



Folly Beach Short Term Rental Committee Regular Meeting

Oct 21, 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 to the Mayor soon. 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.

The below items were discussed in executive session to review legal questions. No votes were taken, and no public comment was submitted.

The Committee asked staff to research how many Single Family Homes have STR licenses and what ownership is. Currently data is only based on ownership and zoning, not use.



City of Folly Beach

Date: October 21st, 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.

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, various white paper articles, #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 30 days of expiration or transfer of ownership must be renewed under new limits.
- Any license that is inactive (with no documented short term rental reservations within 12 months or submits documented reasoning (including court order, condemnation letter, probate, etc.) to not allow for the use of that property for more than 12 months) will lapse and must be renewed under new limits. This will require assistance from additional staff.

- Currently, strikes are attached to the business license owner not the property. A new business license starts the strike count over. 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. This will require assistance from additional staff.

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 license by allowing high density multifamily units (structures with 6 units or more) 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 number of renters on the island is X as a set number is easiest for enforcement. This will require assistance from additional staff.

Options:

1. Freeze all issuance of new licenses and eliminate licenses through attrition to a set number of allowable licenses (ex: 750).
2. Exempt 4% owners, existing license holders and 6% multifamily dwelling units (recommendations 1-3 above) and set a low cap of licenses (ex: 200 non-exempt licenses). Currently ~1780 licenses are exempt under this proposal.
3. Exempt only existing license holders and set a higher cap of licenses (ex: 500 non-exempt licenses).

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: New application fee for ALL property is \$500 annually- this is in line with other

communities which do not differentiate with 4% and 6% owners. In 2023, after standardization is complete, an evaluation should be conducted to increase the base fee.

Reasoning: Business license fees/rates cannot be adjusted this year due to state standardization of business licenses. Thus, an additional application fee will be implemented. These fees are absorbed by the renters, not residents or owners. The new application fee can then be used of fund infrastructure (sidewalks, parks 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 violations 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 as this is a separate application.

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 implemented on the second strike rather than two warnings.
 1. Warning
 2. \$500
 3. \$1000
 4. Hearing
- Add if local agents cannot appear on site or respond to emergency within two hours of emergency, then that constitutes a strike.
- Add if renting for less than 3 nights, then that constitutes a rental strike (refer to Issue 3, Recommendation 5).
- Add dogs at large to constitute a rental strike.
- This will require assistance from additional staff.

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

Recommendation 3: The STR Committee recommends adding City staff for short term rental related issues.

Policy: Hire two additional staff (1 administration and 1 code enforcement) to administer the short term rental ordinance and related tasks.

Reasoning: Short term rentals are a growing concern on the island, and it takes staff personnel to administer a successful program including consistent and timely enforcement and faster application issuance and compliance.

Data: Fees, workload, rental license applications

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 upon issuance or renewal of license.

Policy: All required parking spaces must be delineated on the property with a minimum of

front stop bumpers or City approved method. Number of spaces is determined by bedroom count. If a license cannot meet this requirement, it has an option to present an alternate parking plan to the Building Official for approval with reasoning. If a property does not have the required spots or approved plan, then no business license will be issued.

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 an office located within 20 miles of Folly Beach.

Reasoning: This will limit the number of poorly run rentals by 4% property owners who only rent during high season and reduce the number of nonlocals from violating the short term rental ordinances. Local agents are invested in the community.

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. This will require assistance from additional staff.

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:

- Installation and maintenance of noise monitoring software in rentals at owners' expense with at least one noise violation.
- Change a noise violation from a criminal to civil violation (taking away jail time) and make it a true code enforcement issue which will allow enforcement by code officers versus law officers.

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. This will reduce the complaints, make enforcement easier and encourage a more desirable atmosphere. Increases efficiency of resources and frees up law enforcement officers.

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: Make a minimum 3 night requirement per rental reservation.

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: Articles on short term rental impacts and nuisance rentals.

Recommendation 6: The STR Committee recommends adding the requirement that a building have a Certificate of Occupancy, or it is a habitable dwelling before a short-term rental business license is issued.

Policy: Require a CO be issued or proof that a dwelling is habitable before a license is issued. If a building has an active building permit the date of the ordinance passing, then they have 18 months from permit issuance date to obtain a CO and apply for a license. If they do not meet the deadline, then they fall under the cap limits.

Reasoning: This will reduce the speculative building of STRs or people trying to rush to get a short term rental license and increase safety on the island.

Data: Building code

Recommendation 7: The STR Committee recommends adding the requirement that an annual third party inspection be completed for STRs to verify the property meets the 2018 Property Maintenance Code.

Policy: Require an inspection report completed within last 12 months to be submitted with a STR application. This will require assistance from additional staff.

Reasoning: The Property Maintenance Code covers life safety aspects of a building and would reduce the likelihood structural collapse and personal injury. There are different standards for new construction and existing buildings.

Data: Recent porch collapse and railing failures, Building code

Recommendation 8: The STR Committee recommends adding the requirement of septic tank capacity documentation must be provided as part of the STR permit application.

Policy: Provide a copy of a valid septic permit showing 120 GPD of capacity per bedroom to be rented. If no septic permit is available, certification from a licensed septic installer demonstration 120 GPD of capacity per bedroom to be rented shall also meet this requirement.

Reasoning: Existing septic systems can have detrimental effects on the environment if not maintained correctly. Many systems are old and short term rentals potentially have an increased load.

Data: Existing failed septic systems

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) via the Sandspur and Folly Current, insert educational material into tax bills, 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