



Folly Beach Short Term Rental Committee Regular Meeting

August 26, 2021

2:00PM REGULAR MEETING

City Hall – Conference Room

21 Center St, 1st Floor

Folly Beach, SC 29439

Committee Members:

Adam Barker: City Council, Laura Pace: Planning Commissioner, Joe Vandiver: Resident (Design Review Board), Alex Hunter: Rental Manager (Carolina One), Katie Gerling: Planner, Amberly Flowers: Business License Official, Aaron Pope: City Administrator

2:00 PM REGULAR MEETING

This meeting agenda was posted but not streamed. This is an exploratory committee accepting public comment and assessing the current trends of short term rentals at Folly Beach. There is no formal timeline and no moratorium of short term rental licenses on Folly. The committee hopes to have recommendations in 2-3 months. The committee was formed by the Mayor on May 11 to study the impacts of Short Term Rentals. The scope of this committee is centered around the balance of rentals vs. residences and the impacts on the community, regulating rentals and managing growth.

Attached items below were distributed to the committee prior to or at the meeting. Discussion was based on refining the items covered by Issue Areas 1 and 2. (the increase in the number of STR licenses and the fees charged for rentals).

Issue # 1, number of STR licenses on the island: The method of capping licenses was reviewed in light of enforcement capability, methods for eliminating unused placeholder licenses, carrying strikes through ownership changes, and transfer of licenses issued to permanent residents.

Issue #2, fees charged for STR operations: various methods of fee increases were discussed including raising the base rate for different types of short term rentals, applying separate rental applications fees either on an annual or first year only basis, and methods for tracking fees over time. The committee also recommends speeding up the strike process and increasing fines related to strikes. Funds generated by increased fees are recommended to be used to hire new personnel for STR management and other items TBD in Issues 3 and 4.



City of Folly Beach

Date: August 26th, 2021

Topic: Short Term Rental Discussion

Committee Members:

Below are the four main issues identified from discussion in previous meetings. Each issue has multiple recommendations listed below along with policy, reasoning and data supporting each one. There are some information gaps and recommendations that the Committee must fill in through discussion of our upcoming meeting. Below is the format of what Council will see.

*Issue #1: The number of short term rentals in the City is increasing ~~at high~~
~~rate~~.*

Recommendation 1: The STR committee recommends that the City limit future growth of short term rentals while preserving the right of full time residents (4% owners) to rent their homes.

Policy: Short term rental of primary residences shall not be capped. Residency shall be established by the prior year property tax bill showing 4% exemption.

Reasoning: Currently, the number of primary residences used as rentals is low. However, the committee believes that growth should be allowed in this category. 1) Short term rentals in primary homes have less negative impact than those in secondary homes. 2) Primary residence rentals are limited by duration (less than 72 days a year) and more likely to occur when the owner is on premise. 3) The ability of residents to rent their homes for income to offset taxes, insurance, and other expenses lowers the overall cost of ownership and allows more people the option to live in the City. 4) The conversion of new construction to STR has not occurred at a rapid rate despite no current restrictions.

Data: Current percentage of STR primary residences, **study to support item 1 above**, #of homes built.

Recommendation 2: The STR committee recommends that the City limit future growth of short term rentals while preserving the rights of existing **rental uses**.

Policy: Existing regulations for nonconforming uses will be applied to short term rentals licensed on the date of the ordinance. This includes the right to sell the property to new owners who will be able to obtain licenses. Any license that is not renewed within 12 months of expiration (or transfer of ownership) must be renewed under new limits. Any license that is inactive (with no documented short term rental reservations **or documented reasoning (including court order, condemnation letter, probate, _____)** to not allow for the use of that property for more than 12 months) will lapse and must be renewed under

new limits. Licenses not in good standing are not allowed to be transferred. Strikes should be attached to the property not ownership. Sham owners do not wipe the slate clean. 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. **Reasoning:** Discourage hoarding of licenses but uphold vested rights. The City wishes to preserve the right to sell their property to whomever and not impact property values based on available short term rental licenses.

Data: Nonconforming use codes from Folly's ordinance, other model ordinances.

Recommendation 3: The STR committee recommends that the City limit future growth but not hinder various property types from procuring a short term rental licenses by allowing high density multifamily units (condos) to not be included in a cap.

Policy: Short term rentals in a property used as multifamily will not be subject to a cap with proof of legal ownership at the address.

Reasoning: Many condos do not allow STRs, or they are already almost fully run as short term rentals. They are also controlled by HOA and that should/can be a building by building decision Having these entire buildings become short term rentals would not impact quality of life as they are either off island or within the commercial districts. New multifamily dwellings are not allowed per zoning ordinance. By exempting these properties from the cap, it allows the City to set a realistic number for a cap.

Data: License registration data, Parcel data, HomeCompliance maps

Recommendation 4: The STR committee recommends that the City limit future growth by implementing a cap on the total amount of STR licenses for 6% properties in Folly Beach.

Policy: The target total % of renters on the island is:

- a. X%
- b. hard # - easiest for enforcement.
- c. % increase year over year
- d. limit by geography.

Reasoning: Control growth and maintain a diverse and vibrant community to foster full time residency.

Data: County tax assessor and business license fee annual data; Case studies on home values and selling homes under STR cap.

Issue #2: Fees charged for short term rentals do not provide enough support to City resources based on the demand brought by the STR population.

Recommendation 1: The STR committee recommends that the City increase the fees associated with Short Term Rentals.

Policy: Options-

- a. Base fees increased based on residency
- b. Increase the per \$1000 fee similar to IOP
- c. institute a one time application fee that is higher (\$5000) and then a renewal fee with the current/similar fee schedule

Refer to table with scenarios and comparisons:

- New application fee for 6% property is \$4000 *first time property is licensed
This will require a new full time person to enforce.
- Base fee for 6% is \$1000
- Base fee for 4% is \$245
- Rate per \$1,000 - \$2.75, \$3.50, \$4.00

Reasoning: These fees are absorbed by the renters, not residents or owners. The fees can then be used of fund infrastructure (sidewalks and ped paths), services (public safety, sanitation), and staff (full time dedicated rental staff). These fees could also be used to subsidize long term rentals and affordable housing with some zoning law changes at the City level to encourage this development. Fee would also be used to support more personnel for enforcement of either civil noise finds or for rental management in general. Another option is to set up a dedicated fund for public improvements that serve tourism.
Long term rentals would not be impacted.

Data: Fee schedules from surrounding and similar municipalities

Recommendation 2: The STR Committee recommends increasing the fines and immediacy of fines when there is a rental strike.

Policy: Change the STR ordinance to state that fines are immediate.

1. Warning
2. \$500
3. \$1000
4. Hearing

Reasoning: Strikes happen so rarely that two warnings is not needed and impacts of strikes should be more immediate to discourage strikes from being obtained.

Data: Strikes written, noise complaint reports

Issue #3: Short term rentals cause an unwanted atmosphere on the island for full time residents.

Recommendation 1: The STR committee recommends that the City require clearly marked parking spaces on site for rental properties.

Policy: All required parking spaces be delineated on the property.

Reasoning: Increase safety and aesthetics on the island.

Data: Anecdotal evidence and accounts from full time residents stating cars are illegally parking on ROW; parking tickets

Recommendation 2: The STR committee recommends that the City use a more robust verification of local agents.

Policy: Require properties be managed by someone with a SC property managers license and located within “x” miles of Folly Beach.

Reasoning: This will limit the number of poorly run rentals by 4% property owners who only rent during high season

Data:

Recommendation 3: The STR committee recommends that the City utilize a notification more flexible and quicker than certified letters via mail.

Policy: The City will use email or an automated response to the local contact when a violation occurs, a process similar to what Turtle Patrol utilizes.

Reasoning: The renters are already gone by the time the notice is received and owners/agents cannot correct the issue in a timely manner.

Data: Rental strike letters, feedback from property management companies

Recommendation 4: The STR committee recommends that the City make the noise ordinance easier to enforce.

Policy: Options-

a. Installation of Noiseaware software in rentals with: at least one strike **OR** a minimum for all 6%/nonresident short term rentals.

b. nuisance rentals must provide a plan on how to correct the noise issues

c. change a noise violation from a criminal to civil violation (taking away jail time) and make it a true code enforcement issue

Reasoning: Strikes are historically difficult to get and full time residents are growing frustrated that noise violations are not being cited and therefore a strike is not issued

Data: Noise complaint reports, anecdotal evidence from public safety

Recommendation 5: The STR committee recommends restricting the numbers of nights a rental can advertise

Policy: Either a minimum night requirement (**2 or 3**) per rental reservation, **and/or** a maximum rented days per license.

Reasoning: This will reduce the strain on city resources by having less turnover in rentals, limiting the number of renters, and eliminating certain clientele and quick trips, similar to day trippers.

Data:

Issue #4: Short term rentals regulations are confusing and hard to find.

Recommendation 1: The STR Committee recommends developing a robust communications plan addressing all stakeholders to provide information on short term rentals.

Policy: This could include a dedicated page on the website, a robust communication plan addressing all stakeholders to educate them on existing ordinances (STR and Noise), how enforcement works with Public Safety, utilize TVPC to market beach as a family beach, and what tools they can appeal to Council for a Rezoning under a neighborhood preservation zoning overlay.

Reasoning: Many stakeholders find the rules confusing or difficult to navigate. The City also wishes to be as transparent and helpful as possible.

Data: Anecdotal evidence

Please let me know if you have any questions about this data. You can email me at kgerling@follybeach.gov or call my cell at 843-693-1101. I look forward to our Short Term Rental Committee meeting on Monday, August 2nd at 2pm.

Thank you,

Katherine Gerling, Zoning Administrator