

The *Ad Hoc* Committee on Short-Term Rentals  
Submits This “Report on the Report”  
To SI Town Council

March 28, 2023

The *Ad Hoc* Committee on STRs (the Committee) was asked by Mayor John Gregg in late 2021 to review short-term rental claims and complaints made by the Preserve Seabrook organization and put forth in its 2021 petition to Town Council. That review resulted in the formal STR report and supplement (the Report) presented to Council in May 2022. The Committee has continued to monitor rental activity and developments to ensure the Report’s data remains relevant for reference, its conclusions remain accurate and valid, and to evaluate action on the report’s recommendations. This “Report on the Report” summarizes that ongoing work.

Presented To Council By the *Ad Hoc* Committee

Jeri Finke, Councilwoman

Pat Fox, Councilwoman

In Consultation With

Joe Cronin, Town Administrator

Tyler Newman, Zoning Administrator/Chief Code Enforcement Officer

Nichole Nettles, STR Compliance Manager

## **GENERAL OBSERVATIONS SINCE THE REPORT**

### **● RENTAL PERMITS**

In order to track trends in rental activity to validate the conclusions in the Report, the Committee asked staff for a snapshot of rental permit activity every 4-8 weeks over the last 10 months. Those snapshots revealed an increase in rental permits but no explosive or uncontrolled growth that would change the conclusions in the Report.

The year-end 2021 count was 547 unique properties (those rented at any point, be it even just for one day, during the year) compared to the year-end 2022 count of 568. A net increase of 21 properties that were rented at any point during the year.

It continued to be evident that the total number of rental permits rose and fell with property sales and as owners made decisions about the use of their properties. The permit number is not static and cannot be characterized month-to-month out of context of other data points. For example, one snapshot (taken in October) showed 55 “new” rental properties in 2022. Those properties were labeled as “new” on the permit list because they did not have an STR permit at any time in 2021. If looking only at the 2022 permit list and counting “new” permits, however, it lacked the necessary context upon which to draw any conclusions about rental activity growth. That list did not account for the 49 properties which had an STR permit in 2021, but they did not renew in 2022. Subtracting those 49 properties which were no longer renting from the 55 that began renting in 2022, there had been (at the time of this snapshot) a net change of only 6 properties or +1.1% (not 55) compared the previous year’s number.

Digging deeper into the numbers, it is interesting to note the number of rental permits which show no or inconsequential rental activity — perhaps 25 or more – that were obtained for grandfather protection should any cap, moratorium, or prohibition be placed on rentals in the future. For that “protection,” obtaining a rental permit for \$250 may be a reasonable cost of insuring future options. Council raised the rental permit fee to \$450 effective January 1, 2023. It will an important data point after this year’s renewal period if the higher fee discourages getting a permit just for the grandfathered protection.

In addition to tracking the issuance of rental permits, the Committee sought input from various stakeholders on how often properties were being rented. The response indicates that while actual rental properties are holding relatively constant, the number of days those properties are rented during the year has increased. Of the properties that, on average, were rented 2-4 months during the year, many are now averaging 4-5 months. The cost of renting has also increased significantly.

### **● COMMUNITY GROWTH**

Observations that there were significantly more people on the island generated much of the discussion and complaints about short-term rentals as discussed throughout the Report. While STR activity contributed to increased numbers during the COVID-19 pandemic, the Committee found that population growth and real estate sales were the more impactful driving forces.

It is obvious to Seabrookers and of significance that the community is growing at a pace faster than predicted just a few years ago and referenced in the Report. While the Committee sought to use this document to update the census data in the original Report (Section 4, page 9), there is not reliable data from the US Census Bureau to do so. Estimates on population were released in July 2022 but only for jurisdictions with more than 5000 in population. The five-year population estimates produced by the Census Bureau’s American Community Survey (ACS) actually show the Town’s population falling slightly (however with a margin of error of ±291). The Committee knows from data reported by SIPOA, Charleston County, and other sources that the ACS is incorrect, and that Seabrook remains a *growing* community.

The Committee looked at Charleston County to help document the Town’s continued growth since the 2020 Census. Tax records show that those residential properties that are identified as owneroccupied (residents) for tax purposes increased almost five percent in just one year:

Zoning	Total Residential Units				Owner Occupied Units			
	2021	2022	# Diff	% Diff	2021	2022	# Diff	% Diff
Single-Family (R-SF1, R-SF2, R-SF3)	1,203	1,219	16	1.33%	652	685	33	5.06%
Other Residential (R-CL, R-TH, R-MF)	1,150	1,157	7	0.61%	241	251	10	4.15%
<b>Total Units</b>	<b>2,353</b>	<b>2,376</b>	<b>23</b>	<b>0.98%</b>	<b>893</b>	<b>936</b>	<b>43</b>	<b>4.82%</b>

SIPOA new-home construction data is also helpful in understanding the island’s growth. The Architectural Review Committee included these numbers in SIPOA’s 2022 Annual Report:

	2021	2022
New Home Applications Pending	35	26
Homes under Construction	43	67
Approved, but not Started	16	12
Construction Completed	14	12
Misc. Repairs / Maintenance	918	928

In comparison to pre-pandemic 2019, new homes in the application process and/or under construction increased from 36 in 2019 to 94 in 2021 to 105 in 2022.

The Club documents real estate turnover, and community growth, by tracking new memberships that are required under SIPOA’s protective covenants (Section 40). While this metric includes both turnover of existing homes as well as new members who have completed new home construction, it does explain observations about “so many unfamiliar faces.” From the Club’s annual report, property sales (as described and tracked by Seabrook Island Real Estate):

PROPERTY SALES			
	2021	2022	TOTAL
SINGLE FAMILY HOMES	123	103	226
VILLS & COTTAGE HOME	111	98	209
HOMESITES	105	45	159
TOTAL	339	246	594

The Club tracks permanent residence differently than the county/state, but like the tax records, those numbers show significant growth on the island. (Stats are from the 2022 Annual Meeting/Report)

\*\* The Club had a net gain of 74 new memberships in 2022, bringing the total to 2,249.

\*\* The total of “permanent” memberships rose to 842 (1,513 members and 83 children under 18 years of age.), contributing to a 24% increase over the last three years of members living full-time on Seabrook Island.

\*\* 42% of the Club’s membership is new in the past 5 years (2018-2022).

● **COMMUNITY COMPARISONS**

The Report included a discussion on community comparisons, both nationwide and locally (Section 8, page 25), and the Committee holds firm on not making simple direct comparisons for policy decisions. The Committee does, however, continue to track trends, regulatory developments, and legal actions in other communities that could help inform and direct the SI Town Council on the issue. This includes following closely the referendum held in February 2023 by the City of Folly Beach and the resulting cap in that municipality on STR licenses. And it includes tracking closely the lawsuit challenging that STR cap that is pending in the Court of Common Pleas, SC Ninth Circuit (Case No. 2023-CP-10-00264). The arguments put forward by the plaintiff in the case include the decision in I'on v. Town of Mt. Pleasant, Op. No. 25048, Supreme Court of South Carolina (2000) as discussed in the Report (Section 3, page 7).

● **STATE LEGISLATIVE ACTIVITY**

Since the original Report, legislation has again been introduced in the SC Legislature by Rep. William Hewitt that would prohibit a municipality, county, or other political subdivision of the state from enacting or enforcing any ordinance, resolution, or regulation that prohibits the rental of a residential dwelling to a short-term guest. Rep. Hewitt introduced the same legislation in the last session (2021-2022), and it failed to advance out of committee. The version (H. 3253) introduced in this session (2023-2024) remains pending in committee but, of note, has garnered more cosponsors than the bill in the previous session. This legislation would preempt local control and threaten the Town’s ability to place limits on STRs. The Committee will continue to monitor any activity on the bill, but also recommends that the Town and its property owners adamantly oppose it and support the efforts of the Municipal Association of South Carolina (MASC) to kill the legislation.

## Review of STR Report Conclusions (Section 14)

1) *The COVID-19 pandemic had a significant impact on how property owners utilized their properties during 2020-2021 and on the source and number of people on the island booking STRs. There is no method for determining if the last two years are the exemption or the new normal. It would be unwise to make policy decisions on that uncertainty, especially decisions that may impact property rights, significant monetary investments, and the economic underpinnings of the Town.*

**The Committee finds that this conclusion has proven valid.**

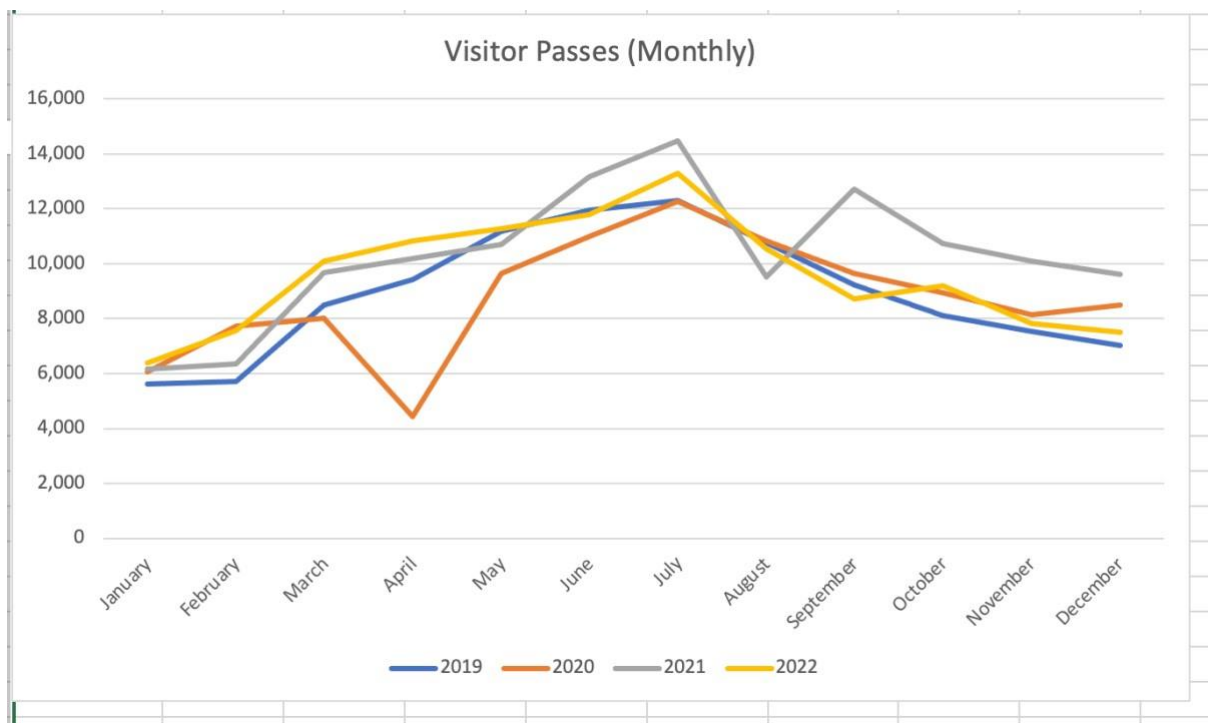
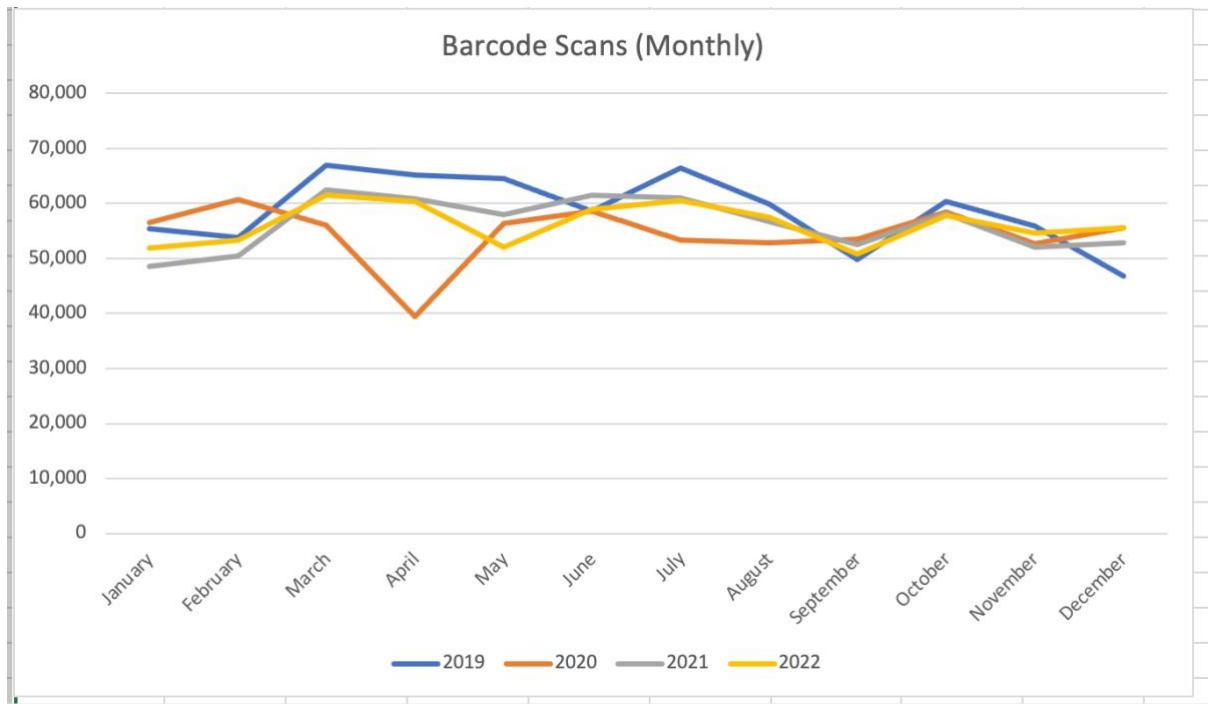
Looking at various metrics from SIPOA, the Seabrook Island Club, the major local property management companies, the Charleston Visitors Center, and other sources all show that rental activity on this island has returned to a rate that is consistent with pre-pandemic levels than the height of activity in 2021.

From SIPOA, gate pass activity has returned to more normal levels after COVID and 2021:

Visitor Passes						
Month	2019	2020	2021	2022	# Diff 21 to 22	% Diff 21 to 22
January	5,622	6,066	6,169	6,373	204	3.3%
February	5,699	7,732	6,338	7,563	1,225	19.3%
March	8,504	8,031	9,668	10,105	437	4.5%
April	9,408	4,431	10,192	10,840	648	6.4%
May	11,177	9,657	10,686	11,283	597	5.6%
June	11,947	10,974	13,168	11,797	-1,371	-10.4%
July	12,308	12,287	14,469	13,287	-1,182	-8.2%
August	10,758	10,829	9,510	10,544	1,034	10.9%
September	9,244	9,659	12,723	8,709	-4,014	-31.5%
October	8,117	8,935	10,727	9,184	-1,543	-14.4%
November	7,548	8,141	10,099	7,808	-2,291	-22.7%
December	7,011	8,490	9,610	7,513	-2,097	-21.8%
<b>Total YTD</b>	<b>107,343</b>	<b>105,262</b>	<b>123,359</b>	<b>115,006</b>	<b>-8,353</b>	<b>-6.8%</b>

*Note that Seabrook Island was closed to STRs from March-May 2020.*

Below is SIPOA Gate activity shown monthly for both barcode scans and visitor access:



*It is important to note that visitor access totals include not only rental guests but also owner guests, contractors, deliveries, Camp visitors, and any Club guests and vendor.*

The Charleston Area Convention and Visitor Bureau (CACVB) tracks several travel and hospitality metrics for the area, including specifics for the beach communities. From its Winter 2023 Quarterly Report, “Consistent with national trends and local patterns ... vacation rental demand in island communities started returning to more typical seasonal patterns.” And while a February 2023 *Wall Street Journal* article cited travel experts concluding that “travel companies are predicting another bursting year,” locally there is “expectation leisure demand will plateau and return to more typical pre-pandemic levels in ’23.”

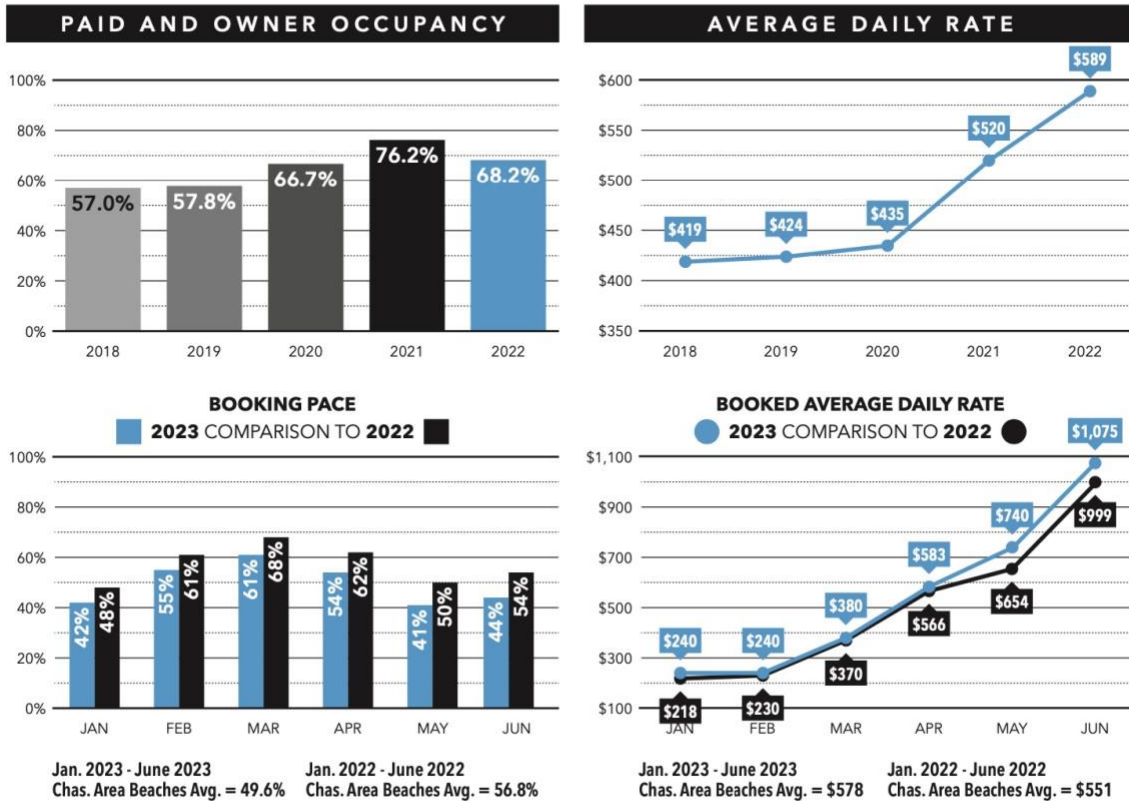
The CACVB data reinforces that from reviewing the Town’s business licenses and rental permits, as well as information from the island’s major management agencies, that while bookings are trending down, the cost of rentals are trending higher. And while there has been no significant growth in the number of STRs, those with permits are actively rented more often. From initial information from management companies about the trend, properties historically active for 2-4 months, now average 4-5 months.

**From that CACVB Report, noting that information from Seabrook Island was limited:**

**Charleston Area Beaches Vacation Rentals Occupancy and Average Daily Rate**

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Due to the small sample size of properties reporting performance data at Seabrook Island, we are unable to produce a report specific to Seabrook’s vacation rentals. The reports below are averages of the combined results from Isle of Palms, Kiawah Island and Folly Beach (aka Charleston area beaches). The actual results for Seabrook should approximate these averages.



NOTE: Booking Pace and Booked ADR reflect only confirmed business as of late-February 2023, compared to confirmed business at the same point in time in 2022.

- 2) *Seabrook Island was planned and developed from the onset with a certain number of residential homesites (both multi-family and single-family), and it was inevitable that those homesites would eventually be built out with a resulting increase in the number of people on the island. US Census data confirms not only overall population growth, but an increase in the number of full-time residents, indicating that more people present on the island cannot be blamed solely on increased short-term rental activity.*

The Committee finds that this conclusion remains valid. The original Seabrook Island planned development (SID) is near build-out. The number of residential properties in the SID (2590) as per SIPOA's 2023 listing is well below the possible number (2600-3200) approved by Charleston County in 1971 (See Section 4, page 9).

- 3) *The Town took a significant step in 2020 with the enactment of an ordinance placing basic regulations on short-term rentals for the first time. With those regulations being in place for only one year, and the Town's enforcement capabilities only now hitting full stride, there has not been sufficient time to gauge the effectiveness of that ordinance. The Town should have that information before acting to significantly expand regulations that would risk property values, disenfranchise some property owners while others continue to benefit from their rentals, and impact the economies of the island. There are, however, changes to the ordinance that could be made now that would serve to clarify and enhance its original intent.*

The Committee has drafted amendments to the 2020 ordinance that it plans to present to Council in early fall for its consideration. After tracking 2022 business licenses and rental permits, and tracking the related enforcement activities under new staffing, the Committee believes that another year of data (i.e. after another year of license renewals as well peak season experience) will provide a better basis for recommending ordinance changes to Council.

- 4) *It is not the Town's responsibility to identify, fund, or resolve any shortcomings in the amenities maintained by SIPOA or the Club, and even if the Town were to implement the immediate STR permit caps put forth by the Preserve Seabrook group, it would not end any current dissatisfaction over the utilization of those amenities.*

While the conclusion remains valid, in its going efforts to monitor rental activity, the Committee has continued to discuss (and coordinate where jurisdiction boundaries allow) policy changes that address issues and problems that have driven many complaints about rental guests. Since the Report, both entities have made significant policy changes to address real and perceived impacts of visitors on the island:

Since the original Report, the SIPOA Board of Directors adopted the "SIPOA Rental Policies, Procedures and Guidelines." The complete document and the rationale for the new policies can be found on SIPOA's website (under the Resources/Governing Documents menu). The Committee makes particular note that the new policies include significant changes to the gate pass system that not only limit but charge for visitors' vehicles, issues that was raised with the



Committee in nearly every stakeholder meeting and then discussed in the Report (Section 11, page 3).

5) *The research does not support the Preserve Seabrook group’s claim that there is “uncontrolled growth of short-term rentals.” (See page 19) The number of properties offered for rent, both short- and long-term has increased but not at a pace statistically out of step with the growth of development on the island, and not inconsistent with the percentage of rentals present throughout the community’s history.*

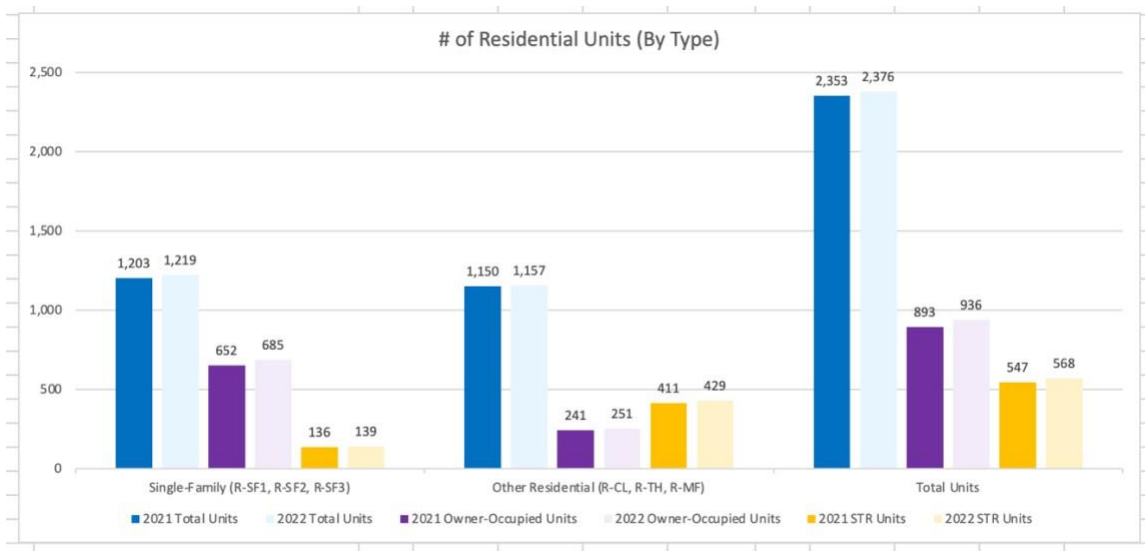
**The Committee finds this conclusion remains valid .**

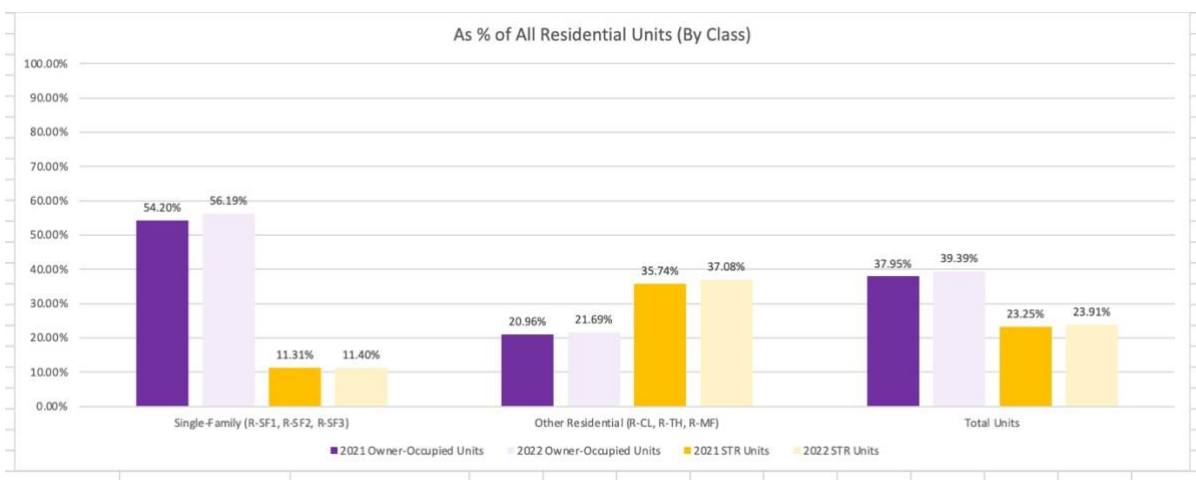
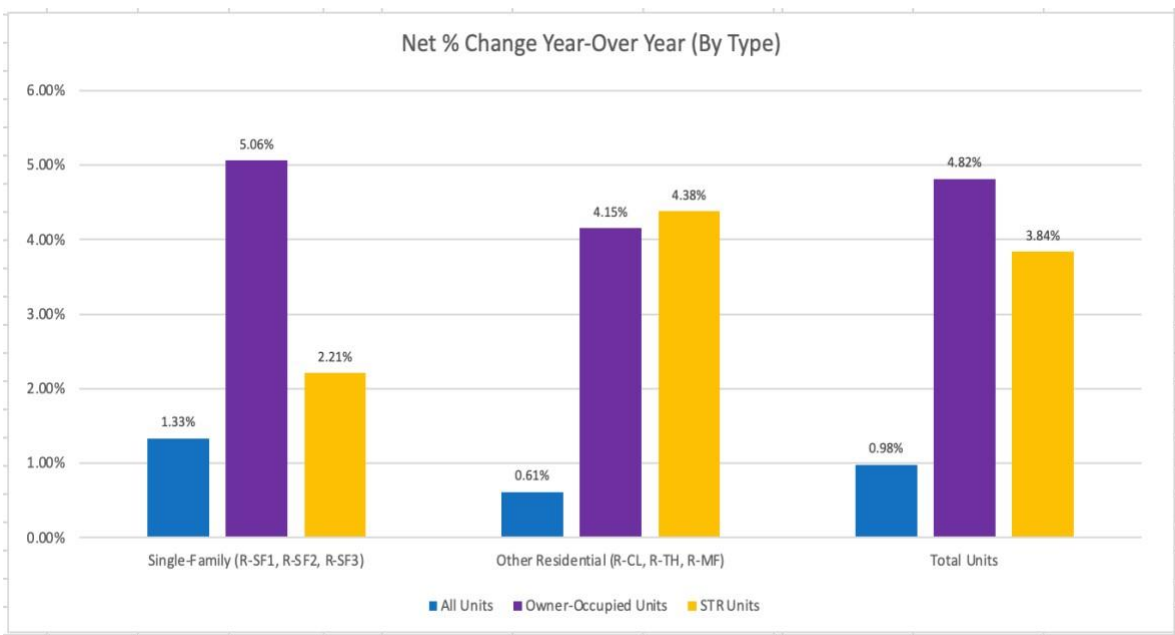
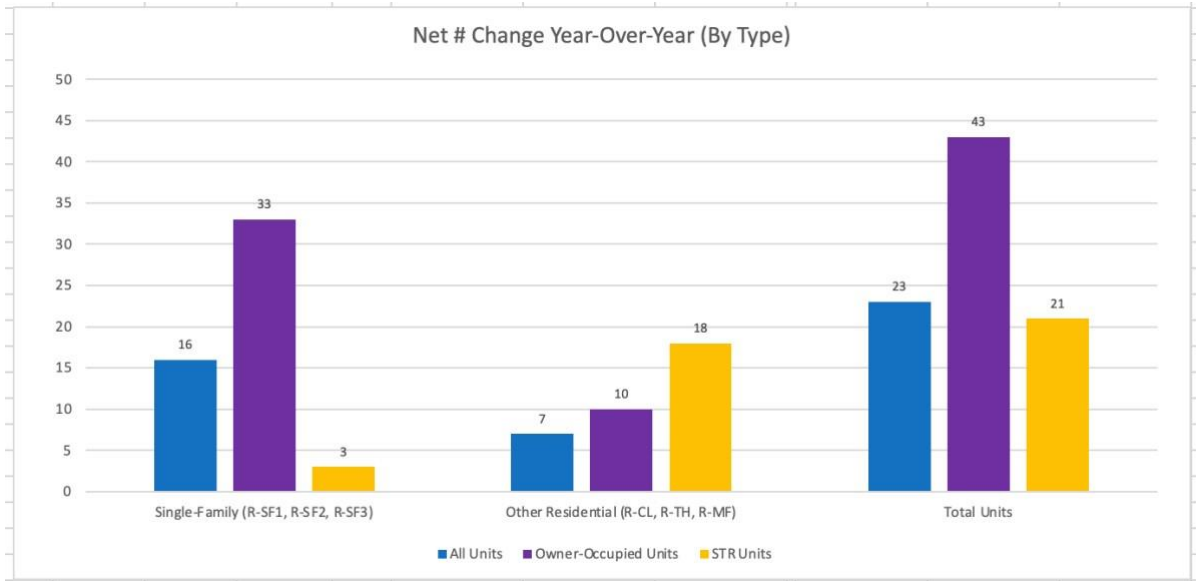
While there has been an increase in the number of STRs permitted, it has been limited growth. Based on a review of end-of-year 2021 and 2022 county tax records, new construction data, and STR permit data, the percentage of residences within the Town that are owner-occupied is growing disproportionately higher than the percentage of properties with a STR permit. While the Seabrook population is growing, the percent of properties offered on the short-term rental market remains at an historic constant.

Zoning	Unique STR Units				Owner Occupied As % of Total Units			Unique STR Units As % of Total Units		
	2021	2022	# Diff	% Diff	2021	2022	%PT Diff	2021	2022	%PT Diff
R-SF1: Single-Family (Large Lot)	4	3	-1	-25.00%	63.08%	60.29%	-2.78%	6.15%	4.41%	-1.74%
R-SF2: Single-Family (Medium Lot)	103	107	4	3.88%	56.06%	57.97%	1.90%	10.67%	11.00%	0.32%
R-SF3: Single-Family (Small Lot)	29	29	0	0.00%	40.46%	44.94%	4.48%	16.76%	16.29%	-0.47%
R-CL: Cluster Home	87	93	6	6.90%	17.57%	18.02%	0.45%	39.19%	41.89%	2.70%
R-TH: Townhome	108	113	5	4.63%	29.64%	30.13%	0.49%	27.84%	28.61%	0.77%
R-MF: Multi-Family (Condo)	216	223	7	3.24%	16.11%	17.04%	0.93%	40.00%	41.30%	1.30%
<b>All Districts</b>	<b>547</b>	<b>568</b>	<b>21</b>	<b>3.84%</b>	<b>37.95%</b>	<b>39.39%</b>	<b>1.44%</b>	<b>23.25%</b>	<b>23.91%</b>	<b>0.66%</b>

Zoning	Unique STR Units				Owner Occupied As % of Total Units			Unique STR Units As % of Total Units		
	2021	2022	# Diff	% Diff	2021	2022	%PT Diff	2021	2022	%PT Diff
Single-Family (R-SF1, R-SF2, R-SF3)	136	139	3	2.21%	54.20%	56.19%	2.00%	11.31%	11.40%	0.10%
Other Residential (R-CL, R-TH, R-MF)	411	429	18	4.38%	20.96%	21.69%	0.74%	35.74%	37.08%	1.34%
<b>Total Units</b>	<b>547</b>	<b>568</b>	<b>21</b>	<b>3.84%</b>	<b>37.95%</b>	<b>39.39%</b>	<b>1.44%</b>	<b>23.25%</b>	<b>23.91%</b>	<b>0.66%</b>





- 6) *The research indicates that the Petitioners' demand for an immediate 5% cap on rental permits for single-family zoned districts would be inappropriate considering the island's history, growth, and development; would be unduly punitive and disruptive on real estate sales; and a possible violation of property rights. The proposed cap would require such a drastic reduction in allowed rental permits that even with a grandfathering clause, the cap proposal would close off even current long-term property owners from renting their property in the future if financial/health/family situations arise and necessitate the use of their property as a rental.*

**The Committee finds this conclusion remains valid. However, while the Committee stands by its research and interpretation of the petition and comments made in its support, it has been noted that in subsequent meetings with stakeholders and presentations to Council that some petition signers now claim the proposed cap as defined in the Report is not accurate.**

- 7) *While data from recent years indicates that there has not been a disproportionate increase in the number of short-term rental units, especially in single-family areas, experience is not always indicative of future results. While concerns about property rights and values must still be weighed against any major policy shift, placing a realistic limitation on the growth of STRs may be in the best interest of the Town, its residents, and all Seabrook Island property owners. Additionally, as a result of the numerous discussions that were held with a variety of stakeholders, there are several amendments to the existing STR ordinance that should be considered in an effort to address some of the more common complaints.*

**The Committee finds this conclusion remain valid.**

## Status of STR Report Recommendations (Section 15)

In concluding the Report, the Committee made nine recommendations to Council that are ongoing items of consideration and implementation.

- 1) *Imposing a 20% cap on short-term rental permits available to single-family residential zoned districts (R-SF1, R-SF2, R-SF3). This cap would be equivalent to that imposed by the Town of Kiawah Island.*

When the Committee submitted the Report, it offered comments about how it had gone back and forth on whether to include this recommendation for an STR cap for certain properties, and it had finally done so has a backstop should STR trending change and to try to address community concerns. Since the data still shows no uncontrolled growth, the Committee remains conflicted on whether it should be included for a Council vote when revisions to the rental ordinance (Ord. 202014) are offered later this year.

- 2) *Requiring non-resident property owners to use a local rental management company if they do not live within 50 miles of their property. The Committee believes this would provide for a more timely and knowledgeable response if and when problems arise at a rental property. This would allow the Town's code enforcement officers to be more familiar with a property's management and remove some of the obstacles in dealing with properties only listed via online platforms. The provisions in the current ordinance allow the property owner to designate a local contact (neighbor, friend, house cleaner, etc.), but that has proven unworkable, with some designees not even knowing they have been made the local contact and/or not always available to respond to a call.*
- 3) *Limiting the number of vehicles which may be parked at a STR during the overnight hours (and define overnight as 11pm to 7am).*
- 4) *Implementing a maximum occupancy outside of the current overnight hours limit to provide an enforcement mechanism/tool in the event there are large groups or parties taking place within an STR, particularly during the day and early evening hours.*
- 5) *Requiring that renters must comply with evacuation orders.*

Recommendations 2, 3, and 5 are included in some form in the draft rental ordinance revisions (to be released at a later date) and are the subject of the Committee's ongoing review, research and conversations with staff and stakeholders. Recommendation #4 has proven too onerous and difficult to draft and implement at this time.

- 6) *Continuing to engage with SIPOA to establish a more coordinated system of responding to any complaint if and when a problem does surface at a rental property.*

SIPOA's new Rental Policies, Procedures and Guideline (given final approval by the SIPOA Board in December 2022) are separate from but complementary to the Town's enforcement efforts. The Town's Chief Code Enforcement Officer has ongoing conversations with SIPOA to delineate jurisdictional and enforcement efforts toward balancing the rights of property owners who rent.

7) *Establishing a complaint portal on the Town's website to report violations of the STR ordinance.*

The Town has purchased a new software system for managing licensing and permitting responsibilities, and when fully installed this later this year, it will include a public portal where people can report STR complaints or any type of Town code violation. Complaints will be logged and assigned to a code enforcement officer for investigation. (As per the Town Administrator, the public complaint portal may be implemented earlier and prior to the online permitting/licensing system going live.)

The Town's Chief Enforcement Officer, Tyler Newman, now reports on STR compliance issues during Council's regular monthly meetings. From those reports, the problems or reported violations involving STR properties remain few and have been limited almost entirely to parking.

8) *Increasing the Annual Short-Term Rental Permit Application Fee*

Effective January 1, 2023, Town Council increased the rental permit fee from \$250 per unit to \$450.

To comply with state law on the use and accounting of STR permit fees, Council established a restricted STR Permit Fund in the Town's 2023 budget as adopted in December 2022.

9) *Hiring a Short-Term Rental Compliance Manager*

As of October, Nicole Nettles has been serving as the new STR Compliance Manager.

In addition to the new STR Compliance Manager, Code Enforcement has been enhanced with a fulltime Enforcement Officer and additional part-time staff. They are charged with enforcing STR rules as well as enforcing other rules and regulations established by the Town Code.

## **CONCLUDING OBSERVATION**

In presenting to Council this “Report on the Report,” the Committee acknowledges that metrics used to track population, residency, completed housing, rental activity, certificates of occupancy, amenity usage, etc. are constantly changing. As soon as the Committee puts pen to paper, some data are already outdated. A timeframe had to be selected – the Committee used end-of-year comparisons for 2021 and 2022, and data made available by the Club and SIPOA in their reports made at the annual meetings in February. As the Committee continues to track STR activity, it will also continue to monitor trends in rentals and other relevant metrics. It is of importance that as this document is being presented, the Town’s business licensing and rental permitting renewal period are underway. Once completed and reviewed, the Committee will have new, further updated, and additional data when later this year it proposes to Council revisions to the Town’s existing STR ordinance.