

Letter to Property Owners regarding the new SIPOA Rental Policies, Procedures and Guidelines

Dear Seabrook Island Neighbors:

During the past couple of years there has been a lively debate on our Island regarding the issue of Short-Term Rentals (STR's). There are several underlying issues at play that bear mentioning here:

1. There has undeniably been a significant increase in the number of people accessing and residing on Seabrook Island over this period – largely as a result of the COVID pandemic. With normal vacation and travel patterns having been disrupted by the pandemic, part-time residents and their extended families have taken to visiting their Seabrook Island homes rather than choosing some other vacation option. Gate entry system data bear this out – refer to the summary chart below:

Year	Visitor		Barcode		Total	
2018	94,347		596,941		691,288	
2019	100,942	7%	703,778	18%	804,720	16.5%
2020	105,262	4%	654,264	-7%	759,526	-5.5%
2021	123,359	17%	675,147	5%	798,506	5%

In 2019, coinciding with the onset of COVID, we experienced a significant increase in the volume of gate access activity – a 16.5% increase, in total, from the year before. The major cause of this increase, by far, was vehicles with barcodes (i.e. property owners, families of property owners, contractors, suppliers, etc.). Of the total increase of 113,434 in gate access activity in 2019 vs 2018 106,837, or over 94%, was due to barcode holders. Visitor pass volume increased in large part due to the increase in day passes issued to contractors working on new home construction sites and home remodels. The amount of the increase caused by rental visitors, in fact, was (and remains) quite small. The numbers have fluctuated a little bit since then but have remained relatively stable, at an historically high level.

2. The COVID pandemic, while certainly a significant factor, is not the only cause of the increase in Island access. The real estate market on Seabrook Island has been “booming”. Property sales have increased in the past three years: 205 properties sold in 2019, 362 in 2020 and 358 in 2021. Likewise, new homes in the application process and/or under construction have increased from 36 in 2019 to 56 in 2020 and 94 in 2021. Today, after subtracting the number of homes in the ARC approval process, there are only 225

remaining undeveloped lots on Seabrook Island. In addition, the demographics of home buyers on Seabrook Island is changing – in 2021, for example, the average age of a new home buyer was in the middle 50’s compared to the average age of our existing homeowners which is in the upper 60’s. These factors by themselves would be expected to cause an increase in traffic on and off the Island, with or without COVID.

3. While historical data is perhaps less accurate than recent data, it is a true statement that rentals, both short and long term, have been a part of Seabrook Island life ever since the community was first developed back in the 1970’s. For a discussion of the history of this development please refer to the 2022 SIPOA Strategic Plan. In any case, it is fair to say that the number of STR properties on Seabrook Island has remained relatively stable over a long period of time. In 2015, for example, at the time that the new Gatehouse was constructed, the Ad Hoc Gatehouse Building Committee when estimating gate volume, did a study that estimated the number of STR’s on the Island to be ~450. For the past year or so, the Town of Seabrook Island (TOSI) has required licenses to be issued for all properties that are intended for STR use. This number goes up and down somewhat as properties change hands – the licenses are individual and non-transferable – but as of March, 2022 the number of properties holding STR business licenses within the SID (Seabrook Island Development) was 506. This represents an increase of approximately 12% over a 7-year period, relative to the 450 STR estimate from 2015. (This should actually be understood as a maximum increase since the likelihood, based on modern STR tracking tools, is that the number of STR properties in 2015 was underestimated by perhaps 5-10%. Using the higher estimations for 2015 would yield a 7-year growth in STR properties of between 2.2 - 7.0%.) There is a lot of detail available showing the number of STR’s by zoning area on the Island and it is clear that certain areas or regimes on the Island have a larger %age of STR’s than others. Overall, the %age of STR properties on Seabrook Island is a bit below 20%. In regimes / villa properties it is ~30% and for single-family homes it is ~8%. The overall percentage has been stable over quite a long period of time. The TOSI Ad Hoc Committee currently investigating the STR situation on Seabrook Island concluded in their report, based on a review of their licensing data, that the growth rate in “unique” single-family rental units (those commonly referred to as experiencing “uncontrolled growth”), between 2019 and 2021, has been “exactly 0.0%”. There are possible indications that the tendency might be in the direction of increasing numbers of STR properties but this is far from clear and may be completely counteracted by a diminution of the effects of the pandemic. One driver of this change is the lower age of recent property buyers, coupled with a strong increase in average property values might indicate that newly purchased homes are more likely to be second residences and that rental income could be necessary to subsidize the purchase cost of the property. Again, this is somewhat speculative and should not be cast in stone until sufficient future data is available to prove the point one way or the other.
4. While the number of STR properties, per se, has not undergone a significant increase it is true that the rental “utilization” of these STR properties has increased during the past

couple of years. From discussion with rental companies doing business on Seabrook Island it appears a property that historically might be rented for 3-4 months of the year, on average, may now experience rental rates of 4-5 months or more, on average. It is also true, however, that rental rates are currently declining – one rental company recently reported that rentals for the month of May, 2022 have declined by 26% from last year and that August rentals seem “back to a normal, pre-COVID” level.

Against this backdrop, SIPOA’s Long Range Planning Committee undertook an in-depth study of the issue of STR’s during 2021. The main conclusions of this study are summarized briefly below:

- There has been no “dramatic” increase in the number of STR properties on Seabrook Island – rather a fairly modest one.
- Complaints relating to “over-crowding” of our beaches, facilities and amenities are largely related to a significant increase of owner’s (both resident and non-resident) use, and their families use, of their property. Again, this is consistent with the findings of the TOSI Ad Hoc Committee.
- Complaints relating to renter’s causing parking issues, noise issues, not following Island R&R’s and other “behavioral” problems are not systemic and Island-wide but tend to be concentrated -- either at particular properties or in particular areas or regimes having a relatively high %age of STR’s, lack of “extra” parking, etc. As evidence of this, in a survey conducted of the 40 regimes on Seabrook Island 70-80% of the respondents reported no particular parking issues in their regimes (in response to a range of specific questions) and over 70% reported no excessive noise or unacceptable behavior concerns.
- Similarly, 93% of the responders in the same survey reported no issues with rental guests exceeding the occupancy limits in the TOSI ordinance in spite of widespread anecdotal commentary to the contrary.
- Complaints relating to “renters” in general seem overblown inasmuch as the preponderance of traffic increase on the Island is coming from owners and owner’s families.
- A benchmarking of other private communities in our region to understand their treatment and regulation (or lack thereof) of STR’s leads us to understand that:
 - They are generally tolerant of STR’s (with a few exceptions)
 - They generally have R&R’s regarding STR’s that include fees to reflect management costs and usage of community resources, infrastructure and amenities
 - They are generally permissive in allowing rental guests to authorize access to their communities – a very small number of them with what seem to be “reasonable” restrictions

ALL of the forgoing is backdrop to explain why the SIPOA Board of Directors proposes to enact a new Policy containing procedures and guidelines for property owners to manage STR properties on Seabrook Island. Although this proposal is not prompted by any “dramatic increase in STR’s” on the Island, it does recognize the fact that STR’s comprise a not

insubstantial percentage of total properties on the Island and that the visitors who utilize these STR properties require a certain level of SIPOA management and usage of SIPOA resources and amenities. This Policy and these new procedures will be separate from and complementary to whatever action, if any, that TOSI may decide to take with regard to STR's. The purpose of this Policy and Procedures is to balance the economic needs of owners who rent with a quality of life expected by owners who do not rent. The objective is to help maintain the overall character and desirability of Seabrook Island for all who live, visit and vacation in our community. It is also designed to enact an equitable fee structure to reflect the efforts required to manage rental traffic on and off the island and the use of SIPOA's amenities and resources by rental visitors.

Thank you for taking the time to review this background information.

We hope that you will support our new policy and new procedures and find that they are both appropriate and sufficient.

Sincerely,

The SIPOA Board of Directors