

CITY OF FOLLY BEACH

Tim Goodwin, Mayor



Folly Beach, SC 29439

www.cityoffollybeach.com

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Chris Bizzell, Council Member
William Farley, Council Member
Billy Grooms, Council Member

Katherine Houghton, Council Member
Eddie Ellis, Council Member
D.J. Rich, Mayor Pro-Tem

City Council Work Session Meeting 5:30 PM
Tuesday, December 12, 2023

City Hall
21 Center Street
2nd Floor Council Chambers
Folly Beach, SC 29439

1. Work Session Items

- a. Review of STR Discussion, Meeting #3-Aaron Pope.
- STR Licenses & Property Sales.
 - STR Licenses & Inherits.

PUBLIC NOTICE

ALL MEDIA WERE NOTIFIED PURSUANT TO STATE LAW

City Council will not vote on matters discussed during Work Sessions or Executive Sessions.

However, matters discussed may be voted on during the evening City Council meeting. In keeping with the Americans with Disabilities Act, persons needing assistance, alternative formats, ASL interpretation, or other accommodation, please contact the Municipal Clerk at 843- 513-1833 during regular business hours at least 24 hours prior to the meeting. Hearing devices are available upon request for those with hearing difficulties.

The City of Folly Beach, in an effort to go green, will no longer have the Ordinances and Resolutions included in the agenda. Citizens interested in having a copy, please see the Municipal Clerk.

STR Work Session 12/12/2023

STR Review Timeline

STR Cap First Year Overview

- License/revenue/violation information.

STR Ordinance Technical Amendments/Codifying Policies

- Provisional licenses for SC Vacation Rental Act.
- Requiring the number of bedrooms advertised to match rental registration.
- Licensing partial 6% rated structures (portions of homes that are not separate units).
- Grace period for annual renewals of business licenses.
- License loss related to demolition of structure.
- Allowable property transfers.

STR Ordinance Substantive Amendments

- Retroactive grace period for licenses that expired prior to moratorium.
- Allowing licenses for properties under construction.
- Revoking licenses below minimum rental activity.
- Allowing purchasers of licensed properties to apply for an ISTR license.
- Allowing heirs to obtain ISTR licenses.
- Exempting multiunit buildings from the cap.
- Exempting commercially zoned properties from the cap.
- Exempting properties governed by an HOA from the cap.
- Allowing existing 4% owners to convert to ISTR licenses (without changing ownership).

Draft Waitlist Procedure and Timeline

Additional Study Areas

- Septic Pump Out Requirements.

STR Ordinance Substantive Amendments

Allowing new owners to obtain licenses after purchase.

- The ability to sell/inherit properties with licenses preserves value of use/allows generational ownership.
- The ability to sell/inherit properties with licenses gives preferential treatment to current licensees/lengthens waitlist time.

STR Ordinance Substantive Amendments

Allowing purchasers to obtain ISTR licenses

- The STR committee recommended “that the City limit future growth of short-term rentals while preserving the rights of *existing rental uses*” and that “short term rentals *licensed on the date of the ordinance*” have “the *right to sell the property to new owners* who will be able to obtain licenses”.
- The committee also recommended that “anyone who is a 4% property owner without a rental license at the time the ordinance passes will have the opportunity to maintain that right via a one-time waiver for new owners to apply for a short-term rental license *within 30 days of sale of home.*”
- These provisions would allow the first purchaser of a currently licensed property (4% or 6%) or the first purchaser of an unlicensed 4% property to obtain a license. No provision was recommended for unlicensed 6%. Subsequent purchasers would not qualify.*
- The Mayor recommended that the first buyer of a 4% property “may receive a license to operate [an ISTR] if and only if: (a) The residential dwelling was assessed by Charleston County at a 4% property tax rate continuously from [February 7, 2030], to the closing date; and (b) The purchaser applies for a Non-Restricted Rental license within thirty (30) days of the closing date.
- The Mayor recommended that no post sale licenses be granted for existing 6% properties (regardless of current license status).

STR Ordinance Substantive Amendments

Allowing purchasers to obtain ISTR licenses

No uniformity in other SC towns with caps.

Kiawah: Non-family purchasers owners fall under cap. Family members are exempt.

Beaufort: Allows purchasers to apply for license. Family members allowed to apply.

Mount Pleasant: Allows purchasers to apply for a license. Family members allowed to apply.

Rock Hill: Purchasers and family members fall under cap.

Options:

- Leave as is.
- Adopt a 1 time purchase allowance per recommendations (new owners assume risk with property).
- Alter 1 time purchase rules (which standard applies to 4%/6%, licensed/unlicensed properties).
- Allow transfer in perpetuity (for only existing license/for new licenses post purchase).
- Create a limited rental license to allow a bridge to ISTR.

STR Ordinance Substantive Amendments

Inheritance

- The STR Committee did not directly address transfers through inheritance*.
- The Mayor made two proposals:
- June 22 proposal recommended that ISTR licenses be eligible for transfer to “an eligible family member”
- October 23 proposal recommended an exemption to the cap allowing for family members to obtain ISTR for existing 4% properties if: the property to be licensed was taxed at 4% for at least the prior two years, the property owner suffers a qualifying event (death or change of residence triggered by illness), and the property was transferred to an immediate family member (children, spouse, sibling, parents), and the family member applies for a license within 90 days of ownership.

- No uniformity in other SC towns with caps.

Kiawah: Non-family purchasers owners fall under cap. Family members are exempt.

Beaufort: Allows purchasers to apply for license. Family members allowed to apply.

Mount Pleasant: Allows purchasers to apply for a license. Family members allowed to apply.

Rock Hill: Purchasers and family members fall under cap.

Options:

- Leave as is.
- Allow inheritors(family/non family) to apply for ISTR.
- Create a limited rental license to allow a bridge to ISTR.