

Large Homes:



Large Home:

Topics:

- Perceptions
- Data Analysis
- Over 20 years of history
- Planning Board Discussion
- Financial Implications
- Additional Public Comment
- The Real Issue

Large Home: Myth Busters

Items people perceive to be true:

- Utilities at capacity: Sometimes commonly referred to as water/sewer flow rate.
 - False: Highest Daily Demand falls short of 66.666667% (build out @ ~85%)
- Mega Houses will be built on every lot.
 - False: The Lot Size determines the size of the house controlled by setbacks, impermeable surface area, building height
- Size of home has no financial impact to property owner, town, or local area
 - False: Metrics impacted included Market Value, Tax Base, Small Businesses (Food & Beverage, Retail), Insurance, Real Estate, Lenders, etc...

Large Home: Data Analysis - 30 Columns and 9,128 Rows (GIS

Download)

Fundamental rules include “clean” data otherwise known as GIGO (garbage in garbage out). Start with simple statistics to better understand the data.

- Duplicate rows (double counting), outliers (zero bedrooms, non-residential, etc...)
- Simple statistics (mean, median, mode) and counts

4,000+ SQFT	Bedrooms
Mean	5.5
Median	5
Mode	4

Beachfront 12

3,500+ SQFT	Bedrooms
Mean	4.5
Median	4
Mode	4

Beachfront 10

3,000+ SQFT	Bedrooms
Mean	4
Median	4
Mode	4

Beachfront 35

Places 80% of non-beachfront property owners into non-conforming

Large Home: Data Analysis

When did Oak Island lose “small town atmosphere” or when will it?

- 1970, 1975, 1981, 2005-2008, today, tomorrow, 2025, 2074
- Simple statistics (mean, median, mode) and minimum

4,000+	~Build
Mean	2007
Median	2008
Mode	2006

~1981

3,500+	~Build
Mean	2005
Median	2008
Mode	2011

~1975

3,000+	~Build
Mean	2005
Median	2007
Mode	2005

~1970

Large Home: Myth Busters - Part 2

Items people perceive to be true: continued...

- Large houses are all along the beachfront.
 - False: Homes 3,000+ SQFT can be found everywhere with only 57 out of 300+ located on the beachfront
- When an older beachfront home is sold it is replaced with a mega house.
 - False: The Lot Size determines the size of the house (setbacks, impermeable surface area, building height)

Recent Sales	Bedrooms	~Year Built
5127 W. Beach Dr	5	1990
6903 W. Beach Dr	5	2005
7005 E. Beach Dr	4	2003
122 S.E. 63rd St	4	2003
6909 W. Beach Dr	4	2005

Large Home: Failed History

Attempts to infringe on property rights and identify property owners to exclude from the community isn't a new concept. Over the last 20 years...

- Establish limits on the number of inhabited floors
- Increase setbacks on beachfront only
- NC Coastal Resource Commission proposal for 3,000 SQFT limit
 - The Coastal Resources Commission, or CRC, was created when the General Assembly adopted the Coastal Area Management Act (CAMA) in 1974. The CRC establishes policies for the N.C. Coastal Management Program and adopts rules for both CAMA and the N.C. Dredge and Fill Act. The commission designates areas of environmental concern, adopts rules and policies for coastal development within those areas, and certifies local land use plans.
- Define the maximum number of bedrooms a home can have
- Today: rinse and repeat in disguise, true intent unclear

Large Home: Failed WHY?

All people have rights which include property rights.

- “Given the propensity of the NC General Assembly to strike down any local ordinance that attempts to regulate short-term beach rental houses, no doubt the proposal would not survive the state legislature’s scrutiny.” Dara Royal, Chairperson OKI Planning Board - May 17, 2022 (email thread with Staff)
- NC House Bill 150: “a local government whether county or municipality is unable to control the following ... the number and types of rooms; and the interior layout of rooms ...” local governments do not have this zoning power - Ratified March 20, 2013
- NC House Bill 44: “a city may not use a definition of dwelling unit, bedroom, or sleeping unit that is more expansive than any definition of the same in another statute or in a rule adopted by a State agency.” - Ratified September 23, 2015

Large Home: Planning Board Discussion

July 21, 2022. The Planning Board regular scheduled meeting included a discussion on large home text amendment. Review was ~50 minutes with Staff utilizing ~18 minutes.

- I personally would like to go down to 3,000.
- We need to prevent people from buying more land.
- Now that we defined a large home, we need to define a small home.
- I don't understand why a family needs a large home.
- I am OK at 4,000.
- Would this help Council? I guess it is irrelevant.

Large Home: Financial Implications

The economic impact. Size and Non-Conforming

- Property Owner: Kings Lynn Dr example

6610 / 2,888 SQFT / 4 Bedrooms / Lot Size 0.69 / Built ~2003

Tax Value	\$817,260
Land	\$345,000
Market	\$1,431,200
Minus Land	\$1,086,200
Market Reduction	\$0
OKI Tax Before	\$2,288
OKI Tax After	\$2,288
Impact	\$0

6612 / 3,572 SQFT / 5 Bedrooms / Lot Size 0.71 / Built ~2007

Tax Value	\$993,180
Land	\$345,000
Market	\$1,763,600
Minus Land	\$1,418,600
Market Reduction	(\$332,400)
OKI Tax Before	\$2,780
OKI Tax After	\$2,288
Impact	(\$492)

Large Home: Financial Implications...continued

The economic impact.

- Accommodation Tax: $\$285\text{k}/\text{year} * 4 \text{ years} = \$1,140,000$ (Assumes loss of $\$250/\text{week}/\text{rental} * 57 \text{ units} * 20 \text{ weeks}$) This leaves Sand Funding Model short $\sim \$1\text{m}$
- Small Businesses: Food & Beverage ($\$1.2\text{m}$), Retail ($\456k) Based on loss of 10 visitors $* 20 \text{ weeks} * 57 \text{ units} = 11,400 \text{ people}$ $\$18/\text{meal} * 6 \text{ nights}$ and $\$40/\text{week}$ retail spend
- Insurance Companies: Premiums are based on replacement value of the home but only if the property owner contacts the insurance company
- Real Estate Brokers: Commissions paid on contract value, ($\$19,944$)
- Lenders: Earnings on mortgages based on amount borrowed and interest rate ($\$1.2\text{m}$ vs. $\$1.6\text{m}$), higher down payment requirements ($\$332\text{k} + \$143\text{k} = \$475\text{k}$)

Large Home: Other comments from the public...

Don't build because...

- We don't have bike lanes on our street
- Over burden electric service and town doesn't have a plan
- Impact on tax values
- Phone and internet services will suffer
- More trash will be generated
- Creates a fire hazard
- Renters in large homes don't care about anything and drive large vehicles

Large Home: Real Issue

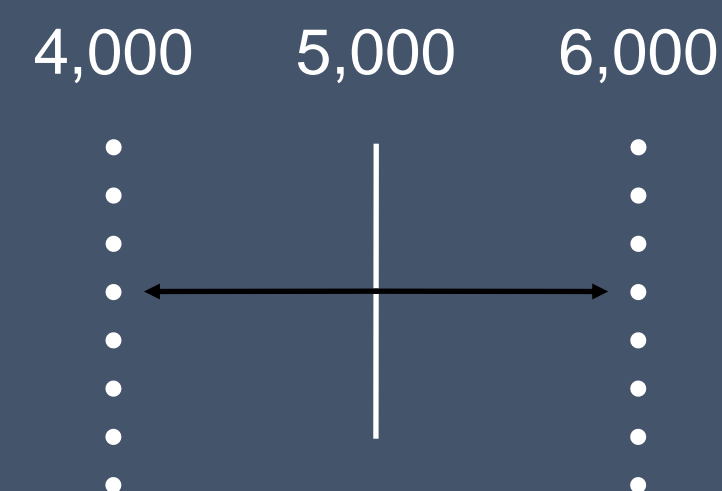
Parking. Too many vehicles at homes. Overflow parking in ROW and Beach Access. My Paid Parking proposal has key components to address the real issue.

- Eliminate 72 hour ROW parking
- Parking permits at short-term rentals based on number of parking spaces allowed
 - Limits number of vehicles
 - Increase identification of rental properties for Accommodation Tax collection
- Rental property overflow parking in paid parking spaces, make multi-day paid parking an option
- Future considerations for satellite beach parking with shuttle service

Large Home: Summary

Key points to remember...

- Planning Best Practices discourage increasing the number of non-conforming properties
- The Lot Size is a significant factor in determining the building pad
 - Setbacks, Impermeable Surface Area, Building Height
- Data Analysis doesn't support changing ordinance
- Flow Rate at peak = 66.666667% @ 85% Build out
- NC Coastal Resource Commission established rules which the Town of Oak Island adopted



Expansive: covering a wide area in terms of space or scope; extensive or wide-ranging.