



**SPECIAL CITY COUNCIL MEETING**  
**5:00pm, Tuesday, December 6, 2022**  
**1207 Palm Boulevard, Isle of Palms, SC and**  
**broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

**MINUTES**

**1. Call to order**

Present: Council members Hahn, Bogosian, Ward, Streetman, Anderson, Popson, Miars, Pierce, and Mayor Pounds

Staff Present: Administrator Fragoso, Director Kerr

**2. Citizen's Comments**

Sarah Vega, 104 Sparrow Drive, said she is astounded by the “paternalism” of some members of City Council. She said their role is public service and they seem unwilling to listen to the public. She does not support a moratorium. She would like City Council to focus on other issues and not on picking winners and losers with a moratorium.

Patsy Hindman, 7 Barnacle Row, also spoke against a moratorium. She said citizens told Council they did not want a cap at the short-term rental listening sessions.

Krista Swingle, 3605 Waterway Boulevard, does not want a moratorium. She said she has gathered 626 signatures of citizens against a moratorium. She would like City Council to represent all homeowners and to enforce current short-term rental regulations.

Christine Donovan, 31 26<sup>th</sup> Avenue, said she is in favor of a moratorium because the Isle of Palms is the last beach community without one and believes there will be an influx of investors buying property on the island.

Tony Santiago, 60 Ocean Point, said he is in favor of a short moratorium and that too many short-term rentals is bad for the island.

Brian Duffy, 3613 Waterway Boulevard – comments are attached to these minutes.

Elizabeth Campsen's comments are attached to these minutes.

David Onorato said a moratorium is needed to maintain the status quo while City Council evaluates the impacts of short-term rentals on the residential quality of life.

Nancy Smith spoke in support of a moratorium. She said City Council needs to study the effects of short-term rentals on the island to determine a formula to determine the proper number of rentals in a neighborhood.

**MOTION: Council Member Pierce made a motion to extend the time allotted for Citizen’s Comments. Mayor Pounds seconded the motion. The motion passed unanimously.**

Terri Haack, speaking on behalf of Lowe and Wild Dunes, said they are opposed to a moratorium and strongly support property rights. She said, “We fear a quickly enacted moratorium only further reduces property rights and creates many unintentional consequences.” She said they are “willing to assist and to provide effective and reasonable solutions to help encourage a welcoming community to visitors and an enjoyable home for full-time residents.”

Pat Hemberger, 16 Oyster Row, said that a moratorium will take away property rights from homeowners. She feels like not enough professional research has been done on this issue.

Polly Judson, 3800 Cameron Boulevard, said the biggest issue discussed at the short-term listening sessions was enforcement. She is not in favor of a cap or a moratorium.

### 3. Special Presentations

Chris Kerr of Veris, said the City received a “clean” opinion on the annual audit, which is the best opinion that can be issued. He said there were no internal control findings and no audit adjustments needed during the audit. He reviewed some financial highlights and said the City has the highest credit rating of Aa1. There were no difficulties or disagreements with management throughout the audit process.

**MOTION: Council Member Ward made a motion to suspend the rules of order to allow for an additional citizen’s comment. Council Member Anderson seconded the motion. The motion passed unanimously.**

### 4. Citizens’ Comments

Mark Mitchell, 126 Carolina Boulevard, said realtors are in favor of owners’ property rights and are concerned when those rights are taken away. He also said he believes residents have become scared that the island will be consumed by short-term rentals

### 5. Purpose

**A. Consideration of First Reading of Ordinance 2022-14 to impose a moratorium on the issuance of new business licenses for short-term rentals within the City to allow Council to evaluate the proposed regulations from the Planning Commission and citizen feedback**

Administrator Fragoso explained that the draft ordinance for a moratorium applies only to those properties taxed at 6% and that all properties taxed at 4% can still secure a business license. She detailed the exceptions outlined in the proposed ordinance.

Council Member Streetman said he has heard from the listening sessions and from citizens that they do not want caps and would like to see greater enforcement. He said he sees no reason for the moratorium and would like to see City Council move forward quickly with the information they have on hand to make a decision about short-term rentals.

Council Member Bogosian said, “The debate on how to curb the impact of the short-term rental business on the Isle of Palms did not just begin with the current City Council, it goes back many years. In fact, in January of 2007, then Mayor Sottile called a special meeting of Council to address a petition that Council received which asked for action related to short term rentals. The 2007 City Council entertained many solutions to address the impact to residents by short term rentals, including: a cap on STR licenses in SR1 and SR2 zoning districts; the creation of a livability court; limiting the number of cars at a residence; trash considerations; noise ordinance; ordinance required STR owners to post notice of ordinances; 24-hour hotlines; requirement of property owners to notify neighbors of their rental activity; requirement of property owners to show proof of tax payments; a four strikes policy, and limitations on STR occupancy.

“In that meeting, Councilwoman Rice ‘submitted that rentals are a commercial business in residential areas and this is a problem.’ She further comments, ‘that the Board of Zoning Appeals regularly deals with home occupation requests from home-based business applications, with great consideration being made to ensure such businesses would not have undue negative impact on the residential neighborhood, relative to traffic, parking, signage and other negative matters.’ Councilwoman Rice suggested that STR licenses go before the Board of Zoning Appeals for approval in the future, for consideration as any other home-based business.

“In addition, Councilman Buckhannon commented that SR1 and SR2 zoning districts were established to be residential in nature, filled with homes for families to reside and raise children. He noted that the city has GC1 and GC2 zoning district at Front Beach, which allows for residential structures to be built within it. He submitted that GC1 and GC2 zoning districts are the appropriate areas for beach vacation rentals, not a residential neighborhood in SR1 and SR2 zoning district. Councilman Buckhannon recommended a differentiated business license for SR1 and SR2 districts and possibly a Cap on rental business licenses to curb rental growth in residential areas. Councilman Buckhannon commented that his residential neighborhood is where he wants to live with his family and call home, not reside next to a hotel business.

“The last Mayor and Council continued to see the impact of short-term rentals on the community, especially after an islandwide community survey was conducted and highlighted this a major residential concern. The previous Council asked the Planning Commission to look at a cap and other regulations and bring recommendations to Council.

“What we are asking for with this ordinance is simply a short pause on issuing new 6% short term rental licenses while we take the time to develop a comprehensive plan to address the impact of short-term rentals on our residents’ daily lives. A plan that includes a balanced approach to the limitations on the number of rental units but protects a resident’s ability to rent and maintain their 4% property tax rate, new policies and stronger enforcement of existing policies to protect residents’ quality of home life, as well as tracking technology to ensure we can enforce our license policies.

“We are currently up to 1,678 STR licenses. There were roughly 211 licenses issued since July of this year. The theory behind this build up was that it was precipitated by Council starting discussions on STR Caps. After some preliminary analysis on these licenses, 163 were issued to

NON Residents, only 48 to residents of the Isle of Palms. This is not residents running to city hall to get a license in fear of a cap being implemented. 80 of the 211 licenses were for homes purchased in 2022.

“Big real estate investment companies are acquiring island properties for rental investments. Many of the 211 licenses were to the same owner and registered as Limited Liability Companies.

“We need a pause on new licenses for at least 3 months to allow Council to develop a comprehensive path forward, and based on the feedback to Council, our residents feel the same way.”

Council Member Anderson said, “Six months ago, [when] this Council first took up the issue of short-term rentals, I thought we were in a stable environment with about 1400 licenses issued annually and that we were ahead of the curve. Then 200 plus more applications were received. We are now up to 1600 plus. More than a third of our homes now have short-term rental licenses. I thought applicants might be overreacting to the possibility of conditions might change for the short-term rental market, but when I examined it, I found the same thing that John did. Only 50 licenses were to residents. The rest were non-residents. I believe we are close to the tipping point when the number of short-term rentals may exceed permanent residences. First, I want to emphasize I believe that short-term rentals are an integral part of our community but how many is enough? That is the question that we want to answer. We do not want to kill the rental market. We just want to manage it. There are several reasons why we need to address this now. One of them is beyond our control. We are not the only beach community in the Charleston area with an unlimited short-term rental policy. That means that any investor who wants to buy a beach property for vacation rentals will be pushed to the Isle of Palms. Folly is putting on a cap. Sullivan’s Island has eliminated all short-term rentals. Kiawah has a cap. Anybody who is coming here looking for a place to buy investment properties to rent is going to come to us. They will be absentee landlords who are only interested in financial return on their investment and not the quality of their renters. I love our island just as it is with a third permanent residents, a third second homes, and a third short-term rentals. Of the 4,650 residential units that are here, now some 1400-1600, 1678 now, are short-term rentals. I would like it to stay that way. I don’t think anybody up here is thinking about eliminating short-term rentals completely or reducing the number of short-term rentals. Okay? I am saying that for myself, I haven’t, we haven’t taken a vote yet. So my next question is, and this is the one that we haven’t addressed yet, it is how do we maintain our quality of life while recognizing that we are a thriving resort community.” Council Member Anderson provided some suggestions for City Council to consider. She noted that the Public Safety Committee is working on the next iteration of the noise ordinance. She favors a moratorium to allow City Council the time to review all the information. She believes there is a lot of misinformation out in the public.

Council Member Hahn said, “We find ourselves with yet another contentious issue that is dividing our island. It is an important issue, and I have spoken to residents that grew up on the island and others that came here in the last few years. I have spoken to island business owners and retirees. The common theme that everyone expressed was that we all want a community where we can all live, work, play, and vacation in peace and harmony.

“So how do we get to that goal? I have vacationers near me that rent the same house year after year. We have become friends and I have watched their children grow up. I also know residents that spit every time they see me. I don’t believe the answer can be found by restricting renters any more than it can be found restricting residents.

“However, two issues came up every time I spoke to residents about how we can all live together. The first issue is that we must enforce our existing livability/nuisance ordinances and fix those ordinances to empower enforcement. Council is working on a new noise ordinance that will do just that, and it will be enforceable against short-term renters and residents alike so that we can all coexist in our community.

“The second issue is that we are overwhelmed by day visitors more days than not. The City parking lot, the County lot, and Palm Boulevard are overwhelmed by visitors that create noise and chaos. They strain our resources and the resultant situation threatens the health and safety of all visitors. This situation creates frustration and drives all of us to search for a solution to lessen the load on our infrastructure. Short-term rentals are the easy whipping boy, but in my opinion, is not the problem. Council needs to focus its energy on enforcing our existing livability/nuisance ordinance, traffic and parking ordinances, as well as taking control of the ever-increasing day traffic that is pushing us all to the breaking point. It is addressing these issues that will allow all of us to live, work, play, and vacation together in peace and harmony. For these reasons, I cannot support a moratorium on short-term rental licenses.”

Council Member Pierce said, “For many residents, this is not just a vote about a temporary moratorium. It’s the choice between retaining a balanced residential community or continuing on the path of becoming primarily a rental property investment mecca.

“Some additional information to consider: rental properties now represent nearly 36% of the total housing units, at 1,678 (as of yesterday); as evidenced by over 250 rental license additions this year, I believe growth rates in Rental units now exceed both residential and second home units, combined; using average bedrooms per Rental unit, the new licenses added nearly 900 rental bedrooms to the existing inventory of about 5,000 hospitality rooms – an 18% increase in less than one year. That’s the equivalent of 6 New 150 room Hotels dispersed among residential neighborhoods; without a moratorium, we could add 1-2 New Hotel equivalents in the next 4 months.

“Also, of the over 200 respondents we received input from this past week, Residents overwhelmingly supported a moratorium and action by nearly 4:1, while non-residents & investors were opposed by 2:1.

“In my opinion, IOP has now officially flipped to a Rental target. If that is what IOP chooses to be, let’s not kid ourselves and officially change the Strategic and Comprehensive Plans to reflect that direction.

“Let’s also consider that IOP may soon be the only remaining attractive open market for coastal rental investment on the SC Coast, within 100 Miles. If we vote for a short pause let’s have clearly defined objectives and short time frame – I’d suggest a March 31st sunset.

I'd like to consider three core initiatives: first, regulation to protect residents' interests, resident owner/operators, 4% owners, existing license holders and people that have transactions, or building in flight. I'm interested in protecting IOP from outside pure investors that have conflicting objectives of ROI vs. Resident quality of life. The guiding principle is to retain and protect the balance, not reduce it.

"Second, stand up an Administrative and Tracking Function, similar to Mt. Pleasant and other communities. This constant challenge to obtain basic analytics to monitor an industry that's generating over \$100 Million in gross revenues on IOP, is nothing short of foolish on our part. We can do better and with proper resources, it's not that hard. Council should fund and staff this function accordingly.

"Third, enforcement is key. Noise, and enforcement of infractions, along with the teeth in ordinances to enforce, all go hand in hand.

"Lastly, I had a very nice discussion with Carol Rice and others regarding their run to City Hall to get a license to protect their right to rent. They are 4% resident occasional renters that spent good money based on a perceived loss. I'd like IOP to offer an option to refund their license fee if they have no intent on using it. The 4% owners should be protected with retained rights to rent, in any regulations IOP considers."

Council Member Miars said she is in favor of a moratorium so that Council can analyze the information in a calm manner. She does not want to take away anyone's property rights.

Council Member Popson said he will stay consistent with his belief in property rights and vote no on a moratorium.

Mayor Pounds said that City Council needs to "roll up its sleeves" and work on this issue in January and February with a key focus being on enforcement.

**MOTION: Council Member Bogosian made a motion to approve, and Council Member Miars seconded the motion. A vote was taken as follows:**

Ayes: Anderson, Bogosian, Miars, Pierce

Nays: Hahn, Popson, Streetman, Ward, Pounds

**The motion failed 4-5.**

**B. Consideration of approval of marina store repairs and improvements**

Mr. Schuler said upcoming improvements at the Marina will increase the amount of wet and dry storage available to residents. He said the proposed improvements will happen in three stages and include taking up the floors in the marina store, painting the exterior of the store to match Islander 71, providing better access to more bathrooms, and parking lot improvements. He is considering pervious asphalt in the parking lot. He is working with the City now to secure the proper permits. He believes the work will take 8-10 weeks. He is budgeting \$400,000 for the renovations and would like to start as soon as possible to be ready ahead of the spring boating season.

**MOTION: Council Member Ward made a motion to approve, and Council Member Anderson seconded the motion. The motion passed unanimously.**

**C. Consideration of change order request from Quality Enterprises for Phase 3 Drainage Project to add a steel casing and manhole to gravity sewer at 30<sup>th</sup> Avenue (\$43,183) and conduct pre and post-construction video inspection of the gravity sewer at 30<sup>th</sup> Avenue, Forest Trail and at 41<sup>st</sup> and Forest Trail (\$19,505) [FY23 budget, Phase 3 Drainage Project Contingency, \$207,082]**

Director Kerr explained the change order request: “There are really two changes, as you mentioned, are coming as a result of the sewer line being an existing sewer line being in very close proximity to our proposed drain line. This was on the plans without a protection, without a sleeve, and as we got into the project and we got further down the road, our engineers agreed with the contractor and the Water & Sewer Commission that the prudent thing to do here in this situation because of how close they would be is to add a steel sleeve to the sewer line and an additional manhole that would allow their constructability to put that steel sleeve in place. So that is the first change order in the amount of \$45,000 and that is dealing with installing a sleeve on this sewer line. The second one, as you’ve mentioned, is videotaping four different sewer lines twice, so this would be a pre-construction condition. After they installed their work, they would come back and do a post-construction videoing. This idea has really come as a result of some issues that the City had encountered on 41<sup>st</sup> Avenue. We did some work there. There have been some issues with the sewer line there, and we are in a little bit of a back and forth with the Water & Sewer Commission about if our work caused that issue with the sewer line. In hindsight, it would have been a very nice kind of insurance policy if we had a pre-construction video in that project. So we thought it would be prudent to add that to this project, and that is in the amount of \$19,505. The last part of the change order is additional time. The first one has 90 additional days. That is primarily because of the waiting on the manhole. Just to make that product is an eight-week lead time, and then the other one has a much smaller 14 days additional so in combination the two projects would add 104 days to the ultimate time frame of the project.”

Staff is working on the timeline for the necessary road closures, one for each project, that will be about a month apart and will last approximately 10 days each.

Administrator Fragoso clarified that the cost of the first project is \$43,183 and that all monies will come out of the contingency which is \$207,082.

**MOTION: Council Member Ward made a motion to approve, and Council Member Streetman seconded the motion. The motion passed unanimously.**

**D. Update on the IOP Connector Study**

Mayor Pounds read an email from SCDOT Secretary Hall: “Mayor Pounds, I appreciate you recognizing that we still had some staff work to complete before we appear before City Council to discuss alternative concepts for SC517, the IOP Connector. As I related to Administrator Fragoso, we remain committed to wrapping up our staff work in the next few days so we can provide a briefing before the end of the calendar year. In order to avoid holidays, we recommend

that the City considers scheduling a special City Council meeting for next week. Would you please provide us two potential dates for next week?"

Potential meeting dates of December 12 or 13 at 5pm were discussed. A final decision will be sent out to City Council and publicized.

**E. Consideration of Resolution 2022-12 to temporarily adopt additional rules of order and procedure for conducting meetings for transaction of the City's business**

**MOTION: Council Member Ward made a motion to approve, and Council Member Popson seconded the motion. The motion passed unanimously.**

**F. Consideration of First Reading of Ordinance 2022-15 to amend standing committees**

**MOTION: Council Member Anderson made a motion to approve, and Council Member Streetman seconded the motion. The motion passed unanimously.**

**G. Consideration of nominations and appointments to new standing committees for 2023**

Mayor Pounds nominated Council members Bogosian, Pierce, and Streetman to the Administration Committee. He nominated Council members Anderson, Hahn, and Ward to the Public Safety Committee, and he nominated Council members Miars, Streetman, and Popson to the Public Services and Facilities Committee.

**MOTION: Council Member Ward made a motion to approve, and Council Member Hahn seconded the motion. The motion passed unanimously.**

**H. Consideration of nominations and appointment to CARTA Board of Directors**

Mayor Pounds nominated Council Member Ward to the CARTA Board of Directors.

**I. Consideration of nominations and appointment to Charleston Visitors Bureau Board of Directors**

Mayor Pounds nominated Council Member Streetman to the Charleston Visitors Bureau Board of Directors.

**J. Consideration of nominations and appointment to the Charleston, Berkeley, Dorchester Council of Governments**

Mayor Pounds nominated Council Member Anderson to the Charleston, Berkeley, Dorchester Council of Governments.

**K. Consideration of nominations and appointment to the Environmental Advisory Committee**

Mayor Pounds nominated Council Member Bogosian as the Council liaison to the Environmental Advisory Committee.



**MOTION:** Council Member Anderson made a motion approving the previous four nominations. Council Member Streetman seconded the motion. The motion passed unanimously.

**L. Consideration of appointment to City Attorney**

**MOTION:** Council Member Pierce made a motion to appoint Mac McQuillin of Haynsworth Sinkler Boyd as the City Attorney. Council Member Miars seconded the motion. The motion passed unanimously.

**M. Consideration of appointments to Boards and Commissions**

**MOTION:** Council Member Streetman made a motion appointing:

**-David Cohen, Steven Corney, and Sandy Stone to the Planning Commission with terms expiring 12/31/2024;**

**-Chrissy Lorenz, Chas Akers, Barb Bergwerf, and Gloria Clarke to the ATAX Committee with terms expiring 12/31/2025;**

**-and Ted McKnight and Elizabeth Campsen to the Board of Zoning Appeals with terms expiring 12/31/2025.**

**Council Member Anderson seconded the motion.**

Council Member Ward asked if there was a conflict of interest having Ms. Lorenz on the ATAX Committee. Administrator Fragoso explained, "When you look at the statute for the creation of the ATAX Board, it specifically requires those folks that serve to represent the hospitality, the lodging industry. So I think the advice that we have been given is essentially conflicts will exist. There would be a requirement of Ms. Lorenz to recuse herself from any vote that would impact her business directly."

Council Member Bogosian stated that the student positions on the Environmental Advisory Committee need some additional consideration. Administrator Fraogoso suggested that the Committee make a recommendation to City Council for consideration.

**VOTE:** A vote was taken on the nominations to the Boards and Commissions with all in favor.

**6. Adjournment**

Council Member Ward made a motion to adjourn, and Council Member Anderson seconded the motion. The meeting was adjourned at 6:51pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk

Brian Duffy

3613 Waterway Blvd

Thank you for the opportunity to express my views.

First, I want to point out what I think is a major contradiction in our code, followed by my perception of the planning commissions analysis and lastly what I think should be examined as you do your due diligence.

I would ask council to review Section 5-4-32 Single Family Residential Purpose and Section 5-4-201 Short Term Rental meaning side by side. They are contradictory.

Back in the day short term rentals were also know as mini-hotels and clearly they are commercial endeavors as indicated by the fact that a "business" license is required albeit a special license that bypasses the board of zoning appeals process.

So my question to council is how do you discourage unwarranted encroachment by prohibiting commercial uses?

With regard to the planning commission analysis, I find three things missing: no comparison with the existing housing stock within proposed districts, no breakdown of the occupancy limits associated with existing licenses within proposed districts and lastly no analysis of revenue generated by proposed district.

I think council needs these data to make informed decisions regarding short term rentals. Also, I think that council needs to re-examine enforcement of the short term rental ordinances and consider how to manage abusers of the ordinances especially maximum occupancy. One reference point I would like to share: in Jan of 2012 there 1533 short term rental licenses, 236 had maximum occupancies of greater than 12. That number should have decreased significantly over the past 10 years.

So, I would like to see council <sup>first reading of</sup> pass this ordinance for a moratorium on issuing short term rental licenses. If I were on council, I would make a motion to strike Section 1 b subsection ii: "New licenses resulting from the transfer of ownership of properties that were legally licensed as short-term rentals as of [INSERT DATE OF RATIFICATION]" in its entirety. As I stated in my email to council: You don't transfer your license when you sell your car do you? And please remember, short term rental licenses are privileges as Sullivan's Island has demonstrated. You need the time to do your due diligence.



Tonight you are discussing a pause on short term rental licenses issued to non-residents so you can responsibly evaluate the Planning commission recommendations and citizen feedback. After a thorough review of the 211 licenses issued since July, I have found the following:

Of the 211 licenses, 127 of those properties have been purchased since 2020. That's 60%. 46% of them are now short term rentals. That's considerably higher than the historic 33% claim made as to how newly purchased homes are utilized.

38% have been purchased this year alone. 78% were issued to non-resident property owners with only 22% issued to people occupying the property as their primary residence.

75% of the licenses are for single family homes. The migration of rentals from the historically dense rental condo complexes into our neighborhoods is part of what led Planning to its recommendations.

In February of this year, AvantStay created an investment fund in order to buy a half-billion dollars' worth of residential property specifically for short term rental ownership and management. Of the 211 licenses, 5 were issued for properties where they are the contact. 4 were purchased in 2022 after the inception of the fund. Their website lists 17 properties for rent on our island. The full license list shows 20. They have rentals on Folly and downtown and even offer 2 on Sullivans. Their website has the Charleston area as #5 on their list of Top 25 Vacation Rental Home Destinations. They say "With steady 78% occupancy over the last six months, Charleston ranks among the top three "highest occupancy markets" within the AvantStay portfolio, providing investors with 72.7% annual returns. We recommend investments near the swaying palmetto fronds and smooth sands of Folly Beach, Isle of Palms, or Kiawah Island." This out of state institutional investment being made by those "playing in the short-term rental sector" – their words not mine – is exactly what we do NOT want this community to become, yet here we sit with no protections in place to stop it unlike Kiawah and soon Folly.

Since June we've seen a 19% increase in licenses and again, these aren't being issued to residents in any significant percentage. The claim that the spike is just residents hoarding is not accurate, the claim that only a few of them are being listed isn't either and our historic 1/3, 1/3, 1/3 "balance" is gone. The rental industry has long touted this naturally occurring balance as a reason why no actions are needed to limit rental licenses. Now that it can be demonstrated that trends have changed and we are



careening out of balance with no brakes, the goalline has moved. Unlimited rentals is now the goal.

Based on my research, I believe it is necessary for council to stop issuing new licenses to nonresidents and analyze the recommendations without new listings added. This entire process has also revealed to me that we are long overdue for the establishment of a fully staffed comprehensive management program for short term rentals. We are now out of balance, the trends I've seen are alarming and this issue cannot be ignored anymore. You need to hit the pause button tonight, do your homework and take whatever steps are necessary to preserve our historic balance.