

**Public Hearing**  
**City of Isle of Palms**  
6:30 p.m., Tuesday, April 27, 2010

The City Council of the City of Isle of Palms held a Public Hearing at 6:30 p.m. on Tuesday, April 27, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the Hearing were Councilmembers Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Attorney Halversen, Assistant to the Administrator Dziuban and City Clerk Copeland.

1. Mayor Cronin called the Public Hearing to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

**2. Public Hearing**

Ordinance 2010-08 - AN ORDINANCE AMENDING TITLE 5, PLANNING AND DEVELOPMENT, CHAPTER 4, ZONING, ARTICLE 9, SHORT-TERM RENTALS, SECTION 5-4-202, MAXIMUM OVERNIGHT OCCUPANCY, OF THE CITY OF ISLE OF PALMS CODE OF ORDINANCES, TO LIMIT THE MAXIMUM OVERNIGHT OCCUPANCY PERMITTED AT SHORT-TERM RENTAL RESIDENCES ACQUIRING A NEW BUSINESS LICENSE OR REINSTATING A LAPSED LICENSE AFTER THE ADOPTION OF THIS ORDINANCE.

Due to the number of people who have asked to speak, Mayor Cronin asked that the speakers be concise in their comments. The Mayor then called Director Kerr to the podium to review the elements of the ordinance.

Director Kerr stated that Ordinance 2010-08 deals with changes to the zoning ordinance; a business license ordinance accompanies this ordinance related to changes in the licensing section of the City Code of Ordinances. This Ordinance originated from City Council; it was amended at First Reading to increase the overnight occupancy maximum from ten to twelve (10 to 12). The existing ordinance allows two (2) ways to calculate the maximum overnight occupancy of a rental residence, and they are as follows:

1. two (2) persons per bedroom plus two (2); or
2. one (1) person per two hundred fifty square feet (1/250 sq ft);

The property owner is allowed to select the higher of the two (2) options as the maximum overnight occupancy of the residential rental unit.

Ordinance 2010-08 would cap the maximum overnight occupancy for rental licenses issued, after the ratification, at twelve (12) persons. Director Kerr explained that all existing rental licenses would retain the maximum occupancy limit that is assigned to the residential rental unit currently assuming Ordinance 2010-08 is ratified. If any rental property owner were to allow the rental license to lapse, the maximum overnight occupancy would be subject to this ordinance and, therefore, limited to twelve (12).

The partnering ordinance contains the language related to the lapsing of a rental license; Director Kerr explained that a rental license would have lapsed when the property owner did not

renew by September 1 of each year or, if a rental property with a rental license for more than twelve (12) persons were sold and the new owner did not acquire a new license within sixty (60) days of the purchase.

The Planning Commission is required by law to review any change to the zoning code, and, according to Director Kerr, the Commission failed to make a recommendation on this ordinance as their vote on it was split three to three (3 to 3).

Jay Leigh, 2901 Hartnett, stated that he has been a resident and registered voter of the City since 1985; he presented Mayor Cronin with petition in opposition to Ordinance 2010-08. His first request to City Council was to table this ordinance until such time as an outside consultant, or non-biased third party, could study the far-reaching impacts of the ordinance. He reflected, as a new member of the Water and Sewer Commission, on budget preparations and the fact that revenues are down making it very important to know the future effect of the change. In conclusion, he stated that “when people are heard singing and laughing, maybe playing music a little loud at a rental, (residents should) clap and revel, because that sound is money coming directly to the Isle of Palms.”

Debbie Jones, 813 Ocean Boulevard, expressed agreement with Mr. Leigh’s comments. In addition, she asked that Council consider people, like herself, who did not want to buy a license today and renew it over coming years on the possibility that she may want or need to rent her home in the future.

Candy Parker, 704 Carolina, stated that she has been a resident since 1991. She stated that she did not think City Council had done the proper research to understand the long-reaching effect of the proposed ordinance, but that members of Council were, instead, pushing through personal agendas. Ms. Parker referred to South Carolina Act 388, as passed in 2008, that reduced taxes on personal residences and transferred the burden of financing South Carolina’s schools onto small businesses, including the residential rental business. She also referred to the concern of Sullivan’s Island Elementary School parents for funding and to the work of Friends of Sullivan’s Island toward supporting the school. She expressed the opinion that reduced taxes could threaten the continued existence of Sullivan’s Island Elementary School. She concluded by stating that she was present “on behalf of Sullivan’s Island concerned parents to ask that City Council be diligent in their efforts to bring any new rules that may effect current revenues from accommodations tax base.” She urged the hiring of an outside panel to determine the effects of this ordinance.

Charles “Bubba” Jones, 17 Forty-third Avenue, expressed agreement with the previous speakers and repeated the request to table the ordinance until more research could be done.

David Fortson, owner of 304 Palm Boulevard, reminded Council that he had reported at the March meeting that, as a forty (40) year taxpayer to the Isle of Palms, he “contributed handsomely to the City’s coffers.” He expressed concern about the effect this ordinance would have on the value of his sixty-five (65) year old home on the Island when it was sold in twenty (20) or so years. He hypothesized that a new owner would tear down the existing home and rebuild; he asked what the occupancy would be of the new home? Mr. Fortson noted that there

had been a meeting earlier in the day about off-shore oil drilling; he expressed his opinion that the City should be more concerned with that prospect than with short-term rentals.

Diane Oltorik, 15 Ocean Park Court, voiced her support for Ordinance 2010-08 because, in her opinion, it protected the SR1 and SR2 zoning districts and reflected the vision for the island as stated in the City's Comprehensive Plan.

Ricky Myatt, 265 Forest Trail, related that he was a thirty-five year (35 yr) resident of the Isle of Palms. He stated that he had originally been upset thinking that Wild Dunes would be excluded from the effects of this legislation. He noted that, when he had moved here at the age of twenty-two, "grumpy, old people" were trying to change the island; he noted that he was not old and he still did not understand. He acknowledged the existence of the Livability Court and questioned whether Judge Molony had requested this legislation; he noted that, if Judge Molony had, he would "walk away." On the other hand, if the Judge had not asked for it, Mr. Myatt said he did not understand why the City was pursuing the change.

Jack Hurley, 25 Twenty-second Avenue, indicated that he had been a resident since 1991 and stated that he was completely supportive of balance on the island. He reported that he recently attended a Planning Commission meeting where he had understood the role of the Commission as "the workhorse between the politics and the law." He commented that the Planning Commission had deliberated for a year and developed a three-tiered zoning plan that was immediately rejected by City Council. He asked that Council think through the impact of their actions because once the law is in place, it is hard to take it back. He concluded by stating, "If Council is quick to disregard the Planning Commission recommendations and has its own agenda, just tell us what you have planned next."

John Ferrell, 702 Ocean Boulevard, suggested that a study of the tax and revenue impacts needed to be done before action was taken. He stated that an ocean-front three million dollar (\$3,000,000) rental residence generates thirty-seven thousand dollars (\$37,000) in property taxes while a second-row one million two hundred thousand dollar (\$1,200,000) second residence generates thirty-nine hundred dollars (\$3,900) in property taxes. He questioned that Council knew the source of its property tax revenues between the ocean front rental residences and those rental residences on second and third rows.

Larry Pierson, 22 Dune Ridge Lane, commented that, for two (2) years, the Council has appointed and tasked Planning Commission members to find ways to reduce the occupancy in rental units. Over that period, the Planning Commission has held meetings with the residential and commercial community and met jointly with City Council. Approximately two (2) months ago, the Commission presented its plan for three (3) zoning districts on the island to accommodate the large rental residences on the oceanfront and greatly restricting rental residences in residential neighborhoods. He expressed his opinion that the plan was well-thought out and good for both the residents and rental property owners, but, he noted, the plan had been quickly dismissed by City Council – after two-years' (2 yrs) work by the Planning Commission. Mr. Pierson related that he had asked Chief Buckhannon how many citations had been written for excessive occupancy in the past two (2) years; from memory, Chief Buckhannon responded that only a couple of citations have been written for that violation. He added that the only people who say property values would not be affected are not familiar with

real estate. Mr. Pierson asked if the Police Department would be performing bed checks to enforce this ordinance. He stated, "Rules that are not enforced, that are not inspected, are not respected." He stated that the problem City Council was trying to legislate was a behavioral issue, not a rental occupancy issue. He asked that City Council go back to review and rethink the ordinance.

Mark Chesnut, 3011 Waterway Boulevard, informed Council that he has been a resident for ten (10) years and that he supported Ordinance 2010-08. He noted that the ordinance allowed those existing licenses to retain their status, therefore, was not detrimental to them. He encouraged passage.

Bob Bigerstaf, 4006 Palm Boulevard, commented that he has been a resident of the island since 1994; he stated that the number twelve (12) was arbitrary and would create unintended consequences – he offered the thought that, should the late Bobby Kennedy want to bring his family to Isle of Palms for vacation, he could not do so under this ordinance. He noted that the ordinance would be in effect twelve (12) months a year, not just in the tourist season; therefore, his brother, who has six (6) children, could not visit him for Christmas – an unintended consequence. Mr. Bigerstaff indicated that he had communication with six (6) persons about how to get around this ordinance, assuming it passes. He ended by stating that he had voted for certain members of Council because he thought they would make fair and fact-based decisions relative to short-term rentals, but that has not been the result.

Sylvia Sherwood, 28 Beachside Drive, said that she and her husband had been on the island for ten (10) years; she expressed her support for the ordinance because, in her opinion, it was good for families and contributed to the quality of life on the Isle of Palms.

Paul Reddy, 404 Merritt Boulevard, has lived on the island for twenty-three (23) years. He indicated that many statements had been made during the course of the meeting that was included mis-information. He reinforced the fact that current owners of rental units would not be affected by the passage of this ordinance. In his opinion, the ordinance was a way of controlling new construction and development. He cited a correspondence he had received recently that indicated that the sender was looking for a residential neighborhood to raise his family on the island.

David Somers, 2 Fifty-first Avenue, indicated that he has been a resident since 1982; he stated that he did not understand the over-reaction to this ordinance by those in the rental business because a simple renewal extended the existing occupancy limits. He stated that the continued proliferation of mini-hotels on the island would eventually drive those residents who were seeking quite residential neighborhoods to leave the island. He reported that he had contacted past Mayor Clay Cable to get another opinion as to the reason the commercial real estate community was opposed to this ordinance; Mayor Cable had stated that the response was a campaign by the commercial interests against the residential nature of the Isle of Palms to replace owner-occupied dwellings with income-generating structures for the vacation rental market. Mr. Somers complimented Mayor Cronin and the members of Council who had generated this legislation and thanked them for responding to the will of the neighborhood residents.

Arnold Karig, 5102 Palm Boulevard, stated that he has been a resident since 1970 and that he supported the ordinance. He reminded City Council that short-term rentals are a business; he noted that, when these businesses operate residential zoning districts, they should operate in a manner compatible with the residential neighborhoods. He reported that eighty-five percent (85%) of the rental licenses that have been issued are for an occupancy maximum of twelve (12) persons or less. On the subject referred to several times over the evening – the Planning Commission’s recommendation for overlay districts – Mr. Karig expressed his opinion that the concept was a “terrible” one in that it would legalize mini-hotels that are not legal in single family residential zoning.

Lori Nelsen, 3 Thirty-fourth Avenue, reported that she lived between the residential district and what has become known as “the wedding house.” She stated that with the inception of the Livability Court, any problems she was experiencing have been addressed and resolved. She joined with those who were asking that Council delay its vote until more study could be done on the long-reaching effects of its passage; she expressed fears of increased taxes.

Shawn Jenkins, a Mount Pleasant resident, stated that he was the owner of 3104 Palm and 106 Ocean Boulevard; he indicated that he paid nineteen thousand dollars (\$19,000) in taxes on the Palm residence and forty-one thousand dollars (\$41,000) on the Ocean Boulevard residence. He indicated that he was unaware of this ordinance when he purchased the property at 3104 Palm Boulevard and that he would not have done so had he known. He reported that he has invested one million eight hundred thousand dollars (\$1,800,000) in the Palm Boulevard property where construction is underway. He was aware that he could not obtain a rental license until a Certificate of Occupancy was issued for 3104 Palm, but he was asking if a policy would exist allowing him to purchase a rental license for more than twelve (12) persons.

Melinda Mitchell, 702 Ocean Boulevard, related that she has been a resident for twenty years (20) and that she must rent her home for a portion of the year to keep it. She informed Council that she was a trained economist with an MBA who has studied what happened to property values on Sullivan’s Island after they enacted the cap on rental licenses. From her studies, she reported that front beach property values had been substantially reduced after the cap was put in place, and that property values at the Isle of Palms have been negatively affected by just the discussions by City Council. She stated that any thought that the ordinance is revenue neutral was “foolish.” She expressed support to an occupancy limit of ten (10) on the interior of the island, but that such a limit on Front Beach was inappropriate. Ms. Mitchell stated that, if occupancy were capped, rental income would also capped; rental income is directly related to property values; property values are the determining factor in property taxes.

Rolf Gobien, 5 Fifty-first Avenue, was supportive of the new ordinance. He said the right answer was in following the money to see who will gain and who will lose.

### **3. Adjourn**

**Mayor Cronin closed the Public Hearing at 7:20 p.m.**

Respectfully submitted: