

ORDINANCE No. 558

**AN ORDINANCE TO REMOVE THE DEFINITION OF TOURIST HOME,
ADD DEFINITIONS FOR SHORT TERM RENTAL, BED AND
BREAKFAST, AND HOTEL, MOTEL AND INN, TO MAKE
CORRESPONDING CODE REVISIONS, AND TO ADD A NEW SECTION
230-27.1 REGARDING SHORT TERM RENTALS.**

WHEREAS, the Council of The City of New Castle (“City Council”) possess the authority to adopt, amend, modify, or repeal The City of New Castle Municipal Code (“Code”);

WHEREAS, residential dwellings have long been used for short-term and long-term rental purposes and are an important part of the local tourism economy; however, short-term rental uses may have adverse impacts that can best be addressed through appropriate regulations;

WHEREAS, the regulation of short-term rentals will help preserve and protect the City's neighborhoods, provide standards and procedures for residential rentals, educate prospective short-term renters on City regulations and expected behaviors, and support the City's core values established by the City Code;

WHEREAS, to effectuate these goals, the City Council desires to modify Chapter 230, to remove the definition of Tourist Home, add definitions for Short Term Rental, Bed and Breakfast, and Hotel Motel and Inn, make corresponding Code revisions, and add a new Section 230.27.1 regarding Short Term Rentals (“Proposed Changes”); and

WHEREAS, the City Council finds that the Proposed Changes are consistent with the City of New Castle’s Comprehensive Development Plan and are in the best interests of the City.

NOW, THEREFORE, making the express finding that the Proposed Changes outlined below enhance the health, safety, and welfare of the City of New Castle, the City Council of The City of New Castle hereby ordains and adopt the following Code changes and revisions:

Section 1. Amend Chapter 230, Section 230-1, to remove the definition of Tourist Home:

TOURIST HOME

~~A dwelling in which overnight accommodations in no more than five guest rooms are provided or offered for transient guests for compensation.~~

Section 2. Amend Chapter 230, Section 230-1, to add, in alphabetical placement, a new definition of Short Term Rental as follows:

SHORT TERM RENTAL

A house, duplex, apartment, condominium, or other residential dwelling unit or parts thereof where ~~a tourist or~~ guest or guests rents sleeping or living accommodations of less than 31 days, such as an Airbnb, Vrbo, or other similar rental accommodations.

Section 3. Amend Chapter 230, Section 230-1, to add, in alphabetical placement, a new definition of Bed and Breakfast as follows:

BED AND BREAKFAST

An owner occupied and operated establishment, that provides sleeping accommodations in ten (10) or less designated guest rooms for rent to ~~tourists and~~ guests, with no more than two adults in the same guest room, where no family or guest normally stays more than 7 nights, and where no separate cooking facilities are provided.

Section 4. Amend Chapter 230, Section 230-1, to add, in alphabetical placement, a new definition of Inn as follows:

INN

An non-owner occupied establishment that provides sleeping accommodations in more than five (5) but less than ten (10) designated guest rooms for rent to guests, with no more than two adults in the same guest room, where no family or guest normally stays more than 7 nights, and where no separate cooking facilities are provided.

Section 5. Amend Chapter 230, Section 230-1, to add, in alphabetical placement, a new definition of Hotel or Motel ~~or Inn~~ as follows:

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HOTEL or MOTEL or INN

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A building or structure having more than ten ~~tourists or guests~~ rooms, providing lodging, food and/or service to the transient traveling public, and may include restaurants, club rooms, public banquet halls, ballrooms or meeting rooms, but the individual living units shall not contain kitchen or cooking facilities.

Section 65. Amend Chapter 230, Section 230-19 (Historic Residence District) subsection A. (3) by deleting the strike through language and adding the underlined language as follows:

(3) ~~Tourist Homes~~ Bed and Breakfast

Section 76. Amend Chapter 230, Section 230-20 (Historic Commerce District) subsection A. (10) by deleting the strike through language and adding the underlined language as follows:

(10) ~~Tourist Homes~~ Bed and Breakfast

Section 87. Amend Chapter 230, Section 230-28 (off street parking and loading requirements), subsection A. (12) by deleting the strike through language and adding the underlined language as follows:

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(12) ~~Tourist Home~~ Bed and Breakfast: one off street parking space for each guest room or suite.

Section 98. Amend Chapter 230, Section 230-28 (off street parking and loading requirements), subsection A. (15)(a)[6] by deleting the strike through language and adding the underlined language as follows:

[6] Bed-and-breakfast ~~inn and house: onetwo~~ off street parking space ~~s, plus one per guest or rental room~~ for each guest room or suite.

Section 109. Amend Chapter 230 by adding a new Section 230-27.1, entitled "Short Term Rentals," which shall read as follows:

230.27.1 Short Term Rentals.

Short term rentals in residential dwellings shall be permitted only in the R-1, R-2, R-3, HR, HC, RC, DG, SC and GC districts and shall be subject to the following requirements:

- A. Licensing. Prior to any residential dwelling being used as a short term rental, the owner of the property shall register the property as a short term rental, and shall obtain a City of New Castle Business License (§156-3 *et. seq.*) and a Rental Housing Business License (§140-38). The City Building Inspector (or his or her designee) shall perform a life safety inspection prior to any property being rented or used or offered as a short term rental. The fee for a life safety inspection shall be set from time to time by resolution of City Council. Following a passing life safety inspection, and upon submission to the City proof of liability insurance exceeding one million dollars, the City shall issue a short term rental license to the owner, provided that all other requirements of this section and the New Castle City Code are satisfied. A short term rental license shall be for two years, and shall indicate the maximum occupancy of the dwelling, which shall be no more than two persons per bedroom. For renewal of a short term rental license, a new life safety inspection shall be required. The form of short term rental application, and the components of life safety inspection shall be established by the Building Inspector, in conjunction with the City Administrator. No rental license shall issue if the applicant owes outstanding fines, fees or taxes to the City. Short term rental licenses are not transferable, and if the property is sold or conveyed during the term of a rental license, the new owner shall be required to obtain a new rental license.
- B. Local Contact. Each short term rental license application shall provide the e-mail and phone number of a local contact that is the owner or authorized agent for the short term rental. Contact information for the authorized owner or authorized agent must be on file with the City during the entire term of the short term rental license and failure to keep such information current shall be grounds for revocation of the license. For purposes of this section, a “local contact” is a real person that resides within ten (10) miles of the City of New Castle and is responsible for the short term rental. The

local contact shall be available 24 hours a day to accept telephone calls from the City, and if requested, respond physically to the short term rental within a reasonable period of time, not to exceed two hours when the short term rental is occupied by guests. It shall be the responsibility of the local contact to ensure that the short term rental guests comply with all City and State laws and ordinances. The local contact shall also be required to maintain records of all short term rental booking dates and rental income and shall provide such information to the City upon request.

C. Interior Placard. The following information shall be made conspicuously visible inside the short term rental: the property's rental identification number and information on maximum occupancy, location of the required off-street parking on the property, contact information for the local contact, emergency numbers, the location of fire extinguishers, and waste and recycling pickup schedule, rules for bin placement, and times for bin removal from the street.

D. Building Requirements. Short-term rental dwellings shall meet all applicable building, health, fire, and related safety codes at all times, including:

(1) That each short-term rental has working smoke detectors in every bedroom, outside of all sleeping areas, and on all habitable floors;

(2) That each short-term rental has working carbon monoxide detectors in every dwelling unit with fuel appliances;

(3) That each short-term rental has a properly maintained and charged fire extinguisher in each short-term rental unit;

(4) That each short-term rental has GFCI receptacles within six feet of the outside edge of any sink;

(5) Each short term rental shall provide the following off-street parking:

(a) three or less bedrooms: one parking space

(b) four or more bedrooms: two parking spaces

(6) Each short term rental shall have a lock box or an entry key pad which shall be accessible upon the permission of the owner or local contact.

E. Prohibitions. The following prohibitions apply to short term rentals:

- (1) The use of short term rentals to host commercial activities is prohibited;
- (2) Short term rentals shall not be operated outdoors, in a recreational vehicle, or in any non-residential structure;
- (3) No short term rental shall be occupied with guests for more than two hundred seventy (270) days in any given calendar year; and
- (4) No more than two and one half percent (2.5%) of the total residential units in any zoning district shall be issued short term rental licenses under this Section 230-27.1; provided, however, that at least two short term rental units shall be permitted in each district.

F. Violations and Penalties. Any violation of this Chapter 230 or any other provisions in the City Code may subject a violator to any remedy, legal or equitable, available to the City.

1. Rental License violations include:

- a. Operating a short-term rental without a valid short-term rental license;
- b. Advertisement or rental of a short-term rental without proper licensing; and
- c. Advertising a short-term rental outside the permitted scope of a short-term rental license.

2. Operation violations include:

- a. Use of the short-term rental for commercial/fundraising activities;
- b. Failure to maintain required records;
- c. Failure to ensure short-term rental guests comply with the requirements of the City Code;
- d. Failure to make conspicuously visible the information required in § C above;

e. Failure of local contact to satisfactorily respond to or resolve complaints;

f. Failure to comply with any disaster or emergency orders;

g. Disorderly dwelling; and

h. Failure to comply with the building requirements in § D above.

3. The following fines and penalties may be assessed for short term rental violations.

a. The short-term rental fines shall be assessed at an amount not less than \$100 dollars and not more than \$500 per violation. For the first violation, the City may elect to issue a written warning in lieu of a fine. If there are three or more subsequent violations of the same offense or the sum of six violations of more than one type of offense during the term of the rental license, the City may immediately revoke the short term rental license.

b. Each day a violation continues unresolved will constitute a separate violation.

c. Nothing contained herein shall be construed to limit the legal remedies available to any other person for the correction of violations of this Chapter and the correlating provisions in the City Code. All violations shall be cumulative.

G. The City shall keep a record of all short-term rental licenses issued, and shall publish the list of the active issued licenses (listed by addresses and unit numbers only) on the City's website.

Section 110. Inconsistent Ordinances and Resolutions Repealed. All Ordinances or parts of Ordinances and all resolutions or parts of resolutions that may be in direct conflict herewith are hereby repealed.

Section 124. Severability. The provisions of this Ordinance shall be severable. If any provisions of this Ordinance are found by any court of competent jurisdiction to be unconstitutional or void, the remaining provisions of this Ordinance shall remain valid, unless the court finds that the valid provisions of this Ordinance are so essentially and inseparably connected with, and so dependent upon, the unconstitutional or void provision that it cannot be presumed that City Council

would have enacted the remaining valid provisions without the unconstitutional or void provision; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and incapable of being executed in accordance with City Council's intent.

Section 132. Applicability. This Ordinance shall not be applicable to intermediate or longer term rentals for which a written lease agreement is executed for stays of ~~more than~~ sixty (60) days or more. Nothing in this Ordinance shall be construed as to prevent the renewal of a short term rental for a period of up to thirty (310) additional days, provided, however, that no short term rental shall be occupied by any guest for a period exceeding sixty-two (620) days.

Section 143. Exemptions. Any short term rental legally in operation and meeting all current code requirements as of the date of the introduction of this Ordinance which does not meet the requirements for off street parking shall be permitted to continue, provided that all other requirements of this Ordinance are satisfied. Any bed and breakfast legally in operation as of the date of the introduction of this Ordinance which do not meet the requirements for off street parking shall be permitted to continue, provided that all other requirements of this Ordinance are satisfied. All short term rentals and bed and breakfast legally in operation and meeting all current code requirements as of the date of the introduction of this Ordinance shall have ninety (90) days to comply with the new regulations established herein. An Inn (as defined herein) is exempt from the requirements of this Ordinance.

Section 14. Effective Date. This Ordinance shall become effective immediately upon its adoption by City Council.

First Reading

Second Reading

Signed this _____ day of _____, 2025

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_____, President of City Council