that would be used, emphasizing that residents are their clients and the community's long-term success depends on their satisfaction.

Commissioner Boswell asked how the amenity space would be programmed – whether it would be rented out for profit or activated by management and tenants. Mr. Brown clarified that the intent is not to rent the space as a venue but rather for management to organize community events such as farmers' markets or wellness activities, and for commercial tenants to use the space for adjacent activation such as live acoustic music during business hours. He confirmed that the space is not intended to operate as a separate business generating additional traffic or requiring additional parking.

Mr. Hardison clarified that the amenity area designation would allow activities as an accessory use to the existing commercial and residential uses, governed by the existing noise ordinance. He said it would not authorize new alcohol sales, permit closure of drive aisles or required parking, or subject the property to the special event permit process for routine programming.

ACTION: Motion to close the public hearing

Motion made by Chairman Hogan

Voting Yea: Chairman Hogan, Vice Chairman Carew, Commissioner Boswell, Commissioner Crouch, Commissioner Piper, Commissioner Conto, Commissioner Jones

Motion passed unanimously

Commissioner Conto expressed concern that the Land Use Plan identifies a need for affordable housing alternatives in the Town and that the Proximity, at its current pricing and 90-day-plus structure, serves that purpose. She said losing any portion of that capacity to short-term rentals concerns her.

Commissioner Conto noted that the volume of public opposition was notable and that many residents felt misled. She stated that if short-term rentals were to be approved by the Commission, she would recommend a minimum 30-day term, a security requirement, and an understanding that future requests to expand the percentage would need to come back before the Town.

Commissioner Jones stated that while he appreciated the community investment Cape Fear Development had made – noting he had watched the property transform from a blighted site to an attractive mixed-use development – he saw two distinct issues at play: a management-tenant relationship dispute, which the Commission is not positioned to resolve, and a zoning request, which it

is. He expressed the view that the applicant, like any business owner, may need to pivot operationally over time and that if the short-term rental component creates problems, the market consequences – lost long-term tenants – would serve as a natural check. He was open to supporting the modification, potentially with a reduced number of units.

Commissioner Boswell argued that Proximity would not exist in its current form without the Town's CZ approval and the conditions mutually agreed upon – including the 90-day lease restriction. She emphasized that the 90-day requirement was the single most prominent concern raised by both the community and the Town at every stage of the original approval process. She noted that elevated short-term rental activity correlates with higher crime rates and increased demand for Police services. She suggested that Proximity consider redeploying the unbuilt Building 5 for alternative uses.

Commissioner Piper expressed respect for the development and acknowledged voting in favor of the original approval. He stated that with 97% occupancy, the business is succeeding and that a 10- to 25-unit short-term rental program is unlikely to be financially necessary. Commissioner Piper expressed concern about the impact on adjacent properties, referencing the Federal Point Yacht Club trespass issue. He was open to a limited number of units – suggesting five as a starting point – with a minimum 31-day lease term and stated he would want specific units identified rather than a general percentage.

Commissioner Crouch said he arrived at the meeting with trepidation about the project, noting that Building 5 appears to be for sale with no apparent intent to complete that component of the originally agreed-upon development. He stated that the short-term rental prohibition was a major concession obtained by the Town in exchange for allowing variations from the standard mixed-use zoning code – including the removal of the ground-floor commercial requirement from all buildings. He indicated support for the amenity area modification but stated opposition to the short-term rental component, calling it a "hard no."

Vice Chairman Carew expressed general support for working with the applicant, noting the cooperative and successful track record of the project. He suggested the Commission had a responsibility to weigh the concerns of adjacent property owners, particularly Federal Point Yacht Club, as parties with standing who could be materially affected.

Regarding the lease term, Commissioner Conto said she would not support less than 30 days. Commissioner Boswell agreed and said she is even on the fence about anything less than 90 days. Commissioner Piper said he can work with 30 days but wants to know the specific units that would be used for short-term rentals.

Chairman Hogan thanked the applicant for the large investment into the community and expressed gratitude for the traffic signal. He stated that he was not initially supportive of the 10% figure but acknowledged understanding the applicant's operational rationale for units above noisy commercial tenants. Chairman Hogan said he was willing to consider 10 to 12 units with a 31-day minimum. He stated support for the amenity area update, noting it was always understood to be the intent of the design and represents a technical oversight in the original plan.

Commissioner Piper said it appears that a lease term of less than 30 days would not pass, based on Commissioner comments.

Vice Chairman Carew pointed out that getting into the specific units that could allow short-term rentals is crossing into an element of property management and not a matter of planning and zoning. Commissioner Boswell said she disagreed.

Commissioner Crouch said he loves the effort to achieve consensus on all parts of the request, but he pointed out that it might not matter in a month when Council makes the ultimate decision on this.

Commissioner Piper said he would be in favor of up to 10 units in Buildings 1 and 2 used for short-term needs.

Commissioner Conto said she would support up to eight units in Buildings 1 and 2 used for short-term needs with a minimum 31-day lease.

ACTION: Motion to open the public hearing

Motion made by Chairman Hogan, seconded by Vice Chairman Carew

Voting Yea: Chairman Hogan, Vice Chairman Carew, Commissioner Boswell, Commissioner Crouch, Commissioner Piper, Commissioner Conto, Commissioner Jones

Motion passed unanimously

Mr. Brown returned to the podium and indicated he was not opposed to some of the parameters but expressed reservation about a 31-day floor cutting off shorter-term flexibility for friends and family. He ultimately stated he was comfortable with the Commission making whatever recommendation it deemed appropriate and that he anticipated further dialogue with residents and potentially Council before final action.

ACTION: Motion to close the public hearing

Motion made by Chairman Hogan, seconded by Vice Chairman Carew

Voting Yea: Chairman Hogan, Vice Chairman Carew, Commissioner Boswell, Commissioner Crouch, Commissioner Piper, Commissioner Conto, Commissioner Jones

Motion passed unanimously

Vice Chairman Carew suggested allowing 12 units in specific buildings to be used as short-term rentals with no minimum lease term subject to a one-year review period requiring the applicant to return and demonstrate the arrangement has not caused harm. He asked if that solved any of the concerns Commissioners had, and several stated that would not change things for them.

Commissioner Piper said 30 days is the lowest he would support and emphasized that the Town already made concessions and needs to dig in on them.

Commissioner Crouch said it was getting late and he needed to get home, and he reminded Commissioners that Council is going to make the ultimate decision on this so it may not be necessary to try to agree on all the specifics.

ACTION: Motion to approve the applicant's recommended change in regards to the amenity space and include a recommendation of denial for the 90-days-or-less short-term rental component of their application

Motion made by Commissioner Crouch, seconded by Commissioner Boswell

Voting Yea: Commissioner Boswell, Commissioner Crouch

Voting Nay: Chairman Hogan, Vice Chairman Carew, Commissioner Piper, Commissioner Conto, Commissioner Jones

Motion failed 2-5

ACTION: Whereas in accordance with the provisions of the North Carolina General Statutes, the Commission here does find and approve the adoption of the modification of the Conditional Zoning located at 1000 and 906 Lake Park Boulevard with the conditions of 12 short-term rentals, minimum 31 days, above the commercial units in Building 1 1000 North Lake Park Boulevard and above Building 2 commercial at 906 Lake Park Boulevard, in addition to approval of the amenities plan modification to the site plan

Motion made by Commissioner Piper, seconded by Vice Chairman Carew

Voting Yea: Chairman Hogan, Vice Chairman Carew, Commissioner Piper, Commissioner Conto, Commissioner Jones

Voting Nay: Commissioner Boswell, Commissioner Crouch

Motion passed 5-2

NON-AGENDA ITEMS

None

ADJOURNMENT

Chairman Hogan adjourned the meeting at 8:30 PM.