

Town of Henlopen Acres

104 Tidewaters
Henlopen Acres, DE 19971

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MINUTES: The Commissioners of the Town of Henlopen Acres held a Public Hearing at **10:00am on Monday August 31, 2020** at the in the Ballroom at the Rehoboth Beach Country Club, 221 West Side Drive, Rehoboth Beach, DE 19971

PRESENT:	Joni Reich	Mayor
	John Staffier	Commissioner
	Andrew Brittingham	Commissioner
	Jeffrey Jacobs	Commissioner
	Beatrix Richards	Commissioner
	Richard Thompson	Commissioner
	Tim Hidell	Commissioner
	Thomas Roth	Town Manager
	Lisa Michaels	Town Clerk
	Glenn Mandalas, Esq.	Town Solicitor
	Pamela Herrmann	Stenographer

[The Minutes are Not Verbatim]

1. Call to Order-

The Public Hearing on proposed amendments to Chapter 95 Rentals was called to order at 10:07 am by Town Manager Thomas Roth who began by welcoming everyone to the Public Hearing and explaining it is an opportunity for members of the public to comment on the proposed amendment to Chapter 95, Rental Property. Mr Roth explained there are 25 people who have requested to speak this morning. Each person will be allotted 3 minutes. He asked each speaker to start by stating their name and address for the record. The public comment period will remain open until Friday September 4 at 4:30pm for the submission of written comments. Mr Roth also explained the Commissioners will not be voting on the proposed amendments today, it is only a period for them to hear public comments. The Commissioners will also not engage in any discussions with residents this morning.

- 2.** Mayor Reich also made opening comments. She thanked everyone for their attendance and shared the background of how this issue came before the Board of Commissioners. The Commissioners began discussing rental issues in April 2019 as it appeared, the level of rental activity had increased throughout the year and several home purchases appeared to be for the purpose of renting the property and not occupying it. In 2020, 26 properties applied for rental licenses. The current rental ordinance allows homes to rent on a weekly basis, with a maximum capacity of 12 person per unit, for an unlimited amount of weeks throughout the year. In 2019, there were 25 homes that received rental licenses, the average number of weeks rented per home was approximately six. About half of the homes rented last year rented for six weeks or less, or what the mayor categorized as a low level of

activity. The other half of the homes rented at a higher level of activity ranging from 8 to 13 weeks throughout the year. The income range for the homes rented last year was around \$25,000 to approximately \$80,000. In reviewing the rental activity in Town, the Commissioners' intent was never to ban all short term rentals but look more at the intensity of the rental activity in Town. The Commissioners also looked at other local communities to see what, if any, restrictions they had on short term rentals. At the Rehoboth Beach Country Club, there are no short term rentals permitted. The minimum rental period is 12 months. There are similar restrictions at King's Creek. Also in Rehoboth Beach, a small townhouse community called Park Place on the Canal, there is a two week minimum rental period. In Showfield, a new premier community in Lewes, developed by the Lingo family, there is a six month minimum rental period. The same provision is in place for Wolfe Point, another community in the Lewes area. The Commissioners' goal is to strike a good balance between rental activity and the ability of residents to enjoy their homes. Mayor Reich then provided some background on when the Town was established and that Henlopen Acres was established as a residential community with no commercial activity permitted. Throughout the process of evaluating the rentals in Henlopen Acres, the Commissioners have sought input from the residents by holding five public meetings including a public workshop in October 2019. To date, 77 properties have submitted comments. Many residents feel very strongly about this topic, both for and against the proposed rental ordinance. In the community adjacent to Henlopen Acres, North Shores, there will be 900 rentals in 2020 compared to 200 for Henlopen Acres. Does the difference in rentals numbers change the quality of life for homeowners? While the proposed rental ordinance may not be perfect, we believe we are asking the right questions. The Commissioners want your input and thank everyone for coming out today. Mayor Reich then turned the floor over to Glenn Mandalas, Town Solicitor.

Mr. Mandalas began by introducing himself as the Town's solicitor, explaining that he has been advising the Commissioners throughout the process of evaluating the rental activity in Town and he can confirm, in his opinion, the proposed Rental Ordinance is permitted by law. Mr Mandalas has encouraged the Commissioners to listen closely to the comments made here today and act in the best interest of the Town. He then read the proposed Ordinance in its entirety for the record.

Scott Pinover of 45 Pine Reach interrupted the proceeding to ask what the current rental restrictions are. Mayor Reich responded and reviewed the following: Homes must be rented for a minimum of one week, with no more than 12 occupants per dwelling and there is a requirement for a local contact person available 24 hours a day 7 days a week. These are requirements that were added to the rental ordinance in 2015. Added to the rental ordinance in 2019 was the provision that each rental property must comply with the Town's Building and Property Maintenance Ordinance.

John Shedlestsky of 4 Pine Reach interrupted the proceeding as Mr Roth was about to call the first speaker to the podium. Mr Sheletsky wanted to ask a question while Mr Roth explained that it was a hearing and not a question and answer session. After some discussion, Mr Roth called Mr Tom Donnelly to the podium.

Tom Donnelly-5 Tidewaters

Mr Donnelly read a letter from fellow resident Leigh Jamison of 90 Tidewaters. Ms Jamison couldn't attend the meeting but wanted to express her frustration about the current rental situation in Town. She lives next to a rental property and has issues with renters screaming, yelling and playing drinking games in the back yard of the home. Ms Jamison understand that people are vacation and want to enjoy themselves, but she cannot even use her back porch because of the noise. Due to the current noise Ordinance in Town, Ms Jamison cannot complain to security until 11pm.

Mr. Donnelly then spoke for himself. He was upset at an email he received from another resident accusing a recently deceased Commissioner of using his position on the Board for personal gain by supporting more rental restrictions. He agrees the rental Ordinance as proposed isn't perfect but believes the residents and Commissioners can come together to work out a solution.

Nathalie McGregor-3 Pine Reach

Ms McGregor believes the proposed Ordinance discriminates by separating current owners who are allowed to rent their homes for a minimum of one week with future owners (who purchase property after September 2020) will have to rent their home for a minimum of thirty days. She believes this separates the Town into two classes. Some families will not have the ability to keep their home in the Acres if rentals are restricted. She would like to see a referendum so that whole Town would have a vote.

Scott Pinover 45 Pine Reach

Mr Pinover represents Connie Boland and her family. They strongly oppose the proposed Rental Ordinance. He feels it violates rights as Americans to own property. The Town should deal directly with rental properties that are causing problems. He would like to see the Commissioners direct their efforts to replacing trees.

Bob Stevens-66 Fields End

Mr Stevens supports the proposed rental Ordinance. He disagrees with some homeowners who believe this Ordinance will negatively affect property values.

John Shedletsky-4 Pine Reach

Mr Shedletsky stated that the Town has not provided the financial impact the proposed ordinance will have on the Town and its residents. Mr Shedletsky spent a significant amount of time presenting his figures of the financial consequences restricting rentals as proposed. He ran way over his allotted three minutes and refused to sit down until he was finished. He was also upset that heirs of the property would not be able to rent in the same capacity under the proposed Ordinance.

Rick Born-10 Rolling Rd

His parents built their house in 1955 and is now owed by himself and his sister. They currently rent their property five or six weeks per year. He believes the Ordinance is proposed in good faith but there is no demand for rentals of more than one week. He believes limiting rentals to six times per year will discourage buyers. There are many multigenerational owners in the acres.

Kate McPherson-10 Rolling Rd

Kate is a third generation family member of 10 Rolling Rd. She doesn't have a problem with the Ordinance because she agrees that Henlopen Acres shouldn't become a rental community. She does have an issue with item 5, that limits rentals to one month minimum for new owners after September 2020, or family members who inherit the property. In her case four cousins will inherit the property at 10 Rolling Rd and it will difficult to keep up the property without rental income.

Steve Richter-60 Fields End

Mr Richter's grandfather build their home in the 1960's. His grandfather was a Commissioner. The current family dynamic doesn't allow for a lot of use by family members. The home is rented about ten weeks per year and he has never heard any complaints from his neighbors about renters in his property. He loves the Town and appreciates what the Commissioners do but he opposed the proposed Ordinance.

Wendy Linn Jacobs-24 Rolling Rd

Mrs. Jacobs appreciates the opportunity to speak to the Commissioners. She currently owns two properties in Town. Her family has owned a home in the Acres since 1984. Her parents originally owned a home in Rehoboth Beach but left due to the commercialization of rentals. She has experienced the noise, excess trash and different people each week occupying a rental property next to her home. It would be great if all the rental properties followed the rules but we know that's not the case. Mrs. Jacobs recently searched the online listings of some of the rental properties in Town and found 6 properties with reviews showing 14, 16 and 20 people staying in the home. She supports the efforts to preserve the residential community in Henlopen Acres and is in favor of the proposed Ordinance.

Joe Hawley-92 Tidewaters

Mr Hawley began by discussing the letter he sent out, which another resident mentioned earlier in the hearing, regarding what he felt was an unfair distribution of Commissioners on the Board with four of the seven needing to be bona-fide residents. Mr. Hawley continued by verbally condemning his neighbor who had previously complained about the noise and disruption coming from his rental property. He feels the way Commissioners are elected should be changed and he also wants to see the data that shows the problems the Town has been having with rental properties.

Heather Hawley-92 Tidewaters

Mrs Hawley began by stating how impressed she is with the character of Henlopen Acres and that the turn out for today's hearing shows how much people care about the Town. She and her husband use the income they receive from renting their property to fix up the house. The proximity of their house to three of their neighbors is very close making a fish bowl like atmosphere. She believes changing the current noise ordinance to 10pm may help with some noise issues associated to rentals. She would like to see more data collected concerning the problems rental properties are causing in the Town.

Walter Stark-4 Rolling Rd

Mr Stark lives in Henlopen Acres six months out of the year. He has problems with noise from rental properties and likes the suggestion of changing the noise ordinance to 10pm. He's also concerned that rental properties are not following the rules. He agrees with the proposed Rental Ordinance limiting the number of weeks a home can be rented, but disagrees with limiting rentals for properties even further if they change ownership.

Raymond Crosby 71 Pine Reach

Mr Crosby has a long history with the Acres since the 1970's when they rented a home for vacation. He is not just an investor. He opposes the proposed Rental Code. Mr Crosby doesn't believe there is data to back up such a drastic change to the Rental Ordinance. He support having a peaceful, private neighborhood. In the past there was an issue with his rental property not following the rental rules in Town. He and his wife met with several Commissioners to discuss the situation and there hasn't been an issue since. He uses the rental income to continue to improve his property. He vets all people who rent his home and they only rent to families. He feels six weeks is a too restrictive limit on rentals and believes the proposed Ordinance will create contention in Town.

Roger Warin-26 Tidewaters

Mr Warin thanked the Commissioners for the opportunity to speak. He sent an email out to about 100 homeowners and received thirty responses that were opposed to the proposed Ordinance. He has the same commitment to a peaceful community but as a lawyer, believes the proposed Ordinance is unconstitutional. His in-laws were full time residents. He doesn't want to rent his home to anyone that won't respect the Town as he does.

Diane Warin-26 Tidewaters

Her parents had a condo in North Shores then eventually built 28 Tidewaters. She thinks Henlopen Acres is a beautiful community. She feels the rental rules already in place could be enforced better. Many families want to pass their home on to the next generation and still have the ability to rent the property, using the rental income to maintain the property.

Lynn Sirinek-60 Pine Reach

Ms Sirinek spoke at the public meeting last fall and is speaking out again in opposition of the proposed Rental Ordinance amendments. Whether families have owned their property for a few years or a few decades, rental income is critical to allow them to maintain the home. Homeowners who rent don't always see the rental contracts, they are between the renter and the realtor. She believes these restrictive rules will force some homeowner to rent without applying for a rental license and not paying the gross receipts tax which means the Town will lose money. She encourages the town to come together and find a less restrictive solution.

Porter Wheeler-79 Tidewaters

Mr Wheeler has owned his home since 1978. He compliments the Commissioners on their desire to preserve the tranquility of the Town. Increasing rentals could impact the community in many ways including water, sewer, noise and traffic. He feels increased rentals will also diminish values for all residents. He supports the Ordinance.

Steve Canton-23 Tidewaters

Mr Canton has been a resident of Henlopen Acres for over 20 years. He wants to thank the Commissioners for all their hard work. He feels everyone is doing the best they can in the current situation. He appreciates having the public forum and believes everyone needs to work together.

Lisa Barnhill-6 Rolling Rd

Ms Barnhill wanted to make several points. She is currently spending several hundred thousand dollars to upgrade her home, she is a widow who still works and needs the rental income, and she does not have family who can use her house when she's not here. Ms Barnhill also disagrees with the one week minimum on rentals, she believes homes should be able to be rented for shorter periods of time, like for long weekends. Her son will inherit her home in the acres and will need to rent it in order to maintain the property. She's asking the Commissioners to vote against the proposed rental Ordinance or assemble a task force from the community to study the subject further.

Joe Wade-96 Tidewaters

Mr Wade has owned his home in the acres for two years. His In-laws owned a home for over fifty years. He appreciates the Commissioners being proactive at preventing the Town from becoming a rental Town. He agrees with the proposed Ordinance.

David Kaplan-11 Rolling Rd

Mr Kaplan started by stating he won't ever rent his home but he appreciates that others do. Excessive noise and traffic seem to be the main issue. He suggests changing the current noise Ordinance to make it earlier and limiting the number of cars on a property. He also suggests requiring a security deposit from rental properties and making the gross receipts tax progressive based on the number of times a home is rented, with a higher tax for homes rented more frequently. He doesn't believe the proposed Ordinance should penalize property owners who inherit the property.

John Scheurer-62 Tidewaters

Mr Scheurer began by stating that he was lucky enough to know most of the people in the room. He is in support of a more restrictive Rental Ordinance. He thanked the Commissioners for being proactive. There's a special sense of community in Henlopen Acres. Mr. Scheurer mentioned all the Committees he's been on for the Town and Beach Club and also his extensive work on the Town's Comprehensive Plan. Mr Scheurer has experienced and heard stories of renters using Block W beach, having no idea what the rules are, doing things they shouldn't be. Also renters coming to the Beach Club saying they were told by the homeowner that they could use the Club, even though they cannot. He agrees the proposed Ordinance shouldn't penalize multigenerational owners but feels the Town has fallen short on regulating rentals. He believes the Commissioners will do the right thing and pass rental restrictions that will help Henlopen Acres retain its special character.

Mr Roth asked if there was anyone else that wished to speak. There were no other comments. Mayor Reich reminded residents of the upcoming 50th Anniversary celebration. She also mentioned an article in Delaware Beach Life magazine that speaks of the special community we

have here in Henlopen Acres and the Town's heritage. Finally she mentioned the book about Henlopen Acres that is available for purchase.

Mr Roth made closing comments reminding the attendees that all written comments received prior to today's hearing and up until the deadline of Friday September 5 at 4:30pm will be made part of the permanent record. The next Board of Commissioners meeting will be Friday September 11 at 10:00am. The agenda will be posted by Friday September 4.

An audience member asked when the transcript will be available. Mr Mandalas stated the Town's next step will be to purchase the transcript, if they choose. He didn't know how long it would take to be completed.

Mayor Reich adjourned the hearing at 11:47am.

Also in Attendance:

Wendy Linn Jacobs	24 Rolling Road
Ann Stevenson Cameron	40 Rolling Road
Joe & Heather Hawley	92 Tidewaters
Barbara Shortley	59 Pine Reach
Roger & Diane Warin	26 Tidewaters
Robert Hammond	85 Tidewaters
Raymond & Barbara Crosby	71 Pine Reach
Tom Donnelly	5 Tidewaters
Bill Lingo	11 Dodds Lane
Steve & Jane Richter	60 Fields End
Gail McDermott	7 Pine Reach
Lynn Sirinek	60 Pine Reach
John Scheurer	62 Tidewaters
Gina & Joe Wade	96 Tidewaters
Scott Pinover	45 Pine Reach
Kate MacPherson	10 Rolling Rd
Rick & Elaine Born	10 Rolling Rd
Hetty Hertrich	34 Tidewaters
Christine Moore	14 Tidewaters
Carol & Charles Smith	8 Pine Reach
David Kaplan & Julia Marx	11 Rolling Rd
Marla Frear	53 Rolling Rd
Lisa Barnhill	6 Rolling Rd
Freddie Noland	44 Pine Reach
Walter & Polly Stark	4 Rolling Rd
Jennifer Lamson	25 Tidewaters
John Shedletsky	4 Pine Reach
Steve McGuinness	6 Broad Hollow

Murray Padgett	97 Tidewaters
Melissa & Scott Riegel	17 Tidewaters
Stephen O'Donnell	38 Rolling Rd
Mary Moltz	62 Pine Reach
Nancy & Bob Stevens	66 Fields End
Porter Wheeler	79 Tidewaters
Joan Donnelly	5 Tidewaters
Bonnie Staffier	58 Pine Reach
Nathalie McGregor	3 Pine Reach
Kate Lyons	43 Pine Reach
Gene & Genevieve Wilson	10 Tidewaters
Steve & Susie Canton	23 Tidewaters
Elizabeth Owen	27 Tidewaters

Approved 10/12/2020