

BOROUGH OF AVALON
CAPE MAY COUNTY
NEW JERSEY

ORDINANCE No. 908–2026

AN ORDINANCE AMENDING CHAPTER 27 (ZONING) OF THE BOROUGH OF AVALON
BOROUGH CODE ZONING REGULATIONS TO THE B1 ZONING DISTRICT TO CREATE AN
OVERLAY ZONE TO PERMIT BOUTIQUE HOTELS AS A CONDITIONAL USE

WHEREAS, the Avalon Planning and Zoning Board (hereafter Planning Board) has recommended an amendment to the Borough Zoning Ordinance to all Boutique Hotek in the B-1 Zoning District as a Conditional Use; and

WHEREAS, Borough Council has duly considered the matter; and

NOW, THEREFORE, BE IT ORDAINED BY THE BOROUGH COUNCIL, THE GOVERNING BODY OF THE BOROUGH OF AVALON IN THE COUNTY OF CAPE MAY AND STATE OF NEW JERSEY AS FOLLOWS:

Section 1: Chapter 27 of the Code of the Borough of Avalon pertaining to Zoning, Section 27-6.2 pertaining to District Regulations is hereby amended and supplemented and shall hereafter provide as follows:

27-6.2h B-1 District

1. Principal uses
2. Conditional uses
 - i. Boutique Hotels - As defined and where permitted under 27-7.1(o)

27-7.1 Conditional Uses

- o. Boutique Hotels.

Factual findings and conclusions:

Borough Council hereby adopts the following facts and conclusions:

- a. This issue of a Boutique Hotel within the Borough was first raised in 2014 when the owner of a parcel of ground, namely Block 21.04 Lot 56 filed an application for a zoning variance to permit the construction of a Boutique Hotel. The variance application was denied. A revised second application was thereafter submitted by the same applicant in 2016 which was also denied.
- b. The denial was based, in part, on the fact that while the subject parcel was located in the B-1 Zone, hotels or boutique hotels were not and are not permitted uses in the B-1 Zone.
- c. The B-1 Zone is the principal business and commercial district under the Borough's Zoning Ordinance and extends from 20th Street to 33rd Street along both sides of Dune Drive. It also extends on the easterly side of Ocean Drive from 20th Street to 22nd Street and from 27th to 30th Street. on the easterly side of Ocean Drive. (Ordinance 853-2023)
- d. Hotels, motels and, by extension, boutique hotels are not permitted uses in the B-1 Zone but are confined to the R-M Zone (Hotel and Motel Zone). This zone is located from 78th to 80th Streets from the beach to Ocean Drive.
- e. Thus, Avalon's Hotel-Motel Zone is located some 45 blocks away from the southerly end of the business-commercial zone in Avalon and provides virtually no foot traffic to the Avalon business zone. In fact, the Avalon Hotel-Motel Zone is located only 18 blocks from the central business district in the neighboring community.

f. The potential of a boutique hotel located in the Avalon business district Generated considerable discussion, both in support and opposition to the concept, including public comments in support and opposition at meetings of the Avalon Planning and Zoning Board and at meetings of Borough Council. The denial of the requested variance by the Planning and Zoning Board led many business owners within the B=1 District to seek an amendment to the zoning ordinance. It was argued that such a structure would serve as an overall benefit to the Borough in general and would help the Avalon businesses particularly in the shoulder seasons (spring and fall) and would serve to extend those seasons.

The Avalon Chamber of Commerce polled its membership as to the need or desirability of a Boutique Hotel in the B-1 Business District and the members polled voted overwhelmingly in favor of such a hotel by a vote of 5 to 1

g. Accordingly, the Avalon Planning and Zoning Board – a single Board established by NJ Statute 4-:55D-25 (c)- undertook a study of the issue. As part of this undertaking, the Board, sometime in 2022, requested funding from the Borough Council in order to engage the services of a consultant to assist the Board in this study.

h. Borough Council agreed to the request and appropriated the funding in the 2023 municipal budget. Thereafter Requests for Proposals were solicited from several firms. The Borough engaged the services of Colliers Engineers and Design Consultants (“Colliers”) to conduct a study and to otherwise assist the Board in reaching a determination as to whether boutique hotels should be permitted as a permitted use in the B-1 Zone.

i. Colliers completed a study dated December 22. 2023 and filed its report with the Board and also with the Borough.

j. The Colliers study:

- (1) evaluated ten boutique hotels in New Jersey, Delaware, and Long Island, New York.
- (2) It found that the number of rooms ranged from a low of 16 rooms to a high of 110 and noted that a boutique hotel in the neighboring town of Stone Harbor had 58 rooms; and that room sizes varied from 185 square feet (Asbury Park) to 650 square feet (Rehobeth Beach, Delaware). The boutique hotels in the case study were located on lots ranging from 0.2 acres (roughly 8,700 square feet) with the two largest properties measuring 2.6 acres and 1.9 acres.
- (3) It found that, in general, boutique hotels had a wide range of amenities. For example,
 - Eight have or have access to dining
 - Seven have, or have access to a pool
 - Seven have a bar
 - At least seven offer beach badges or complementary beach access
 - Five have a rooftop restaurant or bar
 - Some have a game room or access to games, some have banquet halls, fitness centers and similar type amenities

k. The Colliers study also referenced a 2022 study on the impacts of tourism in New Jersey which found that a daytime visitor spends \$91 while a visitor who stays overnight spends \$761. That same study found that the number of overnight visitors to Cape May County totaled 7.17 million in 2022, which exceeds the pre-pandemic number of 6.46 million in 2019. (This number is second only to Atlantic County.) Based on these estimates, it is reasonable to conclude that a boutique hotel located in the B-1 Zone would provide a significant benefit to other local businesses.

l. This finding is consistent with a 2016 study conducted by the U.S. Conference of Mayors and the American Hotel & Lodging Association finding that “hotels and lodging businesses are mainstays of their communities, and an important source of quality jobs, and support communities through increased tax revenue, capital investment, tourism-related development and promotion, civic leadership, and charitable contributions and sponsorship”.

m. The Conference of Mayor’s Study further found that hotel development had a beneficial economic impact in that (1) they create jobs; (2) they invite Travellers; (3) they buy local food; (4) they promote innovation; (5) they promote local businesses; (6) they promote competition – all of which leads to a positive and beneficial impact on the community.

n. Lastly, the Colliers Report concluded that allowing boutique hotels in the B-1 Zone conforms to and advances the Borough’s Master Plan. Specifically, the Colliers Report found that the Borough’s 2022 Master Plan Reexamination outlined a series of goals and objectives several of which are advanced by amending the Zoning Ordinance to permit boutique hotels. In fact, the Borough’s reexamination of the B-1 Zone outlined a desire “to expand opportunities for economic development in the Business District” and “to encourage year-round tourism for the Business District. The reexamination explicitly recommended boutique hotels stating the following:

“The Board seeks to encourage short term stays, extended seasons, opportunities for young families to visit, support the local businesses within the B-1 District and encourage more foot traffic within the B-1 District.

“The existing Motel and Hotel District is located at the south end of Avalon at the border with Stone Harbor between 78th and 80th Streets, which is 45 blocks (2.4 miles) from the B-1 District. The distance is not conducive to walking to shop and dine in the existing Business (B-1) District.

“The creation of a Boutique Hotel as a Conditional Use within an Overlay Zone in the B-1 District is a mechanism to achieve the above goals.

“The Overlay Zone should be an area of the B-1 Zone sensitive to adjoining residential properties and maintaining current setbacks, proximate to the main business district to encourage hotel guests to frequent those shops and restaurants and provide on-site amenities visitors of Avalon are accustomed.

“ Appropriate zoning criteria should be considered to ensure no long-term rental or residence at such hotels and that the hotels are at all times operated as short-term stay boutique hotels.

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It would appear that Avalon is one of the very few – if not the only – seashore community that does not have a hotel, motel, or other place of lodging located within or in close proximity to the central business district.

o. Thus, the Board’s reexamination of the Master Plan in 2022, and specifically with respect to the B-1 District outlined a desire to “encourage year-round tourism as a benefit for the Business District”. Moreover, this ordinance reflects that goal as it requires a ground-floor restaurant within the boutique hotel to alleviate the strain of restaurants closing within the district due to a constricted tourism season.

p. On March 10, 2026, the Planning Board held a public hearing after formal notice to the public on the concept of a boutique hotel and a draft ordinance was available to the public prior to the hearing. At this hearing, nine (9) members of the public addressed the Board on the issue of the draft ordinance. At the conclusion of the public comment, the Board voted to approve the draft ordinance and present it to Borough Council for further action. It is represented that this latest Board hearing on March 26, 2026 was in addition to numerous other discussions and public comment over the years since the boutique hotel concept was first considered.

q. Following the Board hearing on March 10, 2026 the Board Secretary notified Borough Council that the Board recommended a proposed ordinance amending the zoning ordinance to permit boutique hotels and certified that such an ordinance is consistent with the Master Plan and, in the opinion of the Board, would be in the best interests of the Borough of Avalon. (Letter from Board Secretary Christine Feketics dated March 19, 2026).

r. For the foregoing reasons, the Borough Council has determined that the adoption of this Ordinance is consistent with, and in furtherance of, the goals expressed by the Planning Board during the 2022 reexamination of the Master Plan and that such amendment is in the best interest of the public.

1. Purpose

The Business Overlay District is intended to supplement the existing zoning district regulations of the B-1 District to encourage the development of boutique hotels with restaurants, both of which will be open for use by the public. Boutique hotels provide a unique accommodation option for visitors to the resort in areas with walkable access to local restaurants, retail stores and resort amenities. Establishment of the overlay district will promote the restoration of existing buildings while encouraging economic development through new investment and reinvestment in existing businesses. The Business Overlay District is positioned to provide a location central to the shopping and restaurant district. It also supports the goal of providing support for the business community as outlined in the 2017 Master Plan Re-Examination and 2022 Master plan Amendment.

2. Establishment of Overlay District

The Business Overlay District is proposed to be established with respect to lands within the B-1 District with the exception of the lands along Ocean Drive between 27th Street and 29th Street, and as more specifically shown in, “Aerial Map with B-1 Zone Overlay”, dated March 1, 2022 and revised to January 6, 2026, made apart hereof and as maintained in the Borough Clerks Office.

3. Definition of Boutique Hotel

A boutique hotel is defined as attached or detached buildings having a minimum of 10 guest rooms and a maximum of 50 guest rooms offering rooms for rent on a nightly basis. A boutique hotel shall have at least one (1) full-time employee onsite and shall provide daily maid service. Retail shops and restaurants, all of which shall be open to the general public, shall be located on the ground floor. Such shall be a comprehensively planned, full-service retail, dining, and entertainment complex consisting of such combination and diversity of uses, attractions, and amenities as may be necessary or desirable to create a building functioning as a hotel complex.

4. Bulk Requirements and Maximum Height

a. Requirements for boutique hotels shall be in accordance Sections 27-6.2.h.4, 27-6.2.h.5 and 27-6.6.h.6 of the B-1 District.

b. A minimum of 33% of the Ground Floor building area shall be restaurant use and provides seating for the general public.

c. All hotel guest rooms shall be available for rent by the general public.

5. Off-Street Parking and Access Drives

a.

b. The parking requirements shall be as follows:

i. A minimum of one (1) parking space for each hotel room.

ii. A minimum of one (1) parking space per 1000 square feet of restaurant space.

- iii. No driveway access shall be from Dune Drive or Ocean Drive.
- iv. No mechanical lift parking shall be permitted.
- v. Parking is permitted under the building within the rear.
- vi. All parking requirements shall be accounted for on-site.
- vii. Provide appropriate loading area as per Section 26-7.12.

6. Signs

- a. All signs shall be in accordance with Section 26-7.21 of the Subdivision and Site Plan Review Ordinance

7. General Requirements.

- a. The minimum square footage for each unit shall be 300 square feet.
- b. Shall always be operated as a commercial hotel which shall be open to the public with no individual permitted to claim a hotel room as their residence and no hotel room shall be occupied as a permanent residence.
- c. Shall provide a centralized management system that staff and manage rental and reservation desks, staffed by at least one (1) person.
- d. Shall contain an interior communal lobby.
- e. Rooms shall be rented on short-term occupancy only. Short term rental is the occupancy of a hotel room by the same individual or group of individuals for no more than fourteen (14) consecutive days.
- f. No laundry facilities are permitted for hotel guests. All laundry facilities are be used by hotel staff only.
- g. Said hotel shall be opened to service the public for a minimum of 9 months per calendar year, which shall include at least the months of April through September. To the extent the hotel closes for any period of time during the calendar year, it must be closed to all activity, and cannot simply remain open for private service.
- h. Hotel rooms shall not have an efficiency kitchen nor stove and are permitted to have a mini refrigerator, microwave, and coffee maker.
- i. Provide a trash handling area sufficient for the hotel and any accessory uses proposed.
- j. Must have building frontage at ground level.

8. Pool Criteria

- a. Pools shall be permitted as an accessory structure to boutique hotels in the Business Overlay District.
- b. The pool is limited to hotel guests and their guests only.
- c. The pool is permitted to be open from 10:00 am to 9:00 pm daily.
- d. Rules and regulations of the pool must comply with all Borough and State safety requirements.

SECTION 2. REFERRAL; NOTICE TO ADJOINING MUNICIPALITIES AND COUNTY PLANNING BOARD; REQUIREMENT FOR FILING ADOPTED ORDINANCE.

- A. This Ordinance shall be subject to review and recommendation by the Avalon Planning and Zoning Board in accordance with N.J.S.A. 40:55D-26. The Cape May County Planning Board and adjoining municipalities shall be provided notice of this proposed ordinance in accordance with N.J.S.A. 40: 27-6.10 and N.J.S.A. 40:55D-15a.
- B. Upon adoption, this Ordinance shall not become effective until a certified copy of same is filed with the Cape May County Planning Board in accordance with N.J.S.A. 40:55D-16

SECTION 3. REPEALER. All Ordinances or parts of Ordinances which are in conflict or inconsistent herewith are hereby repealed to the extent of such inconsistency or conflict only.

SECTION 4 SEVERABILITY. If any section, paragraph, subdivision, subsection, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, subsection, clause, or provision declared invalid and the remainder of this Ordinance shall remain in full force and effect and shall be enforceable.

SECTION 5: EFFECTIVE DATE: This Ordinance shall take effect immediately upon final adoption and publication as required by law and, in accordance with Section 2 hereof.

NOTICE OF PENDING ORDINANCE

The Ordinance published herewith was introduced and passed on first reading of the Municipal Council of the Borough of Avalon on June 10, 2026. It will be further considered for second reading, public hearing and final adoption at a meeting of said Council to be held on the 22nd day of July, 2026 in the Meeting Room of the Municipal Building, Avalon, New Jersey at 4:00 pm and during the week prior to and up to and including the date of such meeting, copies of said Ordinance will be made available at the Clerk's Office in said Municipal Building to the members of the general public who shall request the same.

C. DANIELLE NOLLETT
Borough Clerk