

**ISLE OF PALMS
SPECIAL CITY COUNCIL MEETING
ISLE OF PALMS, SOUTH CAROLINA
January 18, 2007**

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A special meeting of the Isle of Palms City Council was held at 6:00 p.m. on Thursday, January 18, 2007 in City Hall Council Chambers, all requirements of the Freedom of Information Act having been satisfied. Present were Mayor Sottile, Council Members Bettelli, Buckhannon, Cronin, Hanbury, Marino, McMackin, Rice and Taylor. Also present were City Administrator Tucker, City Attorney Sottile, Building and Planning Director Kerr and City Clerk Darrow.

A. INTRODUCTION OF MEETING

Mayor Sottile called the meeting to order and stated that members of the press and public were duly notified of the meeting in accordance with State Law. Mayor Sottile noted that all council members were present. Mayor Sottile acknowledged the City's receipt of a petition which asked for action related to short-term rentals, the subject of tonight's meeting, Council would recognize receipt of this petition at the January 23, 2007 regular Council meeting and then report at the February regular Council meeting on the action taken in response to the petition.

Thereafter, Mayor Sottile noted that tonight's meeting was being taped, as all Council meetings are, and would be broadcast on Comcast Access Channel 60 at 6:00p.m. on Monday, January 22, 2007. Additionally, Mayor Sottile noted that Councilman Taylor would need to leave the meeting early, due to a family matter.

B. EXECUTIVE SESSION – Receive legal advice regarding possible solutions to short term residential rental issues and creation of Livability Court.

MOTION: Councilman Cronin made a motion for Council to go into executive session for the purpose of receiving legal advice regarding possible solutions to short term residential rental issues and creation of Livability Court; seconded by Councilman Bettelli; MOTION PASSED SEVEN (7) TO TWO (2).

Council went into executive session at approximately 6:05 p.m. and returned from executive session at approximately 6:45 p.m. Mayor Sottile noted that no motions were made, no votes taken and no decisions made.

MOTION: Councilman Marino made a motion to suspend the rules and consider Item D, Discussion of Creation of Livability Court, at the this time; seconded by Councilman Buckhannon; MOTION UNANIMOUSLY PASSED.

Mayor Sottile noted that Councilman Taylor was leaving the meeting at this time. Before leaving, Councilman Taylor noted that the price sheet provided to Council regarding the annual costs for implementing Livability Court should include an additional \$10,000 for pro-rated periodic equipment and other annual expenses.

D. Discussion of Creation of Livability Court.

Mayor Sottile commented that the City continues to receive various complaints of various natures, from noise to trash on vacant lots, to abandoned vehicles and trash roll out cart

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violations. He commented that the City of Charleston has successfully implemented a Livability Court to specifically deal with these types of issues, with a dedicated police officer handling the complaints. He suggested a Livability Court on the island could provide a mechanism for enforcing ordinances the City already has on the books.

MOTION: Councilman Bettelli made a motion to establish a Livability Court and authorize City Administrator Tucker to implement the Court through the hiring of a municipal judge and patrol officer to handle Livability Court; seconded by Councilman Marino.

Discussion:

Councilwoman Hanbury noted Council was provided a price sheet, which was previously discussed at a Public Safety Committee meeting late in 2006 (**Exhibit A**). She noted that the price sheet calls for an initial expense of \$119,468 with annual recurring costs of \$80,406, which Councilman Taylor noted should be approximately \$90,406 annually. The Committee briefly discussed the timing for launching the Livability Court, with Mayor Sottile advocating the Court be in place by April, in time for the summer season. He acknowledged that this court would require three (3) months of unbudgeted expenditures, with additional costs being rolled into the FY07-08 budget effective July 1, 2007.

Councilwoman McMackin expressed her support for the concept of the Livability Court, but questioned the need to hire an additional officer to handle this matter. She suggested Council explore the need for this additional officer. Mayor Sottile submitted that the Livability Court needed to be a separate entity with a dedicated patrol officer, like the Charleston Livability Court, to ensure continuity on Livability Court issues. Councilman Cronin suggested that the City should proceed with a dedicated officer to handle Livability Court issues and, if it is found that the Police Department is overstaffed due to this addition, then this fact would be discovered during the budgetary cycle within the first or second year and staff reductions could be made through natural attrition.

Councilwoman Rice asked if the City anticipated having a difficult finding a municipal judge and Mayor Sottile commented that both of the Charleston municipal judges offered to take on the position. Councilman Marino echoed Councilman Cronin's comments and further suggested the establishment of a Livability hot line to dispatch, with a magnet incorporating the hot line number distributed to island property owners. He commented that, in order for this Livability Court to work, citizens would need to call and report violations in order for the Police Department to act. Councilwoman Hanbury clarified that the cost of magnets would not require an increase in the estimated expense for this position.
Call for the question: MOTION UNANIMOUSLY PASSED.

Council returned to the order of business on the published agenda.

C. Discussion of solutions to short term residential rental issues.

Mayor Sottile noted that Council was provided working documents by the City Attorney, which incorporated many of the recommendations made by the Planning Commission regarding short term rental, along with modifications the City Attorney made for legal reasons. Mayor Sottile asked City Administrator Tucker to review the various recommendations in an effort for Council to reach some consensus on various issues.

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Thereafter, Mayor Sottile suggested in February that Council review the results of tonight's meeting in ordinance form.

City Administrator reviewed the following Planning Commission recommendations and then the recommendations being considered by Council through working documents:

1. Zoning Districts affected by any possible future ordinance changes:

Planning Commission: Recommended applying any short term rental ordinance changes to SR1 and SR2 zoning districts only.

Council consideration: Council is considering a move to an island-wide application of any possible future ordinances. Administrator Tucker noted that this would mean SR1, SR2, GC1, GC2, GC3, LC and Wild Dunes PRD zoning.

2. Definition of Short Term Rentals:

Planning Commission: Rentals of three (3) months or less would be considered short term rentals.

Council consideration: Council's working documents agree with the Planning Commission's definition of short term rentals.

3. Parking/Number of vehicles on a lot:

Planning Commission: Planning Commission recommends one (1) car per bedroom or a minimum of one (1) car for every 2.5 people renting the accommodations, with a minimum of two (2) cars at the residence regardless of the number of renters or bedrooms.

Council consideration: Council's working documents incorporate a time component to the Planning Commission's formula, with this maximum number of vehicles being allowed from 11:00 p.m. to 9:00 a.m., to define overnight parking.

4. Trash consideration:

Planning Commission: The Planning Commission recommended the City require, on a short term rental property owner's second violation of the City's existing garbage roll-out container ordinance, that the property owner be required to hire a roll-out cart service to comply with the ordinance.

Council consideration: Council's working documents acknowledge that the City has a good roll-out container ordinance on the books and provides a penalty for ordinance violators; therefore, the working documents eliminate the requirement for a property owner to hire a roll-out cart service. Administrator Tucker noted that the City Attorney reviewed consideration for adequate trash collection at condominium units, which do not usually have roll-out garbage containers.

5. Noise violations:

Planning Commission. The Planning Commission tied noise violations to short term rental violations and punitive damages.

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Council consideration: Council's working documents reflect the acknowledgement that, like the trash roll-out container ordinance, the City has an adequate noise ordinance on the books.

6. Requirement for property owner to post written notices.

Planning Commission. The Planning Commission recommended requiring short term property owners to post written notice of various ordinances for issues like trash, parking and noise.

Council consideration: Council's working documents reflect consideration to retain the posting of a written notice on the premises, outlining certain ordinances, which would impact short-term rentals. Administrator Tucker noted that staff, with Council input, would develop this written notice guideline.

7. Twenty-four (24) Hour Hot-Line:

Planning Commission. The Planning Commission recommended the maintenance of a property owner's phone number the City could call twenty-four hours a day in case of an incident with a short-term rental unit.

Council consideration: Council noted that a twenty-four hour a day phone number for the property owner could be captured through the business license process, administratively, and not required through an ordinance change.

8. Notification to neighbors:

Planning Commission. The Planning Commission recommended requiring the property owner to notify neighbors of their rental activity.

Council consideration. Council, with advice from the City Attorney, has considered deleting this requirement in the ordinance.

9. Proof of various tax payments:

Planning Commission. The Planning Commission recommended ordinance language requiring short term rental property owners provide proof various taxes have been paid, such as Accommodations tax, residential tax at a higher rental rate and sales taxes, etc.

Council consideration. Council's working documents consider the elimination of this ordinance language, as this information could be captured administratively during the process of obtaining a business license.

10. Penalties.

Planning Commission. The Planning Commission's recommendations called for a four (4) strikes/out policy for enforcement.

Council consideration. Administrator Tucker noted that this is an area for future Council discussion and consideration, as it was noted that a property owner could theoretically lose the right to rent the property in one night with one bad renter, depending upon the number

of citations given. She noted that Council would consider, among other things, adjustments in ordinance language for the business license and penalties sections of the City code.

11. Occupancy.

Planning Commission. Administrator Tucker noted that the Planning Commission crafted a formula for determining occupancy ratios, depending upon either the heated square footage of a property or based upon the calculation of bedrooms in a unit. She noted that the owner would have the option to choose between the occupancy calculations based upon square footage or number of bedrooms, depending upon which resulting occupancy level was higher. She then provided an example of the two (2) scenarios:

Scenario 1. Square footage calculation
(1 person/ 250 square feet of gross heated floor space)

1475 s.f./ 250 s.f. = 5 people (rounded)

Scenario 2. Two (2) people per bedroom (bedroom defined too)

1475 s.f., six (6) bedroom house
6 bedrooms x 2 people = 12 occupancy

Administrator Tucker noted that the Planning Commission recommended children under the age of eight (8) be excluded from this calculation, as typically groups with children this age do not cause a lot of disruption.

Council consideration. Administrator Tucker noted that, again, this would be an area for continued Council consideration; however, Council’s working documents stipulated a definition of overnight visitors. She noted Council stipulated vehicles and people had to be off the premises, unless part of the rental group, overnight, with overnight being defined as between 11:00 p.m. and 9:00 a.m.

She noted that since events in rental homes have become an issue Council might consider that, under any circumstance, the maximum number of people at an event could not exceed fifty (50), to include the renters and guests.

Mayor Sottile thanked City Administrator for her presentation and opened the meeting to Council deliberation of the various issues.

COUNCIL DISCUSSION:

1. Zoning Districts affected by any possible future ordinance changes:

The Committee briefly discussed the zoning districts that would be impacted by possible short term rental ordinance restrictions and Council reached general consensus that any future ordinance language should apply island-wide. Councilwoman Hanbury clarified that Wild Dunes would be included. Councilman Cronin noted that, as a resident of Wild Dunes, he would not be adverse to any rental restrictions applying to this community too. Building and Planning Director Kerr noted that Wild Dunes condominium developments have been developed to handle the traffic, parking and garbage impact of rental activity.

The Committee considered the possible elimination of condominiums, but no official action was taken on that matter.

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2. Definition of Short Term Rentals: Rentals of three (3) months or less

Councilwoman McMackin commented on the impact of short term rentals on the island, noting that they were businesses within a residential district and not in concurrence with the City's Comprehensive Plan. She condemned the mini-hotels within neighborhood communities, many offering one (1) night accommodations, noting that this type of rental activity turns a home into a mini-hotel. She then articulated her recommendations for this issue: (1) differentiation of short term rental from long-term rental activity; (2) establish two (2) different licenses, one for rentals thirty (30) days or less and another for long-term rental periods; (3) minimum rental of one (1) week or more; (4) review zoning to allow no single night rental of properties within single family residential zoning; and (5) limit the number of short term rentals on the island, perhaps by setting a "cap." Thereafter, Councilwoman McMackin suggested the City establish a committee of interested parties to discuss this matter, with representatives from the rental community, interested citizens as noted on the recently received petition, and city representatives (elected officials and/or volunteer committee members). She noted that the problem of short term rentals was bigger than just the Planning Commission or Council, and suggested the whole City be involved in the solutions to this issue.

Mayor Sottile noted Councilwoman McMackin's comments would be taken under advisement. There being little further discussion over the definition of short term rentals, the Committee reached general consensus that short term rentals should be defined as being less than three (3) months.

3. Maximum occupancy.

Mayor Sottile reminded Council that the Planning Commission recommended a maximum occupancy of fifty (50) people at a property at any one time and commented that this restriction is an attempt to stifle the occurrence of large events at rental properties (such as large conventions, business conferences, wedding receptions, etc).

Council discussed the Planning Commission recommendation to eliminate children age eight (8) and younger from the occupancy calculations. Councilwoman Hanbury submitted that children under eight (8) do have an impact on the City's services. She noted that children create trash, which would have to be collected and impact traffic and parking, since the number of children would impact the number of cars coming and leaving the island. Thereafter, Councilwoman Hanbury noted that the number of bedrooms in a property does not necessarily equal the number of people that could be put in a bedroom. She noted that one bedroom could easily accommodate up to eight (8) children, if there were two sets of bunk beds to a room, sleeping two (2) children to each bed.

Councilwoman Rice commented it would be burdensome and cumbersome for City staff to enforce the maximum occupancy ratio if children up to age eight were excluded. Further, she submitted that if a person takes up space, then a person has impact, noting that children are people. She commented on the impact of children regarding trash and public safety,

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noting that fire personnel frequently respond to calls regarding lost children on the beach or around the island, particularly in the summer season.

Councilman Cronin noted that the purpose of the occupancy level was to establish a mechanism to enable the rentals to be self-policing. Councilman Bettelli noted that children will always come with family rentals, the type of rental he would like to see. He noted that he welcomes the opportunity for more children and families to come to the island.

As a compromise, Councilwoman McMackin suggested lower the age exemption to one (1) year olds. Councilman Marino supported the concept of incorporating children in the maximum occupancy quota, noting he could otherwise see the rental ad: "sleeps 12 people and all the kids you can bring under age 8."

Council concurred that it wanted to establish an enforceable maximum overnight rental occupancy rate, with Council beginning to consider a compromise to exclude children age two (2) or one (1).

Regarding the maximum occupancy rate in structures at any one time, Council discussed mutual concern with oversize capacity crowds utilizing residential structures and appurtenances, such as balconies, terraces and porches, which have not been constructed to commercial specifications. Thereafter, the Committee discussed the Planning Commission consideration of fifty (50) occupants maximum at a rental property at any one time, with some Council members suggesting fifty people was too high of a number and this limit should be lowered. Mayor Sottile submitted that the maximum occupancy cap was set to try and eliminate large events at rental homes. He noted that fifty (50) people amounts to twenty-five (25) couples; however, he does not have a problem with a lower occupancy number. Councilwoman McMackin suggested that the City should look for additional ways to handle events problems other than designating a set maximum occupancy number. She did support the establishment of a maximum overnight occupancy number for rentals. Councilwoman Rice questioned how the City would enforce the maximum occupancy limit at any one time. Council discussed police, particularly the Livability Court patrol officer, issuing tickets for large event violations. Discussion then centered around who would receive a ticket in such circumstances, with Building and Planning Director Kerr clarifying that livability violation tickets would be written to the property owners, property managers and renters/tenants of the property.

Thereafter, Council briefly debated the occupancy rate at forty (40) people, with Council members noting that most houses do not have enough bathrooms to regularly accommodate fifty (50) people, the impact on septic systems and, worse, the use of port-a-potties on properties for events at large rental properties.

After continued discussion, Council decided to continue consideration of the maximum occupancy rate at its next special meeting on short term rentals.

4. Parking/Number of vehicles on a lot:

Councilman Cronin noted that the recommended maximum parking refers only to parking on the property, not parking on City rights-of-way. Thereafter, Council discussed

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mechanisms for penalizing violations. Councilman Bettelli commented that property owners should make the parking requirements clear to renters and that they should have a vested interest in ensuring rental compliance, perhaps by having the City issue fines to property managers too. Councilwoman Rice noted that the formula for the maximum number of cars on a lot would now include younger children, based upon Council's previous discussions tonight.

5. Trash consideration:

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Councilwoman Hanbury commented that trash cans are not out of sight on most of the island, not just with rentals. Councilman Bettelli submitted that the City has a comprehensive roll-out cart ordinance on the books and it has been a matter of sufficient personnel to enforce this ordinance as it should be enforced for all islanders. He submitted that the addition of the Livability Court officer would help with enforcement of this matter. Councilman Buckhannon noted that many residents make an attempt to get cans off the road and behind fences. He noted that he was more concerned with repeat offenders who feel that moving the trash can from the curb ten (10) to twenty (20) feet, but still in plain sight from the road, was sufficient.

Councilwoman Hanbury noted she would like a review of the wording of the current roll-out cart ordinance and Mayor Sottile submitted the Public Works Committee could handle this review. Councilwoman Rice then noted that her issue is with trash not being rolled out on the proper day and renters putting the cans out on Saturday, just before they leave the property, where the cans could sit for up to four (4) days before the assigned garbage collection day. Mayor Sottile noted that the enforcement of this ordinance would involve the Public Works Director working with the police department and Livability Court officer. There appeared to be general consensus on this topic.

6. Requirement for property owner to post written notices.

Councilman Marino asked how the Livability Officer would be able to contact the property owners to notify them of a violation in progress without the ability to access the posted numbers and occupancy levels within the residence. Building and Planning Director Kerr noted that the City could capture the maximum occupancy rate and twenty-four (24) hour owner contact number at the time of the business license application. Councilman Buckhannon suggested patrol officers have a binder to take in the field, listing the businesses licensed on the island and suggested that a binder noting this contact information and occupancy rate for individual rentals could be provided, updated monthly. Councilman Marino concurred with Councilman Buckhannon and further submitted that the individual residences needed to have the specific information for that resident posted for renters' reference (maximum occupancy rate, parking restrictions, trash roll out requirements, etc).

There was general Council consensus to have the posted information within the residence and to administratively capture contact information and other data during the licensing process.

Councilwoman McMackin commented that patrol officers also needed access to a twenty-four (24) hour number for the property owners, particularly outside the regular office hours of the Building Department. After additional brief discussion, Council reached general

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consensus to include the requirement in future ordinances for a twenty-four (24) contact number on the posted residential notice and on file for police department access.

Council acknowledged that future ordinance restrictions would be cumulative in nature with respect to other federal, state and county laws and restrictions, noting that this was really more of legal housekeeping language.

Thereafter, Council discussed the need for the City Attorney to take their proposed revisions under legal review and prepare draft ordinances for their future consideration. Council set another special meeting to continue this matter for 6:00PM on Thursday, February 22, 2007.

Councilman Marino made some closing remarks, noting that he sees this matter as being essentially two (2) main issues: (1) quality of life and livability issues for the permanent residents of Isle of Palms; and (2) need to address the changing neighborhoods on the island, to restore balance and residential character to the neighborhoods. He suggested that the City establish an architectural review board to address big rental homes he described as big boxes on stilts. He commented that the petition the City recently received had some good points in it. He noted that the decisions this Council will make now would influence generations of islanders in the future. Councilman Marino expressed his desire to limit rentals to a one (1) week minimum in SR1 and SR2 districts and to establish a good minimum lot size/house size coverage ratio that would encourage residential building instead of mini-hotel structures.

Mayor Sottile acknowledged Councilman Marino's comments and noted that the proper venue for such consideration was the Planning Commission. He noted that the Planning Commission has already established sub-committees to handle various issues, such as:

- revisit the lot coverage/house size issue with consideration of including porches and decks to the house size calculation;
- flat roofs versus pitch roof houses;
- impervious surfaces;
- maximum square footage of residences and other items

Mayor Sottile noted that Council expects to receive some Planning Commission recommendations on these and other matters soon. Mayor Sottile then closed by acknowledging that the City is changing, but work has been underway, and continues by City Council, staff and commission/board volunteers to address those changes and methodically establish a workable balance that would be reasonable and fair to all parties involved.

Councilwoman Rice referenced the citizen petition, too, and applauded their recommendations. She submitted that rentals are a commercial business in residential areas and this is a problem. She commented 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. She commented that large events and big rental groups in residentially constructed structures scare her, noting that these residences are not built to hotel/commercial industry standards with fire sprinkler systems and commercial grade porches and balconies.

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Councilwoman Rice suggested that short term rental licenses go before the Board of Zoning Appeals for approval in the future, for consideration as any other home based business. Then she noted that there were thirty-seven (37) demolitions and five (5) houses moved on the island last year – forty-two (42) residences gone to make way for mini-hotels.

Mayor Sottile noted that there are many factors, which influence teardowns, noting the City has a good number of old JC Long ranch houses, which do not meet current building codes.

Councilman Cronin observed that, in his research, he has discovered that the number of island rental licenses, for short and long-term rentals, has not changed over the past three (3) years. He observed that he then reviewed the Accommodations Tax revenue received for rentals, less than thirty (30) days, and was surprised to discover a decline in this tax revenue, from seven (7%) percent to six (6%) percent and then three (3%) percent at present. Councilman Cronin noted he then consulted census data, which has not been updated since 2000. Councilman Cronin then commented that he checked with the County Voter Registration Board and discovered that voter registration has declined thirteen (13%) percent since 2003. He also discovered that Sullivan’s Island has experienced an eleven (11%) percent decline in voter registration during this time, noting that this municipality was not in the throes of rental problems. Accordingly, Councilman Cronin concluded that there was obviously a trend where both islands were losing full-time residents, or at least full-time voting residents. He further noted that where the property ownership was going was unclear – perhaps to group/family homes, LLC’s and/or second homes.

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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 a GC1 and GC2 zoning district at Front Beach, which allows for residential structures to be built within it. He submitted that the GC1 and GC2 zoning districts are the appropriate areas for a beach vacation rental, not a residential neighborhood in the 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. He noted that there are 1,564 business licenses in the residentially zoned areas and asked how many of those licenses were for rentals. He stressed the need to control the percentage of growth for residential business licenses in SR zoned communities. He reiterated that the Front Beach and Wild Dunes were vacation destinations, not his backyard. 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.

Thereafter, Mayor Sottile noted that the agenda included an acknowledgement of the feedback and recommendations the City received from the rental community on this issue. He acknowledged that a group of property managers and citizens owning rental homes have developed a non-City sponsored committee, known as the Rental Advisory Committee. This Rental Advisory Committee, headed up by Michael Long, a Wild Dunes manager, has provided the City with comments and recommendations on short-term rental. He thanked the Rental Advisory Committee for their input.

Mayor Sottile further expressed his appreciation for the input from the citizens who recently submitted their petition to the City as well as the many other citizens who have

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written and called Council on this topic. He expressed pleasure that groups and citizens were promoting good citizenship within the community.

Councilwoman Hanbury expressed her appreciation for citizen participation and the input from the Rental Advisory Committee, noting that many of the group's participants represent 3+ generations of island families, many of whom also own businesses on the island.

There being no further business to come before the Council, the meeting was unanimously adjourned at 8:20 p.m.

Respectfully submitted,

Lisa Darrow
City Clerk

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To be approved by City Council at the February 27, 2007 Council meeting.

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