



May 12, 2026 City Council Meeting

Title

Consider a request for a Special Use Permit at 165 South Main Street — Planning Commission and Adam Fletcher, Community Development

Summary

Project name	N/A
Address/Location	165 South Main Street
Tax Map Parcels	26-B-2
Total Land Area	+/- 12,047
Property Owner	Big Brother & The Holdings Co LLC
Owner's Representative	Margaret Clark
Present Zoning	B-1, Central Business District
Special Use Permit Request	To allow short-term rental per Section 10-3-85(11)
Planning Commission	April 8, 2026 (Public Hearing)
City Council	May 12, 2026 (Public Hearing)

Recommendation

Option 1. Staff and Planning Commission (5-0) recommend approval of the special use permit request with the suggested conditions.

Context & Analysis

The following land uses are located on and adjacent to the property:

Site: Commercial uses and multiple-family dwellings, zoned B-1

North: Commercial uses, zoned B-1

East: Massanutten Regional Library, zoned B-1

South: Denton Park and City-owned parking lot, zoned B-1

West: Private parking lot, zoned B-1

The applicant is requesting a special use permit (SUP) per Zoning Ordinance (ZO) Section 10-3-85 (11) to allow a short-term rental (STR) in the B-1, Central Business district. The +/- 12,047-square-foot property is addressed as 165 South Main Street and is identified as tax map parcel 26-B-2. The subject property is known as the Wine Bros. building, a mixed-use structure that includes The Shops at Agora, Ruby's Arcade, and four multi-family dwelling units, which are known as

Ruby's Lofts. If approved, the applicant would operate a short-term rental (STR) within Apartment 203.

In February 2026, the Commissioner of the Revenue's office discovered that the applicant was operating a STR without a City business license. The applicant indicates the STR has operated in Apartment 203 for approximately five years. In addition to obtaining an SUP and business license, STRs must be registered annually with the Department of Community Development.

The City adopted STR regulations in March 2019. These regulations were amended in September 2020 to create the by right "homestay" use. Homestays are only permitted within single-family detached, duplex, and townhome dwellings; therefore, the proposed STR within Ruby's Lofts is not eligible to operate as a by right homestay and requires SUP approval. While the applicant has described how the STR would operate, the SUP is not restricted to the current applicant/operator. SUPs run with the land; therefore, any future owner/operator could utilize the SUP provided all ordinance requirements and any SUP conditions are met.

Per ZO Section 10-3-205 (2), STR operators must maintain the property as their primary residence, as indicated on a state-issued license or identification card. The property owner does not live on the property and has identified Tess Sherman (tenant in Apartment 202) as the operator. The proposed operator resides on the property and therefore meets the primary residence requirement. Staff has advised the applicant that if the operator is not the property owner, ZO Section 10-3-205 (3) requires the operator to be present during the lodging period. If the existing operator were to move or is no longer willing to act as the operator, the STR would not be able to operate until a new operator who resides on the property is identified.

The B-1 district has no minimum off-street parking requirements; however, the applicant indicates that five parking spaces are leased from the adjacent Asbury United Methodist Church for Ruby's Lofts tenants and STR guests. In addition, the site is within walking distance of the Water Street parking deck, where public parking is available.

Land Use

The Comprehensive Plan designates this site as Mixed Use and states:

The Mixed Use category includes both existing and proposed areas for mixed use. Mixed Use areas shown on the Land Use Guide map are intended to combine residential and non-residential uses in neighborhoods, where the different uses are finely mixed instead of separated. Mixed Use can take the form of a single building, a single parcel, a city block, or entire neighborhoods. Quality architectural design features and strategic placement of green spaces for large scale developments will ensure development compatibility of a mixed use neighborhood with the surrounding area. These areas are prime candidates for "live-work" and traditional neighborhood developments (TND). Live-work developments combine residential and commercial uses allowing people to both live and work in the same area. The scale and massing of buildings is an important consideration when developing in Mixed Use areas. Commercial uses would be expected to have an intensity equivalent to a Floor Area Ratio of at least 0.4, although the City does not measure

commercial intensity in that way. Downtown is an existing area that exhibits and is planned to continue to contain a mix of land uses.

The downtown Mixed Use area often has no maximum residential density, however, development should take into consideration the services and resources that are available (such as off-street parking) and plan accordingly. Residential density in Mixed Use areas outside of downtown should be around 24 dwelling units per acre, and all types of residential units are permitted: single-family detached, single-family attached (duplexes and townhomes), and multi-family buildings. Large scale developments, which include multi-family buildings are encouraged to include single-family detached and/or attached dwellings.

The subject site is a mixed-use building containing commercial and residential uses, consistent with the Comprehensive Plan's Mixed Use designation.

Transportation and Traffic

A traffic impact analysis (TIA) was not required for the SUP request.

Public Water and Sanitary Sewer

Staff has no concerns with the requested SUP regarding water and sewer matters.

Housing Study

The City's Comprehensive Housing Assessment and Market Study (Housing Study) has this property in a Census block group that is classified as "No Data" according to market types. This block group did not have any housing sales data at the time of the study. The Housing Study identified that there is strong demand for expanding rental housing inventory at the lowest and highest income spectrum because the number of households in the lowest and highest income groups significantly exceed the number of housing units available for and affordable to them.

Public Schools

If the SUP is approved, no additional dwelling units would be added to the property; therefore, the student generation is zero.

Conclusion

After review of this request, staff believes it shares similar characteristics to other applications for STRs that have received approval. Staff recommends approval of the SUP with the following conditions:

1. All STR accommodations shall be within Apartment 203 as described in the application.
2. There shall be no more than one (1) STR guest room or accommodation space.
3. The number of STR guests at one time shall be limited to four (4).
4. Prior to operation, the operator shall submit to City staff a completed Short-Term Rental Pre-Operation Form. Furthermore, the operator shall maintain compliance with the items identified in the Pre-Operation Form when short-term rental guests are present.

5. If in the opinion of Planning Commission or City Council, the short-term rental becomes a nuisance, the special use permit can be recalled for further review, which could lead to the need for additional conditions, restrictions, or the revocation of the permit.

Options

1. Approve the special use permit request with the suggested conditions.
2. Approve the special use permit request as submitted by the applicant.
3. Approve the special use permit with other conditions(s).
4. Deny the special use permit.

Attachments

- Extract from Planning Commission
- Site maps
- Application and supporting documents