



SPECIAL CITY COUNCIL MEETING – SHORT-TERM RENTAL WORKSHOP

6:00pm, Monday, January 23, 2023

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, various department heads

2. Citizen's Comments – none

Laura Lovins believes the trend is very clear that Isle of Palms is becoming a short-term rental community. She asked Council to “take action in an expedited way to rein in the growing short-term rental footprint and live up to your stated number one and two priorities and goals, which are reducing the impact of tourism on the quality of life for residents and improving traffic flow and patterns for road safety.”

Elizabeth Campsen's comments are attached to these minutes.

Bev Miller, speaking on behalf of the Barrier Island Preservation Alliance, asked City Council to “preserve, not change what we have here.” She asked them to not dismiss the BIPA survey where most respondents said they would like a cap on short-term rentals. She asked, “Do you want the makeup of this city to be primarily residential with some rentals or do you want it to be primarily a rental community of transients with a few residents?” She would like City Council to focus on restricting commercial short-term rental licenses.

Randy Bell believes the issuing of short-term rental licenses should have been paused while City Council dealt with this issue. He said people rushed in to get licenses because they did not understand City Council's intent. He said it is time for City Council to make a decision and to stand up for the residents first.

Brian Duffy referred to a recent column written by Brian Hicks about the short-term rental situation on Folly Beach. He asked Council, “Do you believe that residential community have a soul and will you do what it takes to protect it?” He expressed concern about reducing the number of dwelling units counted on the island. He believes City Council has three options: limit rentals to 1/3 of the dwelling units, change the zoning to “eliminate single-family residential districts so that zoning would be internally consistent between short-term rentals and single-family residential districts, or do nothing and force a Folly Beach-style referendum.

Tony Santiago reviewed a history of short-term rentals on the Isle of Palms post-2008. He believes technology changed the short-term rental industry. He said City Council should not “mess with short-term rentals” and to “protect us.”

Christine Donovan said, “According to data reported by the Pew Trust, as of 2022, investment companies take up about a quarter of the single-family home market. They also report that this number has increased by 10-15% annually over the past 10 years.” She said the trends are obvious. She would like to keep residential neighborhoods residential. She said the argument for property rights is “baloney.” She believes business licenses for non-residents should be capped.

Rod Turnage, representing the IOP Chamber of Commerce, referenced a letter sent to the City Council. He read responses from local business owners who answered the question, “How would a short-term rental cap affect your business?” He said most business owners prefer no cap on rentals. He would like City Council to consider the business community in their decision-making process.

MOTION: Council Member Streetman made a motion to allow additional time for Citizen’s Comments. Council Member Anderson seconded the motion. The motion passed unanimously.

Sean Griffin believes short-term rentals to be a valuable part of the island’s economy, but he would like to see there be a cap in order to retain a balance. He referred to a recent survey cited on ports.com which found that over half of the respondents said that short-term rentals “disrupt the neighbor’s peace and quite and creates safety issues, allow unvetted strangers into a neighborhood, and bring renters that don’t care about the neighborhood,” etc. He would like City Council to protect the rights of the voting residents. He also asked them to not “bow to pressure” regarding the recently filed lawsuit by Wild Dunes.

Tom Schmidt would like City Council to reconsider instituting a moratorium in light of how many short-term rental licenses have been issued since December 1, 2022.

Mark Mitchell said that his clients, many of whom are second home homeowners, are being tagged as “big corporate interests” and says they are individuals who plan to keep their homes in their families. He is concerned about the social media attacks against his clients who are not corporations but actual people.

Nadine Deif said it is “not up to residents to take care of investors.” She is concerned about renters since they are not part of the sex offender registry, and she has no idea who is renting near her home.

Stephen Fallon said the face of home buyers is becoming more corporate. He said, “I just think we have to view this thing in a different light now.”

Edward Gnehm said his home on IOP, which is not his main residence, is his family’s “anchor” as they have moved frequently over his career. He said they would not be able to keep their home without renting it.

Terri Haack sent her comments directly to the City Clerk and they appear at the end of these minutes.

Due to an oversight by the City Clerk, Georgia Roane was not called up to speak during Citizen's Comments. Her comments appear at the end of these minutes.

3. **Discuss Short-Term Rentals**

Mayor Pounds briefly reviewed the questions posted to Council members at the last meeting as well as the information Council currently has to help with making decisions about short-term rentals.

Administrator Fragoso explained the adjustments made to the County data and how it has been merged with the City's licensing data. Since January 9, 23 new rental licenses have been issued, bringing the total number of licenses to 1701, plus 34 pending applications. Of the 34, 27 have been pending for more than 30 days. She said this data is focused on short-term rentals only and does not include long-term rental licenses. This increases the percentage dwelling units holding short-term rental licenses from 37% to 38%.

There are also 56 unlicensed properties that the Building Department is pursuing to determine if they are actively renting. Director Kerr said it is difficult to get those property owners to respond to their inquiries. Council Member Pierce asked if those properties should be included in the number of licenses being used in calculations. Further concern about the correct number of dwelling units with and without short-term rental licenses was expressed.

Council Member Hahn noted that he heard in Citizen's Comments concern expressed about short-term rentals in neighborhoods. He said, "If that is what the concern is, then I believe the denominator is not 4569. The denominator is 3103 because that is how many single family houses and dwellings we have that excludes condominiums, that excludes the hotels, that excludes all the properties and Wild Dunes and front beach that were specifically built and designed for short-term rentals. So let's look at what we are actually wanting to deal with because the numbers change substantially, and if we do that with 3113, and then we look at how many short-term rentals are there for single-family residents, there are 860. We are talking about, and everybody that spoke said we don't want to deal with people that are four percenters, people that are permanent residents that are renting their house as a permanent residence, again, I agree. Take that out. That's 162 people you take out. So now we are down to 697 short-term rentals that we are dealing with. If you put that number on the top and on the bottom you put the 3113 number, that is 23%. So that is a much different number than the number that is being bantered around."

He added that multi-family residences can restrict short-term rentals via their HOAs. He would like to know how many of the 697 short-term rentals in single-family residences are actively renting out their homes. Mayor Pounds said working with the right number is key, adding that of the 1539 licenses, only 1200 had rental activity last year.

Discussion ensued about Grancius, the software used by the Building Department to locate and track active short-term rentals. Director Kerr said Granicus looks at over 60 rental sites, but it is

unable to get every single rental. Administrator Fragoso said that none of the software available today guarantees they will find every active rental.

Director Kerr then reviewed GIS maps showing the locations of rentals in 2010, 2015, 2020, and 2022, adding that the trend shows exactly what the Planning Commission identified which is the migration of short-term rentals into the back neighborhoods of the island. That trend is what led to their recommendation for implementing a cap in those areas.

Council Member Pierce then distributed and reviewed his thoughts for solutions to be discussed at the next meeting. That sheet is posted on the City's website alongside the agenda for this meeting.

The next meeting on this short-term rental issue will be on Monday, February 6, 2023 at 5pm.

4. Adjournment

Council Member Ward made a motion to adjourn, and Mayor Pounds seconded the motion. The meeting was adjourned at 7:37pm.

Respectfully submitted,

Nicole DeNeane
City Clerk

Elizabeth Campsen's Comments:

Our unchecked rental pool is growing. Year to year, month to month and as we see tonight, week to week. It's the reason the issue was sent to planning in 2021, it's the reason a cap was recommended in 2022 and it's the reason council needs to act in 2023. In 2021, Councilmember Mr. Streetman stated that if IOP didn't move to identify trends and protect itself while our neighbors did, we would suffer adverse consequences. He was right. Since that time, surrounding communities are locking down and, as predicted, we are impacted. During the last meeting a slide was shown pointing to local communities with greater limitations than ours. Here is what that map actually looks like.

A lot of lip service is given to a resident first platform, with some claiming the platform *always* existed and they always supported it. I challenge you to explain then how it is we find ourselves with an all-time high number of rental licenses while our residentially occupied units dropped from 50% to 36? Resident first means the foundation of any discussion is, first and foremost, the preservation of our residential community and that trend line is not good from a residential perspective.

I hear how "new people" are trying to change things. How supporting reasonable zoning is creating a pseudo HOA. How capping rentals will "change the look and feel of the island forever". I'm particularly offended by the suggestion that speaking truth to facts and numbers is "injecting divisive rhetoric" while at the same time letters are being mailed to us literally using the words "death", "disability" "disease" and "disaster", yet providing no objective data at all. I wholeheartedly support those dreaded new people who are trying to protect not just this community, but the Lowcountry as a whole. Historic Charleston Foundation, Lowcountry Open Land Trust, and Save Folly's Future are all trying to PREVENT further change to our local landscape and preserve the status quo. Your inaction in the name of fighting change brings with it real consequences that actually **will** change the look and feel of the island forever, negatively. You are holding the door wide open as investment driven rental owners infiltrate and undermine the integrity of our neighborhoods.

I don't know one resident opposed to an unlimited number of rentals in our commercial districts, a full-time residents' right to rent short term for 72 days, or anyone's right to rent monthly, quarterly or annually – ALL we ask is that you recognize our residential districts are NOT commercial zones and should be protected from an UNLIMITED number of short term rentals. Period. We aren't eliminating the use, or changing the current landscape and our revenue won't be reduced by setting an upper limit. Our neighborhoods should be protected from the continued intrusion of 365 day a year commercial investment rentals, and you should take the necessary steps to safeguard them.

The top priority of our strategic plan is managing pressures from population growth in surrounding areas. What pressures do you imagine IOP will feel if we allow surrounding communities to push their rental population growth into our jurisdiction – because that industry

isn't going away – it is only growing in funding, organization and purpose. We need forward looking, strategic thinkers to stand up for the residents living in this community, not those making a living off of it. That's who we thought we elected. Don't sell us out.

Comments of Terri Haack:

Isle of Palms City Council Meeting Workshop STR 1/23/2023
Wild Dunes Resort Statement on Short Term Rentals

My name is Terri Haack, and I represent Lowe and Dart Interests, the owners of Wild Dunes Resort. My thoughts reflect the sentiments of many individuals who actively utilize their Short-Term Rentals within the gates of Wild Dunes.

- Late last year, the overwhelming majority of attendees at the city-sponsored listening sessions spoke out against a cap or moratorium on Short-Term Rentals. We appreciate that the council did not move forward in passing a moratorium, and want to reiterate our support for short-term rentals, particularly within the gates of Wild Dunes.
- Several decades ago, Wild Dunes was envisioned as a community with permanent residences, second home residences and short-term rental properties. Short-term rentals have been a part of the fabric of the Isle of Palms' community for more than 50 years. Wild Dunes Vacation Rentals has been here for decades and is just one of several vacation rental companies on the island. Our guests return year over year based on the unique character of this incredible destination community and we are committed to continuing our role and making Isle of Palms a great place to visit and live.
- Wild Dunes Resort provides professionally managed onsite service for over 300 homeowners with an onsite support staff. If issues arise, we have staff available, ongoing maintenance and housekeeping programs to ensure homes maintain the quiet enjoyment of the community.
- We strongly support property rights, homeowners and professionally managed short-term rentals and because of this, we oppose a moratorium on short term rental licenses, particularly within the gates of the Wild Dunes Community.
- We were strongly against the five ordinances that were quickly passed last month, which changed underlying zoning and stripped away property rights. We were concerned that those changes could set a dangerous precedent for the removal of property rights for homeowners. These ordinances have not even been in effect for 90 days, and already new restrictions are being introduced. We fear a quickly enacted moratorium only further reduces property rights.
- Wild Dunes Resort is willing to assist and help provide effective and reasonable solutions that encourage a welcoming community to visitors and an enjoyable home for full-time residents.

Comments of Georgia Roane:

I am strongly in favor of a limit on new short term rental licenses.

I would like to talk about the workshops held in 2022 regarding short term rentals, since it seems that quite a bit of weight is being given to these meetings. As someone who attended one of these workshops, I felt that the format caused the information gathered to be completely flawed.

First of all, we were told that STR's have remained stable at approximately 30%, varying only slightly from year to year. The truth is that STR's have increased. The STR percentage is now 39%, with 34% being investor owned and 5% resident owned.

We were not told that we were going to be the last remaining community in the region without a limit on STR's. Sullivan's, Mt. Pleasant, Charleston, James Island, Kiawah, Myrtle Beach, all have restrictions on STR's, and Folly Beach is about to vote in restrictions.

We were not told that there has been a significant increase in requests for new STR licenses over the past 6 months.

We were told to come to an agreement or consensus at each table, rather than allowing each person to have their opinion recorded. Since there was not an agreement on STR's, noise was the issue that residents came to agreement on. Also many non-residents and non-voters attended these workshops.

The voters are now aware that STR's have increased significantly; that new license applications have increased significantly; that large investment groups are buying these properties, not individuals. And the voters are particularly aware that we are the only beach community in the entire region without a limit on STR's.

The Barrier Island Preservation Association was formed prior to the last election. The candidates endorsed by this organization won the election, and they campaigned with a promise to protect the quality of life for the residents – "To preserve the barrier island".

If we are the only beach community along the SC coast without a limit on STR's, we will be overrun by investment groups looking for rental properties. This is simply common sense. You don't need a workshop or a consultant to tell you this. It is already happening.

If you ran on a campaign to protect the quality of life here, then you should vote to protect what we have. It's not going to reflect well on this City Council and Mayor, if the IOP is the only community in the region without restrictions on STR's, because the voters are going to demand a referendum.

Thank you for serving on City Council and for all of your hard work on this issue.