

**This document refers to proposed changes to City of Charleston ordinances. None of the proposed ordinances are official until approval by City Council.**

## **General**

### **Why is the City proposing short term rental regulations?**

Since 2012, the City of Charleston has experienced increases in tourism, changes in the short term rental industry, growth of illegal short term rentals and difficulties in enforcing current regulations. Recognizing this, the Mayor and City Council appointed a 16-member Short Term Rental Task Force in 2017. After more than a year of work, with monthly public meetings, this group analyzed all aspects of short term renting in Charleston. The Task Force concluded their work by recommending policy changes to the City's regulations.

Finally, these regulations came to Planning Commission for review. Over several months, this group made specific changes to the ordinances, and this document refers to the ordinances as modified by Planning Commission and recommended in January 2018.

### **What do the new regulations say?**

These proposed regulations would legalize short term renting throughout the City, in a very limited form that protects existing neighborhoods. Most importantly, to qualify for legal short term renting, the property must be the owner's full time primary residence, as verified by receiving the County's 4% tax exemption for owner-occupied property. This means that investment properties would not be eligible for short term renting. However, portions of existing dwellings or accessory dwellings on a property would be eligible.

### **How are these proposed regulations different than the current ordinances?**

1. Unlike the existing regulations, these proposed ordinances were developed under a years-long collaborative process involving multiple public input opportunities and representatives of all areas of the city. There are now more stringent eligibility, licensing, and owner-occupation requirements proposed.
2. Outdated regulations have been removed and a wider variety of enforcement tools are available to the City under the proposal.
3. Short-Term Rental (formerly B&B) regulations would be categorized into different classes based on location.
  - a. **Class I** refers to all properties located within the City's Old and Historic District. Within that area, the property must be individually listed on the National Register of Historic Places to be eligible for short term renting.
  - b. **Class II** refers to all properties located within the City's Old City District on the Charleston peninsula.
  - c. **Class III** refers to all other properties in the City of Charleston. This includes the northern peninsula, West Ashley, James Island, Johns Island and Daniel Island. Under the current regulations, these areas are not eligible for any legal short term rentals, but the proposed ordinance would allow short term renting in these areas, subject to specific requirements.
  - d. **The STR Overlay District** refers to a pre-existing area in Cannonborough-Elliottborough. Commercially-zoned properties within the existing Short-Term Rental Overlay District are still eligible for STRs under the existing regulations. Properties within the Short Term Rental Overlay are still eligible for a Bed & Breakfast use as defined under current ordinances. No changes to this area are proposed.
4. The City's Planning Commission proposed an allowance for homeowners to short term rent without being present on the property. This would allow rental of the property for up to 72 nights per year while the owner is absent from the home. During this time the property must be managed by a designated property manager listed on the permit application.

### **How is enforcement addressed in the proposed regulations?**

The proposed regulations have been carefully crafted to allow the City multiple avenues of enforcement for short-term renters, property owners, and listing companies. They broaden what qualifies as a violation and allow for effectively-targeted enforcement via specific categories. In addition, the City has 3 new staff positions dedicated to short term rental enforcement in addition to the most modern enforcement technology.

### **If I currently operate an existing, legal short term rental or bed and breakfast, will I be allowed to continue?**

Currently operating, legal Bed and Breakfasts will be protected from any changes in the ordinance and may continue as a "non-conforming use." Such a use would be transferrable to a new owner of the property, but any changes would require the approval of the Board of Zoning Appeals-Zoning under section 54-110 of the zoning ordinance.

### **If I am operating an illegal Short-Term Rental now, will I be allowed to continue?**

The City will give 90 days from the final adoption of the new ordinance to allow operators to meet the appropriate licensing and permitting requirements before enforcement begins. Not all currently operating illegal short term rentals will be eligible based on criteria such as location, parking, and emergency access requirements.

### **Ordinance Details Under the Proposed Regulations**

#### **Is my property eligible for Short-Term Rental?**

There is a three-part test to determine whether your property is eligible for Short-Term Rental.

1. Is it your primary residence, with a 4% rate of property tax?
2. Does it meet the basic eligibility requirements for its class?
  - a. **Class I:** Property is Individually Listed on the National Register of Historic Places
  - b. **Class II:** Outside of existing Short Term Rental Overlay
  - c. **Class III:** Buildings on the property must be at least 5 years of age.
3. Does it meet the parking requirements for its class?
  - a. Class I and Class II: Provides at least one maneuverable parking space for the Short-Term Rental Unit per bedroom rented in addition to parking spaces required for the principal residential use. The second rented bedroom is exempt from this requirement.
  - b. Class III: Provides at least one maneuverable parking space for each bedroom used in the STR Unit, exempting the first bedroom in the STR portion of the property.

#### **How many guests are allowed to stay in an STR?**

Up to 2 persons per permitted bedroom.

#### **Can a duplex or carriage house be used for an STR?**

As long as the property meets the eligibility criteria, the type of building in which the STR takes place does not matter.

#### **Does a host have to be present during a rental?**

A host does not have to be present for the complete duration of their guests' stay. However, a host must be "generally available." If a property owner has a Managed STR permit in addition to the appropriate permit for their class, they may assign up to 72 nights per year to the responsibility of a professional Manager. While a Manager is responsible for the property, the property owner need not be present on the property.

#### **How will the City verify owner occupancy?**

The City of Charleston verifies owner occupancy through the 4% rate of property tax, a variety of application requirements like drivers' licenses and voter registration cards, and through the Business License process. In order to determine if an owner is present during a stay, City of Charleston Livability Code Enforcement Officers and police will confirm owner presence when responding to any complaints about the property.

### **After I Have a License**

#### **How often do I need to renew my business license and permit?**

Business licenses need to be renewed annually. The STR permit also expires annually and will need to be renewed. After the first year, City Council may make changes to this ordinance as part of their review process. A newly-issued permit is valid for only one year and may or may not be renewed.

#### **How can I lose my STR permit?**

Three findings of guilt by the City of Charleston's Livability Court will result in a revocation of the STR permit. Listing additional units, an ineligible property, or other violations as determined by the Zoning Administrator will lead to immediate revocation of the STR permit. A revoked STR permit cannot be reestablished for 24 months.

### **Additional Questions**

Additional documents related to Short Term Renting are available on the City of Charleston's website. Additional questions may also be answered by contacting Dexter O'Connell at [oconnelld@charleston-sc.gov](mailto:oconnelld@charleston-sc.gov) or 843-724-3779.