

ORDINANCE No. 555

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 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 guests, on a temporary basis 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, on a temporary basis 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 as follows:

HOTEL or MOTEL

A building or structure having more than ten guest 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 6. 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 7. 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 8. 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:

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

Section 9. 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: one two~~ off street parking space_s, plus one-per-guest or rental room for each guest room or suite.

Section 10. 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.
- 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, contact information for the local contact, emergency numbers, the location of fire extinguishers, 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 shall have single or multiple- station smoke alarms installed and maintained regardless of occupant load at all of the following locations:

1. On the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms;
2. In each room used for sleeping purposes;
3. In each story within a dwelling unit, including basements, but not including crawl spaces and uninhabitable attics. In dwellings or dwelling units with split levels and without an intervening door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one full story below the upper level.

(2) That each short-term rental shall have carbon monoxide alarms in dwelling units which shall be installed outside of each separate sleeping area in the immediate vicinity of the bedrooms. Where a fuel burning appliance is located within a bedroom or its attached bathroom, a carbon monoxide alarm shall be installed within the bedroom.

(3) Combination carbon monoxide and smoke alarms shall be permitted to be used in lieu of carbon monoxide alarms.

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

(5) That where a short-term rental has receptacles within six feet of the outside edge of any sink, said receptacles are GFCI;

(6) Each short term rental shall have a Knox Box which shall be accessible by

the Good Will Fire Company.

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 more than one percent (1%) of the total residential parcels in each of the R-1, R-2, R-3, and HR zoning districts 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. There is no limitation on the number of residential parcels in each of the HC, RC, DG, SC, and GC zoning districts eligible for short term rental licenses.

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~~ premises as defined in Chapter 140-41; 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 two violations of the same offense or the sum of four 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. The City has discretion to extend these deadlines for violations of section 2.h. above for good cause.
 - 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.

Section 11. 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 12. 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 13. Applicability. This Ordinance shall not be applicable to intermediate or longer term rentals for which a written lease agreement is executed for stays of 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 (31) additional days, provided, however, that no short term rental shall be occupied by any guest for a period exceeding sixty-two (62) days.

Section 14. Exemptions. 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 15. Effective Date. This Ordinance shall become effective immediately upon its adoption by City Council.

First Reading August 12, 2025

Second Reading

Signed this _____ day of _____, 2025

Suzanne Souder, President of City Council

Attest: _____

Courtaney Taylor, City Clerk

Approved: _____

Valarie Leary, Mayor