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REGULATION OF SHORT-TERM RENTALS

With the rise in popularity of websites and apps that connect homeowners and renters (e.g., VRBO and Airbnb), the popularity of short-term rentals (STRs) has increased drastically over the past decade. While hosts and renters have reaped benefits like offset homeownership expenses and more affordable vacations, many neighboring homeowners have been left holding the proverbial bag. These homeowners find themselves bombarded with messes, noise, and the frequent presence of strangers in their neighborhoods.

Short-Term Rentals in NC

Regulating the use of property in North Carolina for STR purposes can be difficult. To begin, North Carolina provides limited regulation of STRs, and there is no statute that addresses STRs specifically; instead, North Carolina leaves regulation of STRs to its local governments (i.e., counties, municipalities, etc.). Moreover, local governments are not under an obligation to limit property owners' ability to rent their homes to STR renters. In fact, local governments are sometimes limited in their ability to regulate STR use by state law. Consequently, homeowners are often left to fend for themselves when seeking to limit STRs in their neighborhoods.

Homeowner Associations

Fortunately, if you are a member of a homeowners' association (HOA) or your community is considering forming one, you may have the ability to restrict your neighbors' rights to use their homes as STR rental units. If your community has not yet formed an HOA and has not yet drafted the community's restrictive covenants, you are in an excellent position to regulate the use of property in your community and limit STRs in your neighborhood. In this case, implementing such regulations may simply be a matter of carefully drafting your restrictive covenants.

If you are a member of an existing HOA that does not regulate STRs, you may be able to change that by altering the applicable restrictive covenants. Doing so, however, may not be as easy as simply rewriting the applicable restrictive covenants. This is because North Carolina dictates that amendments to restrictive covenants must be reasonable and because homeowner consent requirements for different restrictions can vary. Whether an amendment to restrict STRs in your neighborhood is reasonable, and what consents are required, will depend upon a number of factors. These include contents of existing restrictive covenants, contents of deeds to the neighborhood's properties, and the character of the neighborhood.

We Can Help

A member of our **Real Estate Advisory Services Group** can help you maintain the character of your neighborhood. If you are interested in regulating the use of STRs in your community, contact us **here**.

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