

New Castle City Planning Commission Meeting  
Minutes  
New Castle Senior Center  
400 South Street, New Castle, DE  
March 10, 2025 – 7:00 p.m.

Members Present: Margo Reign, Chair  
Brie Rivera  
Kristin Zumar  
Stephen Franklin  
Tamara Stoner  
Cynthia Batty  
Marc-Anthony Williams

Absent: David Majewski

Also Present: Antonina Tantillo, City Administrator  
Christopher J. Rogers, City Planner  
Max Walton, City Solicitor

Ms. Reign called the March 10, 2025 Planning Commission meeting to order at 7:00 p.m. Roll call followed and a quorum to conduct business was declared.

Ms. Reign welcomed Mr. Williams as a new member of the Commission.

**Minutes**

A motion to approve the minutes of the January 27, 2025, Planning Commission meeting as presented was made by Ms. Zumar, seconded by Ms. Stoner, and unanimously passed. Mr. Williams abstained.

Ms. Reign explained that the Planning Commission was tasked to investigate short-term rentals. She noted that Ms. Batty and Mr. Franklin each prepared a short presentation; stating that the Planning Commission did not request anyone to prepare a presentation, and the two presentations were done without prior knowledge or at the request of the Planning Commission. Ms. Batty's presentation was sent to the Commission in January and was provided to the Commissioners and to the public for informational purposes. In February a second presentation was sent by Mr. Franklin. Both presentations were edited down to 15 minutes each.

Presentation by Planning Commission member Cynthia Batty

Ms. Batty walked the Commissioners through her presentation, noting that:

- The first AirBnB rental was in 2007, and the phenomenon brought with it unexpected changes to how neighborhoods and cities work.
- New Castle is unique, and regulations for short-term rentals are based on zoning at the city level.

- There are 7 AirBnB's being advertised in our city: 4 in the Historic District and 3 in the Greater New Castle area. The average nightly rent for a short-term rental in the Historic area of the City of New Castle is \$149/night; the average nightly rent for a short-term rental in the Greater New Castle area is \$54/night. She opined that having short-term rentals outside the Historic area could be a benefit.
- There is no tourism problem in the City of New Castle. Almost  $\frac{3}{4}$  of the patrons of businesses in the City come from outside New Castle. Last year, Spirit of Christmas attracted 5,000 visitors.
- There are 3 questions that need to be addressed:
  - Should the commercial zone have different regulations from the residential zones?
  - What regulations would make everyone the happiest?
  - Should we allow the rest of the City to have short-term rentals as well?
- Ms. Batty opined that (1) short-term rentals should be allowed in the Historic Commercial District subject to certain restrictions; (2) short-term rentals should be allowed outside the City under certain circumstances.
- Ms. Batty reviewed certain restrictions in the current City Code.
- Ms. Batty outlined her recommendation for short-term rentals the Historic Commercial District:
  - A permit.
  - A fire inspection.
  - A local caretaker.
  - A ban on corporate ownership with the exception of individual proprietor LLCs.
  - A fine structure.
  - Apartment or home only; no temporary structures.
  - Occupancy restrictions.
  - Restrictions on the number of rooms.
  - The requirement to have one off-street parking space per bedroom.
  - Insurance indemnification of the City and taxpayers.
  - The same permit and license for the residential zone and greater New Castle.
  - No more than 31 days.
  - The rental unit must be owner-occupied.
- The Terry House has 7 rooms and no off-street parking. It is currently licensed as a Tourist Home. The Terry House must be cared for in this process, as it is a very important structure in the City of New Castle.
- The Code should be updated. Clarify definitions; update short-term rental to include conditions and clarify the zones; remove antiquated term of "tourist home"; remove "rooming house" and "boarding house"; define "hotel" or "inn"; clean up the Code.
- City staff will have to monitor and manage all of this, including: process the license, maintain the license, insure fire inspections are done, collect fines, etc. Fee structures

must be developed that support the cost of these administrative tasks. Ms. Batty stated it is not feasible for the City to monitor short-term rentals for the purpose of taxes. Finally, the effect on the City Police and Fire Departments is unknown.

Presentation by Planning Commission member Stephen Franklin

Mr. Franklin walked the Commissioners through his presentation, noting that:

- New Castle is a historical tourist community, and its draw is cultural tourists who want to immerse themselves in the uniqueness New Castle and to experience the art and history of a colonial city.
- Ideas expressed at previous City Council meetings:
  - Loss of community feel.
    - Mr. Franklin stated that his research of short-term rentals in the US and European large and small cities does not support the claim of a loss of community feel. New Castle's tourism is largely event-based, and comparison to beach communities is not relevant. The literature points out that the people who come here want to interact with locals and educate themselves on the culture, historical heritage and traditions of the City; and the literature actually points to short-term rentals enhancing the community feel as tourists get to interact with locals.
  - Loss of affordable housing.
    - Mr. Franklin stated that concerns with the loss of affordable housing or long-term rentals are misplaced. The literature points to a tipping point of when short-term rentals exceed more than 5% of the total rental housing stock. As it stands now, short-term rentals in New Castle is slightly more than 1% of the rental housing stock. The industry trends toward occupancy for short-term rentals at about 63%; the current rate of occupancy in New Castle is between 30% and 50% (based on conversations with short-term rental owners in New Castle).
  - Decrease in property values.
    - Mr. Franklin stated that the literature points to the fact that short-term rentals provide homeowners a way to share the cost of ownership while increasing the state in which homes are maintained. Instead of deferring maintenance, short-term rental tends to promote positive home upkeep and enhancing property values. Statistics from the Association of Lodging Professionals show that approximately 79% of short-term rentals are owner-occupied, with 77% being owned by couples. What makes short-term rentals unique is the personal services owner-operators supply.
  - Parking concerns.
    - Mr. Franklin stated although few homes in New Castle have off-street parking, but there is more-than-sufficient existing parking in the city for short-term rentals: On 2<sup>nd</sup> street off of Bull Hill Park; on 3<sup>rd</sup> Street near

Battery Park; on Delaware street; and off Chestnut Street. A short-term renter must tell his guests where parking is available.

- Revising the Zoning Code to provide a clear definition of “short-term rental”.
- Removing “tourist home” terminology as “a matter of right”.
- Literature points that there are three common approaches found in US and European large and small cities:
  - A total bans, which lead to legal issues.
  - Laissez-faire, which is more common in European cities.
  - Having quantitative limitations with conditions.

The literature points to short-term rentals actually being a boon to government revenue and providing income for the hosts.

- Studies show that cultural tourists tend to spend more, stay longer and visit more often.
- Mr. Franklin stated that according to the New Castle Visitors Center and the New Castle Historical Society:
  - 2019 was a high-point for tourism, with approximately 4,000 visitors.
  - Since that time tourism numbers have not rebounded to more than 50%.
  - Tourism is seasonal, with the highest number of tourists from May through December.
- For New Castle to remain culturally and regionally important, it must embrace short-term rentals. Mr. Franklin added that if New Castle remains tourist-ambivalent rather than actively promoting tourism, the museums and shops will struggle and eventually close.
- The concern about the proliferation of short-term rentals in either the commercial or residential districts is unfounded, simply because short-term rentals are not as lucrative as one might think, and are, in fact, labor intensive; and these factors will self-police in contributing to density controls and will prevent the hotelization of neighborhoods.
- Possible solutions:
  - Limit the number of licenses.
  - Establish clear guidelines and requirements.
  - Develop a common-sense and enforceable Ordinance.
  - Enforcement being done online.
- Mr. Franklin suggested that policies avoid infringing on the 4<sup>th</sup> and 5<sup>th</sup> Amendments.

### **Discussion of short-term rentals and tourist homes and potential recommendations**

Mr. Walton led a discussion of the parameters of a Draft ordinance.

1. Do you desire to recommend changing any of the current laws regarding short-term rentals or tourist homes?
  - a. Yes.
2. Do you recommend banning short-term rentals in all districts?

- a. No.
3. Do desire to recommend defining tourist homes / traditional bed and breakfasts (B&B's) / and sort-term rentals differently?
  - a. Yes.
4. Is there a particular jurisdiction's short-term rental ordinance that you like and would want to use as a model for New Castle's ordinance? If so, what jurisdiction?
  - a. Mr. Franklin suggested the City of Denver. Mr. Walton opined that it was more of a Mission Statement than an ordinance.
5. What is the recommended definition of a short-term rental?
  - a. Mr. Walton presented two suggested definitions of a short-term rental for consideration. Ms. Batty suggested that definitions of short-term rental should be based on zone: owner-occupied in the Residential District or non-owner-occupied in the Commercial District. Mr. Walton suggested that if a simple definition of short-term rental could be agreed upon, the requirements within each zone could be different. In response to a question from Mr. Walton it was the consensus of the Commission that they do not want an owner-occupied limitation in the Commercial District. A discussion of corporations purchasing houses the Residential District ensued. Mr. Walton stated that he would have to research the question of limiting corporations purchasing houses in a Residential District. Mr. Rogers added that the administrative capabilities of the jurisdiction come into play when writing an Ordinance. A discussion of Ms. Zumar's recommendation that either the property be owned by a resident of the city, or that the property is managed by a resident of the city ensued during which Ms. Rivera noted that the City of Lewes rental licensing agreement requires that:

“The owner does not have to be present for the duration of their guest's stay; however, a local contact must be available. A local contact means the individual designated by the license holder to perform obligations under this Ordinance and serve as the contact person for issues relating to the short-term rental. The designated contact must be available 24 hours a day to accept phone calls and respond physically to the short-term rental within a reasonable time period not to exceed two hours when a short-term rental and occupied.”
6. What is the recommended definition of a traditional B&B?
  - a. Mr. Walton asked if there was any objection to establishments like The Terry House being treated as a B&B instead of a tourist home, and Mr. Walton will revise his definition based on his current understanding of The Terry House. Mr. Walton explained that Special Exception or Conditional Use is a permitted use that has certain conditions that are attached to it that are usually included in the Code.
7. Mr. Walton recommended eliminating “tourist home” from the City Code. The Commissioners concurred.
8. Rental Limitations

- a. A discussion of rental limitations for short-term rentals and B&B's ensued. Mr. Walton opined that the intent is not to restrict one's right to rent their property for an extended period of time. During discussion Ms. Stoner opined that a limitation could be set for short-term stays, while allowing an option to extend the length of stay. It was noted that there is currently no limitation for The Terry House.
9. Should short-term rentals be precluded from any zoning district?
  - a. No.
10. Do you want to preclude short-term rentals in multi-family housing units, condos, or apartments?
  - a. During discussion, Ms. Zumar opined that apartments could be subject to rules of the complex owner. Ms. Reign opined that apartments can only be sub-let with permission from the complex owner.
11. Do you want to limit the number of short-term rentals to a percentage of a district? If so, what is the percentage? And in which districts?
  - a. There was a split among the Commissioners, and that will be discussed further when the draft ordinance is reviewed.
12. Should there be a requirement for off-street parking.
  - a. During discussion it was noted that the Terry House does not have off-street parking. The consensus of Commissioners was to have no requirement for a dedicated parking space.
13. Mr. Walton recommended that Business and Rental licenses should be required for short-term rentals and B&B's.
  - a. Two Business Licenses (State and City) and a City Rental License will be required.
14. Mr. Walton will work with City Staff regarding the approval process.
15. Do you want to limit the number of days per year a short-term rental can rent?
  - a. It was agreed that by the nature of a B&B, a limitation is implied. Mr. Walton opined that there seems to be a desire for some limitation, and it will be discussed further when the draft ordinance is reviewed.
16. Mr. Walton recommended that short-term rentals and Bed and Breakfasts be inspected prior to a license being issued and yearly upon renewal of the license.
  - a. Yes.
17. Mr. Walton stated that any fees the City may charge must be reasonably proportionate to the cost of providing the services.
  - a. Mr. Walton will estimate fees for the draft ordinance.

There being no further discussion, Ms. Reign opened to floor to Public Comment, noting that comments should be on the Agenda and will be limited to 3 minutes per person, with a maximum time for Public Comment of one hour.

#### **Public Comment**

Carol Vukelich – 33 The Strand

- Ms. Vukelich noted that it would be helpful if the audience had copies of what is reviewed by the Commissioners; particularly for the next meeting.
- Ms. Vukelich stated that in all literature she has researched, the terms “Tourist Homes” or “Whole Homes” and “Bed and Breakfasts” are used, and she is confused by the definitions proposed by Mr. Walton.
- Ms. Vukelich noted that in her research, most of the operators were required to have a \$1M liability insurance policy, and opined that people should know that the City is not responsible for injuries that may be sustained by renters.

Bill Emory – Baldton

Mr. Emory stated that B&B’s are like a hotel, that are rented out by the night; and if a renter wants someplace for months, it is not a B&B. Mr. Emory added that most residents in New Castle do not want more tourists, and opined that the Planning Commission wants tourists in New Castle. Mr. Emory stated that there is no off-street parking in New Castle, and that on-street for B&Bs should be allowed in the Code.

Ken Egerton – Terry House

Mr. Egerton spoke in opposition to taxing B&Bs.

John Reeves – East 2<sup>nd</sup> Street

Mr. Reeves thanked Ms. Batty and Mr. Franklin for their presentations, noting that many of the points he had were discussed by the Commission. He recommended that the Commission conduct local research, and does not rely heavily on how other communities handle short-term rentals, B&Bs, etc. Mr. Reeves opined that there will not be a tidal wave of short-term rentals/B&Bs, and suggested that if the City wants to encourage an economic environment that fosters stores, arts and culture, etc., more tourism is needed consistently throughout the year.

Ron Stach – 104 East 3<sup>rd</sup> Street

Mr. Stach stated that residential areas should be residential; noting that short-term rentals are businesses. Mr. Stach stated that he is not opposed to short-term rentals in the commercial district; but that he is opposed to short-term rentals in the residential districts. Mr. Stach stated that he takes comfort in knowing that his neighbors would be there if anything suspicious happened to his house in his absence; and asked the Commissioners to consider this and think about their own homes and neighborhoods and how a less regulated approach to short-term rentals might affect them. Mr. Stach reiterated that residential areas should remain residential, and stated that the City should protect New Castle’s most precious asset: its neighborhoods and the people who live in them.

David Brundage – 25 The Strand

Mr. Brundage questioned how much regulation should be made for independent businesses in both the Historic Commercial and Residential Districts, such as a short-term rental or B&B. He stated that currently the Historic Residential District is a potential free-for-all. He added that the issue is to create regulations that protect residents against potential abuse or exploitation. Mr. Brundage added that just because nothing of consequence has happened, it does not predict the

future; and to ensure that the Historic Residential area remains residential, proper regulations must be established that protect our neighbors and allow limited, or even no, commercial use.

Mr. Brundage noted that his back fence abuts a house that is currently being rented for transient visitors, with a narrow alley as the only access, and limited parking there or on the street. He opined that the best option is to keep all commercial establishments in the commercial area on Delaware Street.

Mr. Brundage asked the Commissioners and those in attendance if they desire a short-term rental over their fence; do you want to constantly supervise your children and their exposure to strangers; do you want potential vandalism allowed, or late parties next door. Mr. Brundage reiterated that good regulations must be determined that are appropriate for the Historic Residential District.

Phil Gross – 1301 13<sup>th</sup> Street

Mr. Gross stated that:

- Tourist terms should be 90-days or less.
- Insurance policies for rentals have specific levels according to how many days a house is rented.
- Rental licenses for short-term rentals should be the same as the City charges for regular licenses it already issues.
- The percentage or number of short-term rentals allowed should be limited regardless of whether it is commercial or residential.
- Parking should be limited to one vehicle.
- A rental tax has to be charged.
- A noise ordinance is extremely important.
- No RVs or boats should be allowed.
- Residential should be residential and commercial should be commercial.
- Any existing B&B's, tourist homes, short-term rentals, must abide by whatever new ordinances are adopted.

James Egerton – Terry House

Mr. Egerton noted that the Terry House is a family-run business. He noticed that some of the Commissioners have tried to separate the Terry House from other Airbnb's; adding that the Terry House is a 10-bed, 10-bath commercial property that is zoned Historical Commerce and is in the Commercial District. The Terry House can only be a B&B or hotel.

Sally Denton – 2<sup>nd</sup> Street

Ms. Denton opined that Airbnb's should be in the commercial district, and not in a residential district. People who purchase a house in a residential area are not buying a home where there are transient visitors on the weekends or days during the week. She added that there is no parking in



the Bull Hill area, and visitors would need to park by the old recycle area which is quite a walk from downtown. Ms. Denton urged the Commission to limit Airbnb's to the commercial district.

Dwayne Foster – 206 Delaware Street

Mr. Foster stated that he is the owner of the B&B on Packet Alley and a B&B on Delaware Street. Mr. Foster noted his hope that this process will bring about an agreed-upon solution; adding that there is a lot of contention between neighbors. Mr. Foster stated that he is distressed that his opening a B&B on Packet Alley was the catalyst for the dissention and the reason the Planning Commission is reviewing short-term rentals. His intention was to bring people to town to show them how special New Castle is and to provide new jobs in the City; not to divide people or to degrade New Castle.

Patty Isaacs-Hansen – 49 The Strand

Ms. Hansen stated that she does not want any commercial business in a residential area. She wants to know her neighbors and she does not want transient people around.

Dennis Young

Ms. Reign read a statement submitted via email from Dennis Young registering his protest to the advancement of a city tax imposed on any short-term rental or rented rooms within the immediate city boundaries; stating that a rental tax sends a warning to a small business as well as to parties interested in relocating to New Castle. He added that the idea that downtown businesses are "in it for the money and make out well" is a biased opinion. Mr. Young noted there is a preference for a portion of the community to preserve New Castle as a bedroom community, such as the intentional lack of facilities for personal watercraft at the City Dock; comparing New Castle's dock facilities to those of Chestertown, Maryland, noting that their docks renders the town enjoyable, attractive, and successful. Mr. Young opined that the direction the City could take is to creatively promote more businesses and attractions to enhance the experiences of living in our Town and not to institute punitive financial burdens on businesses of any sort.

Barbara Winard

Ms. Reign read a statement submitted by Ms. Winard stating that short-term rentals could certainly add value to the town and benefit businesses.

Eleanor Kenton

Ms. Reign read a statement submitted by Ms. Kenton regarding how an over-abundance of short-term rentals have destroyed a number of small, historic towns in Europe, because there are not enough residents living in the towns in the off-season to support local retail business or restaurants; and expressing her hope that this does not happen to New Castle. She added that urban planners of today are recommending exactly what New Castle already has.

Mr. Walton stated for the record that there is nothing in the Ordinance relating to taxes.

Next Meeting

Planning Commission Meeting  
March 10, 2025

The next Planning Commission meeting will be held on April 28<sup>th</sup>, at the Senior Center, conditioned on the availability of the space.

Miscellaneous

Ms. Batty asked Mr. Walton if Board and Commission members could be included in a future class on FOIA.

There being no further business to discuss, Ms. Reign called for a motion to adjourn.

A motion to adjourn was made by Ms. Stoner and seconded by Ms. Zumar. The motion was unanimously passed and the meeting adjourned at 9:03 p.m.

Respectfully submitted,

Kathleen R. Weirich  
City Stenographer