THE TOWN OF
HIGHLANDS

After serious discussion with the Town attorney concerning the details of the Huff Case and the future of amortization, the Town Board of Commissioners directed the Town attorney to negotiate a settlement. The settlement agreed upon lessens the burden placed on the taxpayers of Highlands by ending an inevitably long court battle with an uncertain ending.

The town's acceptance of this settlement does not negate the short-term rental ordinance the town board passed on September 15, 2022. The regulations of this ordinance will continue to apply and be enforced. The ordinance prohibits new short-term rentals in R1 and R2 zones.

The settlement in the form of a consent judgement was signed by both parties and filed with the Superior Court Judge. The Superior Court Judge has reviewed and signed the consent judgement (see attached).

The Highlands Board of Commissioners considers these issues in the Huff lawsuit to be settled and resolved.

Respectfully,

Patrick Taylor

Mayor Patrick Taylor

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FILED
DATE:December 19, 2025
TIME:8:33:02 AM
MACON COUNTY
CLERK OF SUPERIOR COURT
BY: K. Woodard

STATE OF NORTH CAROLINA — IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

COUNTY OF MACON — FILE NO. 21CVS000612-550

JENNIFER HUFF, et. al.
Plaintiffs / Petitioners,

v.

TOWN OF HIGHLANDS, NORTH CAROLINA;
Defendant / Respondent.

CONSENT JUDGMENT

THIS CAUSE coming on before the undersigned Superior Court Judge upon the consent of the undersigned parties pursuant to a settlement agreed to by the Parties. Pursuant to such settlement between Parties, the Parties have asked the Court to make the following findings and conclusions, and upon the consent of the Parties and review of the file, the Court finds and orders as set out below.

1. Plaintiffs filed the Complaint in this matter on October 13, 2021, contesting, among other things, Defendant's legal authority to regulate short term rentals.

2. Defendant filed a motion to dismiss the complaint on December 20, 2021, and filed an answer on April 30, 2025.

3. Plaintiffs filed a motion to attorneys' fees on August 26, 2022, and moved for partial summary judgment and on January 24, 2023.

4. Upon request of the Parties, the Court on February 17, 2023, entered an order to stay this action for a period of six months. That stay was extended to

October 1, 2024, upon request of the Parties by order executed by the Court on October 26, 2023.

5. On September 19, 2024, the Town passed an ordinance amortizing the use of property in the R-1 and R-2 zoning districts for rentals of less than 30 days at a time to take effect September 15, 2027 ("the Amortization Ordinance", a copy of which is attached hereto as Exhibit A).

6. On October 18, 2024, Plaintiffs noticed for hearing its motion for partial summary judgment and motion for attorneys' fees to be heard on November 30, 2024, and those motions were actually heard on that date in Macon County Superior Court.

7. On December 11, 2024, the State enacted Senate Bill 382 that, in relevant part, revised N.C. Gen. Stat. § 160D-601(d) to broaden the definition of "down-zoning." The bill captured all local ordinances passed 180 days prior to the effective date of the bill, which includes the Amortization Ordinance.

8. By two separate orders entered on March 11, 2025, the Court granted Plaintiffs' motion for partial summary judgment and motion for attorneys' fees. Remaining for decision is the amount of attorneys' fees to which Plaintiffs are to be awarded.

9. Plaintiffs have amended the Complaint in this action to, among other things, add a claim that the Amortization Ordinance is unconstitutional and prohibited by Senate Bill 382.

10. Plaintiffs allege that they have incurred over $220,000.00 in legal fees and intend to ask for an award of no less than this amount from the Court.

11. Defendant believes the Amortization Ordinance to be constitutional and disputes the amount of attorneys' fees claimed by Plaintiffs.

12. The Parties have reached a resolution of any and all claims between them as follows:

a. The Parties agree that the Amortization Ordinance shall be deemed null and void by the Court, and removed from the Defendant's Unified Development Ordinance;

b. Defendant shall pay $70,000.00 to Plaintiffs as reimbursement for attorneys' fees incurred in this matter;

c. Upon Defendant enacting an ordinance amortizing the rental of properties of less than 30 days, the following shall occur:

   i. Defendant shall deposit $150,000.00 to a legal defense fund formed by Plaintiffs or their assignees;

   ii. Plaintiffs or their assignees shall be entitled to bring legal action alleging the same or related claims to the claims currently in this action against Defendant, including any and all claims related to the regulation of any short-term rental use in the Town of Highlands even those regulations already enacted, and the Town of Highlands waives any time-based

defense to same on the grounds of any statute of limitations or laches.

NOW, THEREFORE, based upon the foregoing, and upon the written consent of the Parties, **IT IS ORDERED, ADJUDGED AND DECREED,** as follows:

1. The Parties are represented and fully advised by competent legal counsel and have agreed to settle all matters pending between them in this action.

2. By execution of this Consent Judgment, the Parties have submitted to and accept the Court's jurisdiction to enter this Judgement.

3. This Judgement constitutes a final adjudication of this action.

4. Good cause exists to adopt the agreement of the Parties described herein and said agreement is hereby adopted by this Court and this Consent Judgment shall be entered.

5. Pursuant to said agreement, the Amortization Ordinance is hereby deemed null and void. It is further ordered that the Amortization Ordinance be removed from the Defendant's Unified Development Ordinance.

This the 18 day of December, 2025.

12/18/2025 9:07:06 PM

Superior Court Judge

Consented to by:

Derek J. Allen
Attorney for Plaintiffs

Robert E. Hagemann
Robert E. Hagemann
Attorney for Defendant

EXHIBIT A

Amortization Ordinance

THE TOWN OF
HIGHLANDS
ORDINANCE AMENDMENT

Pursuant to an affirmative vote of __4__ yeas and __1__ nays by the Board of Commissioners of the Town of Highlands at its regular meeting on the _19th_ day of __September__, 2024, and an affirmative vote of ____ yeas to ____ nays by The Board of Commissioners at its regular meeting on the ____ day of _____, 20____ if required, the following ordinances are hereby AMENDED:

Unified Development Ordinance of Highlands, NC (UDO)
Article 6 – Use Regulations, Sec. 6.5 – Commercial Uses,
Sec. 6.5.18 – Short-term rentals

(EXISTING CODE LANGUAGE IN BLACK & PROPOSED AMENDMENTS I N RED.)

Sec. 6.5 – Commercial Uses

Sec. 6.5.18 Short-term rentals

Short-term rentals are hereby recognized as an independent use category within the planning jurisdiction of the Town of Highlands.

A. Short-term rentals are permitted in the Zoning Districts identified in Sec. 6.2.2, Use Table, subject to the following standards:

1. Short-term rental overnight occupancy shall not exceed two persons per bedroom plus two (2) additional persons. Provided, however, the number of bedrooms permitted for a short-term rental shall not exceed the number of bedrooms approved for the dwelling in an improvement permit issued for the property or, if no improvement permit is available, not exceed the number of bedrooms listed on the property tax record card for the property. For properties served by a public wastewater system, overnight occupancy shall not exceed the lesser (i) two (2) persons per bedroom plus two (2) additional persons; or (ii) twelve (12) persons.
2. Short-term rentals shall not be used for special events or gatherings in excess of the overnight occupancy limit.
3. Occupants or guests of short-term rentals shall not park vehicles on the property other than within designated parking area(s) and all parking shall be in compliance with Chapter 7, Article IV of the General Code of Ordinances and Article 9 of this Unified Development Ordinance. Vehicles parked in public right-of-way so as to violate the Town's street or parking ordinances are subject to towing at the vehicle owner's expense.

4. Household trash shall be bagged and disposed of in Town-approved trash receptacles and short-term rentals shall otherwise comply with Chapter 12 of the General Code of Ordinances, Solid Waste Management.

5. Occupants of short-term rentals shall at all times comply with the Town's Nuisance Ordinance, Chapter 8; and Noise Ordinance, Chapter 8, Article II of the General Code of Ordinances.

6. The owner or operator, or an agent of the owner or operator, shall be fully responsive at any time that the property is used as a short-term rental to take and resolve complaints regarding operation of the short-term rental and its occupants and guests. The name and phone number of the owner, operator or an agent of the owner operator shall be conspicuously displayed inside near the main entrance of the short-term rental.

7. There shall be no more than one (1) short-term rental contract governing a short-term rental during the same period of time the short-term rental is rented. Every contract for a short-term rental shall contain an addendum, in a form provided by the Town, setting forth the requirements of this Section and other applicable provisions of law. The operator shall obtain a signed acknowledgment from the renter(s) that they have received such addendum prior to delivering possession of the dwelling unit.

8. Exterior signage is allowed in accordance with Sec. 13.4.1.C, Temporary Signs Allowed without a Permit.

B. Notwithstanding anything in this UDO, short-term rentals in operation as of September 15, 2022 are nonconforming uses in the R-1 and R-2 zoning districts until September 15, 2027. After September 15, 2027, short-term rentals are not permitted in the R-1 or R-2 zoning districts, and all short-term rentals in those districts must be discontinued.

C. Failure to comply with the standards and regulations as found in this Section may be enforced by the remedies and penalties in Article 15 of this ordinance.