

Issue #1: The number of short term rentals in the City is increasing.

Recommendation 1.1: The Mayor recommends that the City limit future growth of short term rentals to include all properties (either 4% or 6% tax rate) used as short term rentals as part of the cap on total rentals.

Policy: Short term rental of primary residences shall be included as part of the overall cap. Residency shall be established by the prior year property tax bill showing 4% exemption.

Recommendation 1. 2: The Mayor recommends that the City limit future growth of short term rentals by leveling the playing field between current and future owners and avoiding the creation of “winners” and “losers”.

Policy: All existing licenses on the date of the ordinance will be allowed to remain and be renewed until transfer of ownership or attrition through inactivity. They will be given priority each year as part of the cap.

- Transfer of ownership shall make the license subject to the cap and, if the cap has been reached, put the license onto the waitlist. Current licenses will only continue with current ownership except in the case of family transfers (spouse, grandparents, parents, children).
- Any license that is inactive (with no documented short term rental reservations within 12 months) with no 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. Any license for a 4% property that does not document at least \$1,000 of income shall be considered inactive. Any license for a 6% percent property that does not document at least \$3,000 of income shall be considered inactive.
- All future licenses shall be determined under the cap system. No special privilege for future licensing shall be created.

Recommendation 1.3: The Mayor recommends that the City limit future growth of rentals across the board including within multifamily complexes.

Policy: Short term rentals in a property used as multifamily will be subject to the overall cap.

Recommendation 1. 4: The Mayor recommends that the City limit future growth by implementing a cap on the total amount of STR licenses in Folly Beach.

Policy: The target total number licenses on the island should be set at a fixed number 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 based on a percentage of total dwelling units (proposed as 900 for 2389 units). This is slightly less than 2020 levels.

The Mayor proposes eliminating all exemptions from the cap and only limited exceptions for transfers. The total number of licenses allowed would slightly lower than 2020 levels. The new cap would be 15% of 4% properties (vs

14.9% in 2020) and 50% percent of 6% properties (vs 51.5% in 2020). The total number of licenses would be 900 vs 923 in 2020. The percentage of total properties rented would fall from 38% to 37%.

Late renewals will lose preferred status and be subject to the cap.

Inactive licenses would lose renewal privileges and be subject to the cap.

Once attrition lowers the total number of licenses to the allowable limit, a waitlist would be established to replace licenses within the limits of the cap.

Additional license applications can be made and will be added to a waitlist. When spots open under the cap, the City will give the oldest application first priority. The system in place at Kiawah will serve as a model.

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 2.1: The Mayor recommends that the City increase the fees associated with Short Term Rentals.

Policy: The Mayor proposes a fee of \$1,000 annually for 4% properties and \$2,000 annually for 6% properties. This is a separate fee from the business license cost.

Recommendation 2.2: The Mayor recommends increasing the fines and immediacy of fines when there is a rental strike.

Policy:

- Change the STR ordinance to make all rental violations subject to \$500 civil tickets. Each conviction shall constitute a strike. After three strikes in a rolling 12 month period, the City will initiate revocation of a license
- Add if local agents cannot appear on site or respond to emergency within 30 minutes of an emergency, then that-is a ticketed offense.
- Add if advertising for less than 3 nights, then that is a ticketed offense.

Recommendation 2.3: The Mayor recommends adding City staff for short term rental related issues.

Policy: Hire additional staff to administer the short term rental ordinance and related tasks. The number of staff shall be suitable to manage enforcement, licensing, rental registration, and administration of the rental ordinance. This includes night and weekend enforcement.

Recommendation 2.4: The Mayor recommends that all applications for a rental license renewal include proof of paid up status for accommodations tax accounts.

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

Recommendation 3.1: The Mayor 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. The Mayor recommends that the property owner be required to submit and post the maximum number of vehicles parked on site.

Recommendation 3.2: The Mayor recommends that the City use a more robust verification of local agents.

Policy: Require properties be managed by someone with a SC property manager in charge or realtor license. Require property agents to be able to respond within 30 minutes.

Recommendation 3.3: The Mayor 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.

Recommendation 3.4: The Mayor 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.

Recommendation 3.5: The Mayor recommends restricting the numbers of nights a rental can advertise.

Policy: Make a minimum 3 night requirement per rental reservation.

Recommendation 3.6: The Mayor 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. No licenses shall be issued for properties under construction.

Policy: Require a CO be issued or proof that a dwelling is habitable before a license is issued.

Recommendation 3.7 The Mayor recommends adding the requirement that an annual third party inspection be completed for STRs to verify the property meets the 2018 Property Maintenance Code. All first time licenses will only be issued after a documented inspection.

Policy: Require an inspection report completed within last 12 months to be submitted with a STR application. The inspection will verify smoke alarms, carbon monoxide monitors, fire extinguishers, the # of bedrooms, the # of parking spaces, certain structural elements, the provision of trash receptacles, the posting of address and house numbers,

and posting of rules and regulations, and, if present, that sprinklers are operational. This will require assistance from additional staff.

Recommendation 3.8: The Mayor 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.

Recommendation 3.9: The Mayor recommends that the number of bedrooms be supported by data from the Charleston County Tax assessors office.

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

Recommendation 4.1: The Mayor 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 with a feedback form, 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.