

	Agenda Title:	Agenda Date:
	Permitting Accessory Dwelling Units for Short-Term Rentals	October 16, 2025
	Subject/Proposal/Request:	
	Planning Commission Recommendation on Referred Request from Town Council to consider Accessory Dwelling Units to be used as Short Term Rentals	
Town of Cape Charles	Attachments:	For Council:
	A) Planning Commission Staff Report dated September 12, 2025 B) ADU List	Action: X Information:
	Staff Contact(s):	Reviewed by:
	Katie Nunez, Director of Planning & Zoning Administrator	Rick Keuroglan, Town Manager

Background: At the Town Council Regular Meeting on October 16, 2025, staff discussed a proposed zoning text amendment to consider Accessory Dwelling Units to be used as Short Term Rentals as well as a proposed Comprehensive Plan Amendment that would delete a sentence in the Housing Chapter on page 41 and add a new section to the Future Land Use Designation Description for Mixed Use Designation on page 127.

During that meeting, Town Council were supportive of advancing the first proposed change to the Comprehensive Plan but did not understand why the new section to the Future Land Use Designation Description was necessary relative to this discussion concerning Accessory Dwelling Units and Short-Term Rentals. Therefore, Town Council passed the Resolution of Intent to advance the Zoning Text Amendment as presented and agreed to the deletion of the one sentence on page 41 re: Accessory Dwelling Units contained in the Housing Chapter and requested that I reconsider the other proposed Comp Plan change.

Item Specifics: After re-reading the entire Comp Plan and then discussing this further with Town Manager Rick Keuroglan, I concur with Town Council that the addition of the new section is inappropriate at this particular junction and am not including this to advance to public hearing to amend the Comprehensive Plan. Nevertheless, based upon current discussions about Town parcels that fall within the Mixed Use Designation of the Future Land Use section of the Comprehensive Plan regarding workforce housing and proposals that are being considered at this time, I have added to my TO DO worklist with the Planning Commission and Town Council when we begin the 5-year review of the Comprehensive Plan to determine if we should amend the plan, pursuant to Code of Virginia §15.2-2230, to add language regarding housing stock diversity as part of the Comp Plan. Please note that this 5-year review of the Comp Plan will occur during summer/fall 2026.

Recommendation: No further action is required by Town Council on this matter since they adopted Resolution #20251016 at their October 16, 2025 meeting with that proposed section #3 Future Land Use Mixed Use stricken from that resolution.

Both the Comprehensive Plan Amendment 2026-01 and Zoning Text Amendment 2026-01 are being advertised with public hearings for the Planning Commission on Tuesday, January 6, 2026 and for the Town Council on Thursday, January 15, 2026.

For your reference, I have included the two Amendments that you were presented in October and showing the strike thru of the item discussed in this staff report.

Cape Charles Comprehensive Plan Changes

Housing – Accessory Dwelling Units (pg.41)

The Town of Cape Charles adopted ordinances in February 2019 that permitted accessory dwelling units under certain conditions, with adequate safeguards to protect the character of the existing residential neighborhood. This strategy is intended to develop new, moderate-cost rental housing while preserving the large, older homes and allowing more flexibility for elderly homeowners to stay in their homes. Among the conditions of approval for accessory apartments is that the accessory dwelling unit be “clearly subordinate to” the main unit. This is achieved by requiring that the unit be less than a specified percentage of the original house’s square footage. ~~In addition, these units cannot be rented for less than 30 day length stays in order to foster longer term residences (as opposed to summer tourist related weekly rentals).~~

Add new Item #3 to the Future Land Use - Mixed Use Designation in the Comprehensive Plan

Mixed Use – Preferred Uses (pg. 127)

~~3. Housing within this area shall lend itself to a variety of housing types (e.g., apartments, condos, single-family dwellings). It shall offer a diverse range of both rental options and ownership options to meet a range of price points to serve the community.~~

Cape Charles Zoning Ordinance Changes

CCZO Section 4.1 (J) (2) (a)

*Length of Stay –An Accessory Dwelling may either be rented as a short-term rental or long-term rental; by ~~An Accessory Dwelling Unit may not be rented as a short term rental. An Accessory Dwelling Unit may be occupied by any person for no less than 30 consecutive calendar days;~~ either paying a fee for such occupancy at his/her own expense or at the expense of another ~~thirty (30) day rental or greater.~~ Upon request from any building, zoning, finance, or public safety official acting on behalf of the Town of Cape Charles, the owner of the subject lot of record upon which the Accessory Dwelling Unit sits shall provide occupancy documentation and/or information as requested in writing. *If an Accessory Dwelling Unit is going to be rented for less than thirty (30) days (Short-Term Rental), the Owner must comply with Section 4.14 of the Cape Charles Zoning Ordinance.**

Proposed Language to add in Section 4.14 (STRs) (B) (new item 4) of the Cape Charles Zoning Ordinance

A property with a legal Accessory Dwelling Unit (ADU) in accordance with Section 4.1 (J) may apply for only the primary dwelling unit or accessory dwelling use to receive an annual Short Term Rental Zoning Permit; there will be no allowance for both dwelling structures to be utilized as an Short Term Rental in the same calendar year.. If the ADU is applying for an STR Zoning Permit, the requirements outlined in the STR ordinance must be met to establish # of applicable bedrooms and occupancy for the STR. The ADU is prohibited from the plus two occupancy allowance contained in Section 4.14 (C) (5).