



## **SPECIAL CITY COUNCIL MEETING – SHORT-TERM RENTAL WORKSHOP**

**5:00pm, Monday, February 6, 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**

Randy Bell said it is time for City Council to act on short-term rentals. He stated that several members of a previous Council voted to be part of a lawsuit against VRBO who is believed to be withholding taxes due to numerous municipalities. He would like to see the City put more resources into compliance.

Georgia Roane said restrictions are needed on investor-owned short-term rentals. She does not want the Isle of Palms to be the only community without restrictions on short-term rentals. She believes there should be a limit on outside investors and short-term rental licenses in residential areas.

Elizabeth Campsen's comments are attached to these minutes.

Bev Miller's comments are attached to these minutes.

Laura Lovins thanked Council Member Pierce for his plans. She believes the properties in Wild Dunes should be included in the numbers being discussed by City Council. She spoke about a short-term rental situation in a New Jersey town. She would like to see rental caps put in place.

Brian Duffy, spoke about the purpose of a single-family residential district: "to provide for quiet, low density residential neighborhoods on comparatively large lots to discourage unwarranted encroachment by prohibiting commercial uses and to prohibit other uses which would interfere with the development or continuation of single-family use, to encourage the cessation of non-conforming uses...and to discourage uses which would generate traffic on minor streets other than required to serve the residents." He expressed his preference for Option 2 which uses zoning definitions to solve the problems. He would like to see a unanimous vote for Option 2.

Krista Swingle spoke on behalf of a group of local property management companies. The entirety of their comments are attached to these minutes.

Byron Davis's comments are attached to these minutes.

Christine Donovan said the restrictive caps are needed on investor-owner short-term rentals. She mentioned citizens who signed a petition that did not understand its meaning and now regret signing it. She cautioned Council to understand who they are listening to. She said AirBNB has been sending mailers to residents encouraging them to speak out for property rights. She said Council should look out for residents and put a rental cap in place.

**MOTION: Council Member Ward made a motion to allow additional time for Citizen's Comments. Council Member Pierce seconded the motion. The motion passed unanimously.**

Edward Fitzpatrick came before Council to give the viewpoint of a second homeowner. He said second homeowners like himself should not be lumped in with investors. He has no intent to rent his home. He said the livability factors on the island have changed for the worse over the years. He suggested Council impart a 33% cap island-wide. He said the trend towards transient renters is increasing and he supports a cap that would grandfather in existing renters.

Tony Santiago asked if feelings or data comes first. He said people are using data to create feelings and it is creating division.

Shelly Myles stated that AirBNB is an advertising vehicle for those that rent out their homes. The homeowners and property managers still decide who rents from them. She said many of her clients have their rental properties in an LLC so that they can rent it out as a business but intend to move into it one day. She said all of her clients are families and not investment companies.

Cal McCombs said developers are not going to buy up the island because no one is going to sell to them. He believes livability issues are more affected by daytrippers than by short-term renters. He said, "Less government is the best government."

Glenda Nemes said that quality of life issues need to be addressed. She suggested putting in a cap that would sunset after 3 years and then revisit the issue, noting that the economy and other interests will change in that time period.

Gail Brown said she would like the island to "remain paradise." She said her neighborhood is rental-heavy right now. She does not believe capping short-term rentals will hurt island businesses because she sees that Sullivan's Island businesses are full all the time.

Bill McCurry said there are rentals all around him. He loves living here and would like to see a cap on rentals.

### **3. Discuss Short-Term Rentals**

Mayor Pounds referred to data that updated the number of short-term rentals licenses issued to 1757. He asked Council members what is the target and what does City Council need to be looking at in terms of metrics.

Council Member Bogosian said that the short-term rental conversation is going in circles. He expressed concern about the growing number of short-term rental licenses and the validity of the data being produced by the Granicus software. He pointed out that short-term rentals have

increased mostly in residential neighborhoods. Council Member Pierce expressed the same misgivings about the Granicus data.

Mayor Pounds reviewed a list of potential paths City Council could take on the matter, including: increase enforcement activity; no cap on rental licenses; monitor agreed upon metrics, market conditions and analyze trends as they emerge for future Council action; or limit/cap short-term rentals through a variety of approaches.

Council Member Streetman agreed that the conversation does seem to be going in circles, but he believes considering a cap is premature. He would like to put some controls in place while City Council continues to do due diligence on the matter. He believes City Council needs more time to monitor the numbers and analyze the situation.

Council Member Pierce said the Council needs to make a decision. Council Member Bogosian agreed, noting that the 2020 Community Survey showed that this was an issue then and continues to be so.

Council Member Streetman said, “I’m saying basically what we need to do is put a method in place, a process in place that we really take a look at what we need to monitor this situation to make sure we don’t have a runaway investment group or groups that are coming in here and snapping up properties and making long-term investments and a lot of money off of them.”

He added that the BIPA survey revealed many of the same concerns heard in the STR listening sessions: noise, litter, number of occupants, lack of enforcement, strain on Public Works and [Public] Safety.

Without a moratorium that would have given Council time for additional study, Council Member Anderson said it is time for City Council to make a decision on the issue. She said a cap on short-term rentals and the livability issues associated with short-term rentals need to be dealt with simultaneously. She reminded everyone that the noise ordinance is being updated to make it more enforceable. She said the island will always have short-term rentals, but the question is how many is enough.

Council Member Hahn said that while the exact numbers may not be known, the trends are clear. “We do not that the trend for permanent residents is rising and has been for 12 years. We do know that the trend on investment properties is going down and has been for 12 years. We do know that nobody wants to offend primary residents from running their properties. They don’t want caps on any 4% properties.” He believes instituting a cap is “using a very big club to control what does not appear to be that big of a problem.”

**MOTION:** Council Member Hahn made a motion to “take a directional vote to give our staff guidance for a deliverable to be voted on at our Council meeting on February 28 based on the data information we have received in these workshops. I move that we don’t implement any limits on short-term rental license at this time but continue to monitor as the City is currently doing but to add additional detail in the single-family resident category to show total number of low density versus high density single-family residents by development and the number of licenses in each and ask that staff report those findings to Council on a quarterly basis. I would

also ask that in an effort to increase our enforcement efforts we direct staff to come back with a plan to address just that – software, people, ordinances – or whatever staff believes is needed to assist us as we start the budget process for the fiscal year.” Council Member Streetman seconded the motion.

Discussion ensued as to whether or not votes could be taken in a workshop. Administrator Fragoso clarified, “I would say if you all want something to be prepared for February 28, I would prefer to get direction from the entire body. This is not a final vote on anything. It is just directing staff to do something whatever that something is. So I think I would take it as that. Just bringing something forward, giving staff direction to bring something forward.”

Council Member Ward asked Council Member Hahn to restate the motion in the positive. He said, “A directional vote for staff to continue to monitor the short-term rental licenses as the City is currently doing but add additional detail in the single-family resident category to show total number of low density versus high density single-family residents perhaps by development and the number of licenses in each and report those findings to the Council on a quarterly basis as well as tell us what you need for enforcement efforts whether it is software, people, ordinances or anything else that we can then add into our budget as we start budget talks for the next fiscal year.”

Council Member Bogosian responded, “So it is essentially do nothing. Just continue to look at numbers go up. But can I ask just one simple question? If you don’t think that there’s an issue and you don’t think there’s an overinflated number of people running to the office across the hall to get licenses, what is the issue of putting in a cap? Because they would never be impacted according to your theory, right? In other words, we are not reaching those numbers. They are all fake numbers. People are not using them. So what is the harm of putting in a cap to say if you’re wrong there are protections in place.”

Council Member Hahn replied, “I am not saying that at all. What I am saying is that we don’t know where the trend is. We don’t know what the residents want. What we have been told by the residents is that we don’t want to offend multifamily. We don’t want to offend four-percenters. We don’t want to offend all these other potential groups. So how do we do anything other than watch the trend and see what the trend is. The trend is clearly going down right now.”

Council Member Anderson said, “I would like to propose in addition to what Councilman Hahn has asked for staff is that several of us has prepared alternative proposals to be considered and that they be part of the analysis that we have going forward.” She would like to consider these alternative proposals at the February 28 Council meeting.

Discussion ensued as to whether or not Council Member Hahn’s motion could or should be voted on without first considering the other alternatives.

Administrator Fragoso added, “I think part of Council Member Hahn’s statement included evaluating low density versus high density. So I would like to like to get a little bit more clarity on what that is and what areas we are looking at and identifying whether there is a different trend for certain neighborhoods versus others, which I think goes back to some of the work that the

Planning Commission has done. And part of the recommendation, as you all recall, was implementing caps by zones because of the issue that they had identified in the data where the rentals are at. So I would need a little bit more direction on what the low and high density and what those would be because they are mostly in single-family residential zoning district, so differentiating one from the other would be helpful.”

Council Member Hahn clarified, “That is the whole point. To differentiate one from the other to understand where the trend is and where is there a short-term rental problem and where is there not one. It’s not a one size fits all on the island when you have got developments that are specifically designed for short-term rentals. And so, high density versus low density is my way of talking about it. But there are other ways that we can do it, but I need help from you all on how to do that so that we know where (INAUDIBLE) being affected.”

Mayor Pounds said, “What I am hearing from Blair’s motion is let staff go away and figure out what they need from a staffing/enforcement standpoint, and again whether that is financial or livability or code enforcement or whatever it may be from this list or if we need to expand this list of codes that impact short-term rentals, let our staff go away and figure that out instead of Council trying to dictate.”

Council Member Pierce said he would like to discuss the options. He believes that it would be “a disservice to the community” if Council did not address the issue of a cap on short-term rentals.

Council Member Popson agrees action needs to be taken and would like to vote on Council Member Hahn’s motion. Council Member Ward also spoke in support of Council Member Hahn’s motion, but added that City Council needs to keep an eye on the 2015 Parking plan.

Council Member Miars would like the City Attorney present for the discussion of the options at the February 28 Council meeting.

Discussion about whether or not a vote was appropriate and whether or not members were prepared to vote on anything without first discussing the options continued. Council Member Hahn restated the motion one more time.

Council Member Pierce offered a friendly amendment: “I would like to add, simply stated, the scope of the analysis should be island wide with all categories and all analytical zones.” Council Member Hahn accepted the friendly amendment.

Council members agreed to submit alternative options to Administrator Fragoso who will prepare a similar schedule to “the one that you have with the three alternatives with the alternative that Council Member Hahn wants to look at regarding density and the alternative that Council Member Anderson will provide to us and you all will vote on that at the 28<sup>th</sup> meeting.”

Mayor Pounds added that one of the alternatives needs to be no cap.

Council Member Hahn rescinded his motion and Council Member Streetman rescinded his second as all alternatives will be discussed on February 28.

4.     **Adjournment**

Council Member Streetman made a motion to adjourn, and Council Member Ward seconded the motion. The meeting was adjourned at 6:47pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk



I am encouraged by the proposals presented tonight and hope they indicate a willingness to preserve the residential nature of the island. In looking at the proposals, I do not support a path that excludes 32% of our dwelling units from the start, as proposed in Alternative 1. The Beach and Racquet Club Planned Residential Development District was presented, supported and approved as a recreational-oriented *residential* community. The Isle of Palms Beach and Racquet Club was marketed as "a natural place to live" where one could come home after a long day of work and hit the tennis court or golf course. Where one would enjoy the protections provided by City police and fire with close proximity to schools and churches. It is a Planned Residential Development District by its own terms, and should be treated as such.

I support the exclusion of all units within our commercial zones as shown in Alternatives 2 and 3. I also support the exclusion of licenses issued to residents holding a 4% tax classification, which only Alternative 3 does. Our historically referenced 33% rental footprint had no qualifying locations or conditions, is considerably higher than the surrounding communities and should be the community wide goal. No proposal seeks to retain the fragile balance so many have given lip service to over the years. Alternative 2 comes close, which makes Alternative 3 the middle of the road solution.

This issue isn't simply the number of rental licenses in residential zones. 64% of our entire dwelling unit inventory is wide open to short term rental. That industry and the policies of municipalities around us have changed so much we cannot and should not rely on past trends. The top priority of our strategic plan is to reduce the impact of tourism on our residential quality of life. In most ways, we cannot sustain any further increase in seasonal visitation and tourism, no matter where located, and the only way to accomplish your top priority is through the reasonable limitations presented in Alternative 3.

Other jurisdictions have deemed short term rentals incompatible with single family residential zoning. One appellate court said they "undoubtedly affect the essential character of a neighborhood and the stability of a community."... Tenants of Short-term rentals do not participate in our government, coach at the Rec, or keep an eye on an elderly neighbor. As our ordinances are written, with no minimum stay requirements, short term rental tenants are literally here today and gone tomorrow. That same court found that only the permanence and stability of people living in single-family residential zones creates a sense of community and provides an overall quality of place where people are invested and engaged in their neighborhood and care about each other. That's who we claim to be. Please preserve that by moving forward with Alternative 3.



Back again. Different day, same question. Is your vision for IOP's future a Residential or Rental community? Your stance on these 3 alternatives will answer that question, for it is apparent most of you think my question was rhetorical. It was not.

If you believe this island should remain residential in character, perhaps we can agree on three things, as a start:

- 1) A cap is needed to ensure the residential character that exists today.
- 2) When setting a cap, the cap should not be less than the number of licenses issued to date. Let's not take away licenses.
- 3) If you do represent residents, ensure you separate the 4% and 6%, allowing those primary residents to rent their homes for 72 days without placing their licenses under a cap.

As you analyze each alternative, or any others considered, it is imperative that you consider the overall impact to the city and calculate the STR license saturation both within and without the cap. The percentages below will likely be higher as additional license applications are received, given that we have no moratorium in place.

Alternative 1 yields a 54% saturation: the cap allows for additional licenses to be issued, BUT we become a rental community.

Alternative 2 yields a 39% saturation: we remain a residential community, BUT the cap is less than the number of licenses issued to date. AND, the cap includes all dwelling units. I am hoping this alternative was placed here for discussion only, and the discussion should be short.

Alternative 3 also yields a 39% saturation: we remain a residential community, the cap exceeds the number of licenses issued to date, and it allows those 4% residents to rent their homes for 72 days. Hits all three elements I think we can agree on!

Even if you dismiss the facts and trends, we all feel the impact of short-term rentals, and we as residents change our way of life to accommodate the influx of renters. Everyone feels it. On any Saturday in the summer, we have learned not to leave the island and to only go to Harris Teeter at 7 a.m. Between June and August, we hope that we don't have a medical emergency. And that is with a 39% saturation.

We need to all acknowledge that, for any alternative considered, residents are conceding that the goal post of 33% island-wide saturation has been moved to at least 39% island-wide.

So, back to my question: what footprint will you leave? One that shaped the city prepared for the future so that the complexion of the city doesn't change? Or will your footprint be the one that changed this city to a rental mecca?

It's time to lead, and act now to place a cap on investment STR licenses. Please, cap licenses now before this city flips its character and the residential footprint becomes minimal. Focus on restricting Investment STRs and protect the city and residents you serve.



February 6, 2023

Isle of Palms City Council  
1207 Palm Boulevard  
Isle of Palms SC, 29451

Members of City Council,

We are writing you today representing many of the Professional Vacation Rental Companies on the Isle of Palms, to offer Council our assistance as you gather information and data regarding family vacation homes on the Island.

According to the City of Isle of Palms rental software, there are 1,539 marketed family vacation properties on the Isle of Palms with a little over 1,200 having rental activity. We represent over 1,000 of these families who entrust us to care for their homes on the Island.

It is impossible to share with you the individual stories that brought these families to the Island and elected a professional vacation manager to care for their homes. But there is a common theme that they all share. The majority of each of these homeowners' goal is to be on the Island as much as possible and to one day move here full time. In 2022, the property owners that we represented spent 69,495 nights on the Isle of Palms, visiting the island 4,760 times. This is where they spent birthdays, anniversaries, holidays, and summer weeks. For 69,495 nights in 2022, these families did not call the Isle of Palms an investment, it was and is their home.

There are some in our community that describe these families as hedge funds, investors, and individuals trying to make a quick buck at the expense of neighborhoods. These depictions cannot be further from the truth. Of the thousand families we represent, the majority live within 200 miles of the Island and for 95% of them, this is their only beach home.

We are so pleased that 16 of the families that we represented in 2022 were able to make their dream to live on the island a reality. These families are not an exception but part of a trend. According to tax records, the number of primary residents on the Island increased by 3% over the past 12 years.

There are three additional indicators supporting the growth of residents on the Isle of Palms. First, according to City records, most new homes built on the Island are not purchasing short-term rental licenses. In 2020, for example, only 2 of the 24 homes that were built became a family vacation home.



Second, the economics are not there in many parts of the Island regarding new construction and vacation homes, especially in comparison to the early 2000's when nearly 50% of new construction went into a rental program. With the Isle of Palms average price point now \$3 million with a high of \$7.8 million, a family with this wherewithal is not typically interested in strangers renting their home or sleeping in their beds. As seen on Palm and Ocean Boulevard, as prices continue to accelerate, fewer and fewer buyers will require vacation rentals to make their dream home possible. Charleston's population just surpassed one million with the expectation this will double in four to six years. With this surge in population and a lack of beach inventory in Charleston, prices on the Island will dramatically increase in the future. This trend of price increases will continue to reduce the number of vacation homes on the island.

Finally, the number of short-term rental licenses issued per year has been gradually trending downward since 2010. Yes, there has been a substantial increase in the number of rental licenses purchased following Councilman Moye's first comments regarding a rental moratorium two years ago. It is only logical that when an item is deemed valuable with supply about to run out, there will be a run to purchase that item. In the past two weeks, as rental caps continue to be in the news, according to City data, 5 residents and 28 second homeowners have purchased a short-term rental license. Yet, there has not been 33 additional properties added during this period to professional rental programs. Property owners are protecting their property rights by purchasing rental licenses with no intent or need in offering their homes as a vacation rental. This is the reason that there are 1,724 rental licenses but only 1,539 being marketed and just over 1,200 are reporting rental activity.

As a professional family vacation rental manager on the Isle of Palms, nearly every day, I am asked by a vacationing family why they should pick the Isle of Palms over Folly Beach, Kiawah, Seabrook and Edisto. It is one of my favorite questions, since so much of what we have to offer is so different from these other Charleston beach communities.

One major selling point is the diversity on the Isle of Palms regarding accommodations. No other island in Charleston (including Kiawah and Seabrook) has the number of different property types to offer. There are 1,463 non-single-family dwellings on the island. Of the 3,106 single family dwellings, there are 298 single family homes built specifically as vacation homes such as the Boardwalk Homes in Wild Dunes (which were designed as hotel rooms), Beachside, Sea Oats, Pelican Bay, Seaside and the homes between the Post Office and Front Beach. It is important therefore that any analysis of the Island be broken down correctly. Homes along Palm and Ocean Boulevard, multifamily dwellings, condo-hotels, and single-family homes designed and constructed as vacation homes should be considered for what they truly are. It is impossible to look at the Island strictly by a tax bracket or dictionary definition.

There are a few of us that have been on the Island since the 70's, 80's and 90's. For nearly five decades, professional vacation home managers have been committed to the Isle of Palms and what makes this island special. As a group, we have worked well with past City Councils in supporting policies regulating parking, occupancy, trash service, and noise. We fully supported the creation of a livability officer and the livability court.



Professional family vacation managers require guest signatures that they agree to abide by the short-term rental regulations. None of our homeowners want their homes to be used for parties, weddings, bachelor, or bachelorette weekends. For over 1,000 families that we represent, the Isle of Palms is their home that they have offered to other families as a vacation destination. These homes in 2022 were occupied 54.6% of the year by rental guests. It is not surprising how many of these vacation families now call the Isle of Palms their home.

The professional family vacation rental managers on the Island are committed to seek a solution to any problem presented to City Council. Making the Island better is not only the goal of the 1,663 residential property owners, but also the 2,906 families that hope to make the Isle of Palms their full time home one day. As we have done in the past, the professional vacation home managers would like to do our part to assist City Council by providing data and support in making the best decisions for all the 4,440 families that own a home on the Island.

Sincerely,

Michael Long  
Beachside

Alex Stone  
Island Realty

Win Walker  
Carolina One

Mel and Shelley Miles  
Exclusive Properties

Hugh and Krista Swingle  
Palm Boulevard Realty

Terri Haack  
Wild Dunes Resort

## City Council

Byron W Davis  
38 Waterway Isl. Az

- ☐ 26 year resident
- ☐ Live here year round
- ☐ Wild Dunes
- ☐ Waterway Island Dr
- ☐ Moved here from Buffalo NY
- ☐ Besides the Beach freedom.
- ☐ A community Friendly people
- ☐ Noteworthy is what is happening in our country at large. We seem to be expanding Government in every area, except for police and the border policy.
- ☐ Here in IOP, When you start talking about rental caps and other such laws & regulations in an effort to make our paradise better, I get very concerned. NY has a lot of laws on rental properties which have caused an exit of capital and population.
- ☐ I don't have a dog in this rental fight, but I do have a home that I don't need you to change any of the laws which may have the unintended consequences of lowering its value.
- ☐ I am here to ask you to Please not grow the reach of government on such a great community. We have enough laws and regulations.
- ☐ In fact one of the most difficult things for you to do is to do less. But could be the best path.
- ☐