



AGENDA ITEM COVERSHEET

PREPARED BY: Gloria Abbotts, Sr Planner

DEPARTMENT: Community
Development

MEETING: Town Council – September 8, 2026

SUBJECT: Consider a modification to Conditional Zoning Ord. 21-1156 for PID R08814-003-015-000 to update the outdoor amenity areas and allow for 10 percent of the residential units to be short-term rentals.
Applicant: The Proximity at Carolina Beach

BACKGROUND:

The applicant, The Proximity at Carolina Beach, received Conditional Zoning approval on November 9, 2021, for a mixed-use commercial-residential project in the Highway Business District. The development received a Certificate of Occupancy in early 2025. Major changes to approved permits, plans, or development conditions may be authorized only by the permit-issuing authority and must follow the same process required for the original submission. Major changes include, but are not limited to, changes in use, increased development intensity, increased structural ground coverage, site dimension changes of more than 10 percent, reduced approved open space, or changes to access and internal circulation design.

A conditional zoning district permits a specific use only when it meets standards and conditions tailored to the individual development project. Some land uses, because of their nature or scale, may significantly affect nearby properties and the broader community in ways that cannot be fully addressed through general district standards. In some cases, allowing the use by right under a general district would not be appropriate for a particular property. The conditional zoning process allows these uses through property reclassification, with specific conditions to ensure the use is compatible with neighboring properties and their enjoyment.

All applications shall include a site plan and any development standards to be approved concurrently with the rezoning application. Development standards may include such things as parking, landscaping, design guidelines, and buffers. When evaluating an application for the creation of a conditional zoning district, the Planning & Zoning Commission shall consider the following:

1. The application's consistency to the general policies and objectives of the Town's CAMA Land Use Plan, any other officially adopted plan that is applicable, and the Zoning Ordinance.
2. The potential impacts and/or benefits on the surrounding area, adjoining properties.

3. The report of results from the public input meeting.

Prior to scheduling a public hearing on the rezoning application, the applicant shall conduct one (1) public input meeting and file a report of the results with the Zoning Administrator. In approving a petition for the reclassification of property to a conditional zoning district, the Planning & Zoning Commission may recommend, that the applicant add reasonable and appropriate conditions to the approval of the petition. Any such conditions should relate to the relationship of the proposed use to the impact on the following details:

1. Town services
2. Surrounding property
3. Proposed support facilities such as parking areas and driveways
4. Pedestrian and vehicular circulation systems
5. Screening and buffer areas
6. Timing of development
7. Street and right-of-way improvements
8. Infrastructure improvements (i.e. water)
9. Provision of open space
10. Other matters that the participants in the public input meeting, staff, Planning & Zoning Commission, and Town Council find appropriate or the petitioner may propose

If the applicant does not agree with the Planning & Zoning Commission or staff's recommendations of additional conditions, the Town Council shall have the authority to accept none, any, or all of the conditions forwarded from the review process.

No permit shall be issued for any development activity within a conditional zoning district except in accordance with the approved petition and applicable site plan, subdivision plat, and/or permit for the district.

Zoning

The purpose of the Highway Business (HB) district is to accommodate businesses oriented toward the motoring public and which require a high volume of traffic. In many cases, businesses in the HB district serve the entire community and beyond. For the most part, they are located on major thoroughfares so that they can be conveniently reached by automobile and to avoid sending heavy automobile traffic through smaller streets or residential areas. The HB zoning district allows for mixed use commercial-residential with the approval of a conditional zoning district. The ordinance requires parcels that are over 10 acres to provide for 3,000 sq. ft. of commercial space. The existing property includes 10 occupied commercial units and 250 residential units.

What is a short term rental?

The Town does not define or reference short term rentals in the UDO. The State Statute 42A Vacation Rental Act defines a vacation rental as rental of residential property for vacation, leisure, or recreation purposes for fewer than 90 days by a person who has a place of permanent residence to which he or she intends to return. This law deals primarily with landlord-tenant and consumer protection issues.

Can the Town regulate short term rentals?

The Town does not have the authority to prohibit, limit the term of a lease, location within a development, or cap the number of short term rentals. The Town cannot require a permit or registration to operate a short term rental. The Town can define the use and regulate where the use can be permitted by zoning district. The County can collect and require operators to pay room occupancy taxes.

How was the condition placed on the development?

Conditional Zoning Permit – the Applicant can bring certain conditions to the table, such as multiuse paths and traffic signals, that are agreed upon by the Council. One of those conditions that the applicant offered at that time of approval was prohibiting short term rentals. The Town would not have the authority to pose that restriction unless the applicant agreed upon with the Conditional Zoning approval.

Conditional Zoning Process

As part of the application process a community meeting is required. The applicant held the required meetings on June 11, 2026. The applicant has provided summary comments from the meeting. Based off the comments from the meeting the applicant can place conditions on the project to help mitigate the impacts and concerns from the neighboring properties.

The applicant is proposing to amend the following conditions.

1. Allow for 10 percent of the residential units to be short term rentals
2. Update the site plan to clarify where amenity areas are located

The applicant proposed to prohibit short-term rentals (leases or subleases) of less than 90 days on the original conditional zoning application. This was originally created because of discussions and comments from public meetings. The condition was agreed upon by the property owner and the Town. The Town does not have any restrictions on short-term rentals.

The applicant would like to update the site plan to clearly define the areas for amenities. This modification would allow for programming of the common areas within the community, particularly the areas behind the commercial units on Lake Park and the lawn at the rear of the building. Complex amenities are generally treated as accessory to the existing residential and business use, provided they are intended primarily for residents, their guests, and business patrons. Examples may include exercise classes, music, arts and crafts, recreation, etc.

Land Use Plan

The 2020 Land Use Plan vision on this area is higher density area with a mix of uses, within the district and individual buildings. Residential uses allowed only on upper stories; unless associated with a mixed commercial-residential use on a 10 acre or greater lot with a minimum of 3,000 sq ft of commercial space provided per acre.

It was noted as an *Areas of Local Concern in the LUP* that Short term rentals may diminish the character of established neighborhoods

ACTION REQUESTED:

Consider recommending approval or denial of a modification to the conditional zoning mixed-use commercial residential project located at 1000 N. Lake Park Blvd.

Staff supports approval of the modification.

Planning and Zoning recommended approval 5-2 to allow for the amenity area and 12 units can be utilized for short term rentals for a period of 31 days or more.

MOTION:

Approval - whereas in accordance with the provisions of the NCGS, the Commission does hereby find and determine that the adoption of the Modification to the Conditional Zoning District located at 1000 N. Lake Park Blvd. is consistent with the goals and objectives of the adopted Land Use Plan and other long-range plans and the potential impacts on the surrounding area, are mitigated by the approved conditions.

Denial - based on inconsistencies with the goals and objectives of the adopted Land Use Plan and/or other long-range planning documents and the potential impacts on the surrounding areas.