

	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: On July 17th, 2025, the Town Council heard a proposed Zoning Text Amendment (ZTA) Request from the Cape Charles Historic Civic League for the possibility of continuing discussion on whether limiting the use of ADUs by property owners to long-term rentals has had an impact on the diversity of housing options for long-term rental and workforce housing. This request was referred to the Planning Commission to consider this and determine if the zoning ordinance should be amended to allow Short Term Rentals to occur in the Accessory Dwelling Units.

At their work session on September 22, 2025 and regular session on October 7, 2025, the Planning Commission reviewed the staff report which provided the history of accessory dwelling units by the Town into its zoning ordinance as well as the accompanying spreadsheet listing all Accessory Structures in the Historic District that we were aware of or were visible from the street. We understand that this list may not be fully complete since there could additional accessory structures that are not visible from the street and it is possible that that accessory structure may be used as an accessory dwelling (in existence prior to the Town's zoning ordinance allowing them either by Conditional Use Permit or by right). A summary box has been provided in the far right column of the ADU List for the 18 Accessory Dwelling Units that we have currently confirmed exist in the Historic District.

Item Specifics:

The Planning Commission stated that it does not appear that the policy of restricting ADUs for long-term rental housing has been widely adopted nor contributed a great # of rental units within our community. Staff did note that the ADU zoning is the other tool that has been implemented and the Town, thru Town Council, has not necessarily implemented all of the tools in their box that might promote this housing option to a wider range of property owners. One such option could be a tax incentive or credit program afforded to any Accessory Dwelling that is being used as a long term rental.

Nevertheless, the Planning Commission indicated that flexibility should be provided to these property owners that have ADUs and provide the same opportunity that has been extended throughout the Historic District relative to Short Term Rentals. In their discussion, they did indicate that only one building on a tax map should be licensed annually as a Short Term Rental. Specifically, the main residence and Accessory Dwelling Unit could not both be rented as a Short Term Rental. They also stated that the housing issues facing our Town (long-term rentals as well as workforce housing options) are going to require a greater effort by the Town and possibly by the County in adding these specific housing types and structures to our community.

Recommendation: From this discussion, the Planning Commission identified that changes would need to occur in the Town's Comprehensive Plan as well as the Town Zoning Ordinance in Section 4.1 (Accessory Dwelling Units) and Section 4.14 (Short Term Rentals). Items proposed for deletion are shown as strike thrus in RED FONT and new language is shown in GREEN FONT.

Here is link to both the Comprehensive Plan and the Zoning Ordinance if you wish to read this proposed changes within the full context of that entire page or section.

Comprehensive Plan: <https://www.capecharles.org/media/2676>

Zoning Ordinance: [Cape Charles Zoning Ordinance with Table of Contents](#)

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).**

Town Council is requested to review and discuss if they wish to advance both the Comprehensive Plan amendments and Zoning Text Amendments to public hearing and/or any edits to the recommendation from the Planning Commission in the proposed language that would allow Accessory Dwelling Units to be used as Short Term Rentals.

If the Town Council does wish to proceed with both of these proposed amendments, I have also provided a Resolution of Intent that would need to be adopted to commence the public hearing process.