

**CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
NORTH MYRTLE BEACH CITY HALL
CITY COUNCIL WORKSHOP
Wednesday, August 19, 2020**

Minutes

1. ROLL CALL: 1:30 PM

Mayor Hatley called the workshop to order and asked the Clerk to call the roll.

Marilyn Hatley
JO Baldwin
Bob Cavanaugh
Fred Coyne
Nicole Fontana
Hank Thomas
Terry White

2. DISCUSSION:

The City Council and staff discussed the proposed amendment to Chapter 7, Business Licenses, Taxes, and Regulations of the Code of Ordinances, adding Article XIII, Short-Term Rentals. Mayor Hatley stated there would be no votes taken and if time permitted, there would be a public comment period. She stated there were three major problems to be addressed in the ordinance, trash, parking, and noise. Mayor Hatley suggested to take the ordinance section by section. Mike Mahaney, City Manager, stated the staff looked at several ordinances from California to South Carolina and chose what would work in North Myrtle Beach. This was a draft and not cast in stone. Manager Mahaney explained how the staff decided on the permit process versus a revocation of the business license. He stated the city received an average of 2,000 complaints with 1,000 about noise, 400-500 about trash, and the rest about parking. There were approximately 5,000 short-term rentals and 550 were on platforms such as Airbnb, Home Away, or VRBO. These were not just on beachfront properties. Some local companies did a great job and some did not. For example, Elliott Realty and Thomas Realty had done a great job with parking. Each of their units were allotted a certain number of spaces and they provided an overflow parking lot for extra vehicles.

Mayor Hatley read Section 7-219, definitions, Section 7-220, permit required, and Section 7-221, annual application. She inquired how the city decided upon permits. Manager Mahaney explained the city had a firm they paid to data mine information. This firm surveyed rentals, which were advertised on the internet. If a rental company advertised and did not have a business license in North Myrtle Beach, the firm informed the city, and the city proceeded to contact them and convey the license requirements along with the penalties associated with operating a business without a license. The staff looked at many different places to determine what some of the other cities were doing about the problems associated with short-term rentals. Many had a permit system.

Jim Wood, Director of Planning and Development, stated the permit process would allow the staff the ability to identify, track, and manage short-term rentals throughout the city. The staff could not manage complaints or allocate resources if they were unaware of their locations. The process of revoking a business license would be more efficient, if there was a series of offenses against the ordinance. In every ordinance the staff researched, there was a permit system that also included identifying a responsible party. The proposed permit fee was significantly lower than others (e.g., in Mount Pleasant and Wilmington the fees were double those proposed). The proposed permit fee is to cover the minimal cost associated with the permit, not to generate income for the city.

Mayor Hatley read Section 7-223, application fee, initial and follow-up inspection and 7-224, maximum occupancy. Manager Mahaney stated there was great debate over the number, whether it would be three or four. However, it was his decision to make it 2.5, as a starting point. Some of the complaints came from residential neighborhoods, where a rental home would be located. There would be twelve cars parked in the front yard and only 4 legitimate parking places. Mayor Hatley stated under the ordinance, a renter would be unable to park in the front yard. Director Wood read a portion of Section 7-226, parking and storm drainage, related to parking, where a vehicle could not park, and what was classified as a parking space. Unlike commercial parking, Director Wood stated the ordinance allowed stacked parking (i.e., one vehicle behind another). He cited in the previous proposed ordinance, there was a complicated formula based on sleeping areas and what defined a sleeping area, which was very difficult to regulate. Director Wood stated he wanted to keep it simple and allow the applicant to decide their maximum occupancy. The criteria on how that would be judged would include if the applicant had enough parking spaces to support the number stated in their advertised occupancy. The applicant would have to prove they had that number of parking spaces to support their occupancy. Mayor Hatley inquired if the owner had to prove off-site parking. Director Wood stated the applicant would have to have sufficient evidence or a lease stating they had off-site parking, as part of the application process. Manager Mahaney stated the applicant could own a piece of property for off-site parking. Councilwoman Fontana stated she would like to add in Section 7-226, that parking on sidewalks was prohibited. Director Wood stated the staff could change either A or B and state parking could not extend into the right of way. Manager Mahaney asked for suggestions on the number per vehicle.

Councilman Cavanaugh suggested dividing the parking from the occupancy to make it nice and easy. In the permit application, verify parking and drop the references of 2.5 when talking about parking. Director Wood stated he did not see the difference from what Councilman Cavanaugh suggested and what the ordinance proposed. Councilman Coyne stated parking was driving occupancy. Manager Mahaney stated he wanted to keep it simple. He wanted to start with what was on the internet and the number the unit claimed to sleep.

Councilman Thomas stated the staff was on the right track to name a number per vehicle and it was a good idea. Having four per parking space would meet more of the needs of renters. In regard to raised beach houses, there were usually four parking spaces, which allowed sixteen people and that would meet 90% of the needs of that kind of house. Councilman Thomas suggested to give parking permits for an overflow lot. He stated four per vehicle might be the number to work and it would limit the number of people sleeping in a house. He liked what the staff had done, but an applicant would need to verify parking spaces, which would be confirmed by staff. Director Wood stated the parking would be verified at inspection along with the required signage. Mayor Hatley stated she agreed four would be a better number. Director Wood stated some units in town sleep between 40 and 50 people and guests often arrive in a couple of 15 passenger vans. Councilman Baldwin stated he agreed with four being a better number and would like to see examples of driveways and layout scenarios. Director Wood stated staff would use a standard 9 x 18 stall measurement, on a case by case basis, to verify parking spaces. Councilman Baldwin inquired if a guideline would be in the ordinance and Director Wood stated it would be a part of the permit application. Councilman Coyne stated he was comfortable with four, but inquired at what point would there be an excessive amount of people in one house? He suggested putting a cap on the number allowed. The Council continued to discuss options to resolve this issue. Mayor Hatley stated the applicant would need to identify overflow parking and provide proof of ownership of a lot or lease space as a part of the permit process. Her concern was how many cars would be located at a house and not be parked all over the yard, street, or other people's driveways. If someone had an overflow lot, it would not be a problem.

Mayor Hatley read Section 7-225, quiet hours. Manager Mahaney stated the quiet hours were not in concrete and inquired what hours the Council would like to have in the ordinance. Mayor Hatley and Council expressed no concern with the quiet hours, but the wording of no discernible noise, caused some concern. As an early riser out on her porch, Mayor Hatley stated she could hear people talking, but was not disturbed. It would be discernible noise, but not something to warrant a ticket. Manager Mahaney stated the city had experienced and trained individuals that were not going to hand out 'gotcha' tickets. The Council could tie the noise level to decibels, but probably would not want to do this, because that would get complicated. Director Wood stated the staff would take a look at the phrase, no discernible noise, and adjust that wording.

In the discussion of Section 7-227, trash collection, Manager Mahaney stated when COVID-19 hit in March and April, it changed the dynamics of how garbage was generated. Tourists rented larger homes to self-isolate and cooked meals themselves or ordered take-out, which created more than normal trash. The beach front garbage route, which normally ran two times a week, was now being run four times a week, Friday, Saturday, Sunday, and Monday to help with the amount of garbage. The problem arose when a rental unit, in a residential area, was cleaned and trash put beside the road. The residential area had garbage picked up only one time a week and trash could remain several days on the curb. Manager Mahaney explained in the short-term, because of the financial struggles, the extra trash pick-ups had not been charged, but this would need to be looked at in the near future or the trash fund would go broke. Manager Mahaney stated the transfer station had extended hours to accommodate additional trash drop off. Also, some of the management companies worked to send out text notifications on garbage pick-up days/times to their renters. Equipment changes needed to be made, because the large trucks did not work for going back and forth across Highway 17 and into smaller neighborhoods. The rate may need to increase to \$50/month for 2 roll carts. There would probably be another ordinance soon, which would not allow trash to spill out over the cans. Mayor Hatley and Councilman Baldwin agreed there should be a certain number of cans required for short-term rentals. Manager Mahaney stated the Sanitation Department would assign the appropriate rate schedule for each short-term rental. Mayor Hatley stated this was addressing the short-term rental problem, not a problem with the Sanitation Department. They received many compliments on how well this department did their jobs. Manager Mahaney stated it would be on a case by case basis.

Councilwoman Fontana suggested when a permit was issued, to have stickers available to put on the trash cans indicating what day the trash would be pulled to the curb. She stated this could be for companies like VRBO's or Home Away's, not particularly management rental companies. Mayor Hatley stated this would identify to the renter when the trash should go out. Kevin Blayton, Director of Public Works, stated he would look into the cost of the stickers. Director Wood stated the interior sign that was required for rental units could have this information added. Councilman Thomas stated it would cover the non-typical rental areas and would help. Manager Mahaney agreed it would go a long way to help.

Mayor Hatley read Section 7-228, fire protection and there were no questions. Mayor Hatley asked Manager Mahaney to further explain Section 7-229, signage posting required. Manager Mahaney explained if Public Safety were to be called on a unit, in the middle of the night, there may not be one particular person on the LLC to contact. Having a designated local person for law enforcement to contact and respond within 30 minutes to handle the issues within the rental house would be key to solving some of the issues. The sign would help law enforcement quickly know who to contact. The contact might not be able to resolve the issue in 30 minutes. Manager Mahaney gave an example, if there were 250 people in a house party that were maybe having a little too much to drink, law enforcement would not be able to disperse, without causing greater problems. The local contact would be called, and they would have to inform the renter of eviction the next morning. Someone

would need to respond within a reasonable amount of time. If no one answered, the strike procedure would do a lot to address the problems. The signs would help resolve some of these issues, which were complaint driven. Councilwoman Fontana stated it was a great idea and had that issue next door to her for many years. No one took responsibility for a house party or who rented the unit. This would make it more simple. Councilman Coyne stated it would give neighbors more comfort and professional management companies more leverage to back up their policies. It would be good for everyone.

Mayor Hatley stated they had already discussed Section 7-230, responsible party, and there were no further questions or discussion. Mayor Hatley asked Manager Mahaney to explain Section 7-231, advertising. Manager Mahaney stated this was to cover for when an advertisement on the internet stated the rental unit would sleep 28, but the permit allowed the unit to sleep only 10. This would be an obvious issue and major discrepancy. Director Wood stated this section was to make sure the advertisement would be truthful.

Mayor Hatley asked Director Wood to elaborate on Section 7-233, strike system. Director Wood stated it was similar to the ordinance in Mount Pleasant, which had a pretty good system. It was not designed to be a 'gotcha' system, but if there was a pattern of behavior in violating the ordinance rules, it could, ultimately, result in revoking the business license. There would be a committee appointed, to which claims would be appealed. One bad tenant would not make an owner lose their business license over several violations from that one bad tenant. Mayor Hatley confirmed if someone did not like the neighbor, who rented their property, that neighbor could not call three times in one week and it be considered three strikes. Manager Mahaney confirmed that would not be the case and there were procedures to address that.

Councilman Baldwin stated he was concerned about the 30 minute timeframe to respond. For second homeowners, it may be difficult to have someone be available. Manager Mahaney stated they would need to hire someone locally to help. Director Wood stated the person would not necessarily have to be physically on site within 30 minutes, but could call the renters regarding the situation to try to have a resolution. Councilman Baldwin said the ordinance stated in Section 7-230, the person had to be on site within 30 minutes. Director Wood stated that language could be cleaned up to be clearer. Mayor Hatley stated a resolved resolution may not happen within 30 minutes and they would have to allow time to evict. Manager Mahaney stated that section would be reworded. Councilman Thomas stated it would give time for the party goers to sober or Uber back home, and having a representative to contact would go a long way to address the issues. Mayor Hatley stated that, in her understanding, only a real estate licensed individual and/or rental companies possessed the right to evict. A neighbor would not have the authority to evict from the house. Councilman Thomas stated an owner of a rental property did not have to have a license to evict, if they were the responsible party. He would prefer that if someone had to be hired to represent an owner, they be licensed. Director Wood stated the owner would have a choice to hire a real estate company to manage the property.

Mayor Hatley read Section 7-234, penalty. Councilman Baldwin stated having the wording of a misdemeanor raised a red flag to him and seemed excessive. Director Wood explained the intent was if someone was violating the ordinance rules, to have a penalty of the strike system tied to the permit process. The misdemeanor would be for someone who was operating illegally without a business license. Mayor Hatley asked for it to be clarified within the ordinance. Councilman Thomas inquired if there was a permit process, would a business license still need to be obtained. Manager Mahaney stated this would be over and above and it was a state law that required a business license.

Mayor Hatley opened the floor to public comments.

Brian James, 605 41st Avenue South, North Myrtle Beach, stated he nor his family had ever directly addressed City Council, but he wanted to share the experience he has had with one short-term rental, which had tremendously impacted their quiet Windy Hill neighborhood. Mr. James said that at least one member of the Council owned or managed a short-term rental and requested they recused themselves. The short-term rental next to him had grossed \$45,000 from June, July, and August. Mr. James stated with that type of money at stake, there was a clear conflict of interest. Mr. James continued to explain if someone did not live next to a short-term rental with a pool, you could not fully understand the impact on the neighbors. He had witnessed vulgar sex acts, adults drunk to the point of passed out, and days of loud and expletive filled music. His sons were not allowed out in the yard beyond the porch. The noise was the number one issue. The chaos the short-term rentals caused was perfectly legal. Mr. James stated that Charleston and Myrtle Beach have very strong short-term rental ordinances, protecting single family residents, while North Myrtle Beach had nothing. With respect to the quiet hours, he stated those hours were already in the noise ordinance and was redundant. If short-term rentals were to coexist with single family residents, the hours would need to be extended, possibly 24 hours. He stated controlling occupancy by the number of parking spaces was nonsensical. He stated that the three strike policy was unreasonable, unmanageable, and unenforceable. The rental season would likely be over before the three strikes could happen and revoking a business license for six months would be of no consequence. Mr. James stated the short-term rental solution would be to adopt the same policy as Myrtle Beach. They did not allow short-term rentals in single family resident areas and a short-term rental was anything under 90 days. He presented a petition with 193 signatures requesting there to be no short-term rentals within zoned areas R-1 or R-2.

Patricia Kellers, 503 43rd Avenue South, North Myrtle Beach, inquired if the ordinance was only for Airbnb and VRBO's or all. Mayor Hatley stated the ordinance would be for all short-term rentals. She stated someone needed to be responsible for the trash collection. She asked if the ordinance could include a statement that whoever was the rental agent on record had to make sure trash wasn't laying on the street. People who came to clean the houses, did nothing about the garbage sitting on the road. The quiet hours were already stated in another ordinance, so there should not be a question about them. Ms. Kellers suggested the signage include trash collection, recycling information, state fireworks were prohibited, and pet leash and clean up laws.

Pam Stanley, represented homeowners from 3400 & 3401 North Ocean Blvd. (Pier Watch Villas) and 4619 South Ocean Blvd. (Water Pointe 1), North Myrtle Beach. Their homeowners were concerned over the number of maximum occupancies. The parking was controlled by the Condo Association Board and spaces were already limited. Pier Watch Villas had six bedrooms, which the ordinance would limit the rental to 12 people. Most of the units sleep 18-20. That would suppress property values and rentals. Water Pointe 1 had three bedrooms and usually sleep 8. The ordinance would limit the rental to 6 people. The owners were concerned about rental revenues and property values. On behalf of the association, Ms. Stanley stated they would like that portion of the ordinance apply to Class 1 and not Class 2 properties.

Paul Jones, 701 41st Avenue South, North Myrtle Beach, stated he and his wife have lived in Windy Hill since 1978 and his family was there in the 60's. They have owned businesses in North Myrtle Beach for the past 15 years and made their living through the tourist industry. Mr. Jones stated they were not against short-term rentals, but not in R-1 communities. They enjoy living in a resort community. He would not expect to be able to open a golf cart business in his R-1 zoned back yard or an RV site because he had sewer and hook ups outside his home. However, this would be less destructive than the home that was remodeled on 628 43rd Avenue, to be able to sleep 21 people with

a pool. Mr. Jones stated that $\frac{3}{4}$ of the time this home was rented there were problems and explained several of those issues. Mr. Jones stated that Smitty Little, who owned 2 $\frac{1}{2}$ lots next to this one told him about the short-term rentals. He was unaware that short-term rentals could be allowed in R-1 communities. Mayor Hatley inquired how long he had lived in Windy Hill and if anyone had rented homes beside him. Mr. Jones stated he had lived here since 1978 and most were part-time locals around him. Mayor Hatley stated she had lived in Windy Hill since 1974 and knew there were people renting houses on their street. She stated they knew there were renters when you moved in and the new ordinance should be able to control some of those issues. From the audience, Mr. James stated that Myrtle Beach did not allow them. Mayor Hatley stated we were not Myrtle Beach. Mayor Hatley stated she understood there were problems and she did not want them to have to live with what was going, but everyone needed to learn get along and live together. The city could not change zoning, because he had a particular neighbor he didn't like living there. Mr. James stated you would lose your permanent residents. Mayor Hatley stated there were more second homeowners in our community than full time owners. Myrtle Beach had hotels and North Myrtle Beach had homes. North Myrtle Beach can't always follow each other, because they were two different cities. Mr. Jones stated he was concerned that North Myrtle Beach did not turn into a Myrtle Beach and was also concerned that developers were coming into the R-1 neighborhoods, buying up homes, turning them into 21 people sleeping units and running a retail business out of it. He asked to please protect our R-1 communities.

Hilary Seddinger, 1100 North Ocean Blvd., North Myrtle Beach, stated she worked in the hospitality industry. In her experience, you could have a bus drop off 28 people at a rental house and the next week a family stay at the same property, but bring 6 cars. There could be a big variation of the number of people and vehicles coming to a property. If parking was based on occupancy, that could hinder how many could be accommodated. She stated Councilman Cavanaugh was correct to keep them separate. She stated it was the city's responsibility to help owners control the noise and trash and the home owner could only control the parking. Ms. Seddinger inquired, as for the strike system, how would it be regulated? Why there was a limit made to stacked parking? What recourse did the owner have for trash that was not picked up? And could the signage be the same as the one required for a business license?

Dixon Withers-Julian, 2407 Metts Drive, North Myrtle Beach, stated his comments were related to his neighborhood, Pinewood Acres. He had no idea short-term rentals were even possible in their neighborhood until 2 years ago when a property on Metts Drive became a short-term rental. Pinewood Acres was on the canal side of Highway 17. He would like to see a zoning overlay to prevent short-term rentals in their neighborhood. It was not a high density area and for years there had not been short-term rentals. Mayor Hatley inquired if this was a VRBO property. Mr. Withers-Julian stated it was a VRBO property. He also stated Councilwoman Fontana and Manager Mahaney had helped him with some of their trash issues, but sometimes two containers were not enough, because there were three rental changes a week. Mayor Hatley stated there have been talks about overlays, but people have a right to use their property and put their rental homes on sites like VRBO. We needed to have an ordinance to help manage these problems.

Jim Shore, 2812 Ship Wheel Drive, stated he was representing Sea Cloisters I, 1806 North Ocean Blvd., North Myrtle Beach. The ordinance was going to drastically affect them to the negative. He suggested to change the definition of short-term rental to 90 days. This would conform to the state law. He also suggested to look at the fee to be per bedroom, because that seemed to be where the problem was coming from. He stated Councilman Cavanaugh was correct and the parking and occupancy should be separated. What had not been considered was the fisherman who brought a

boat and took up space, but it wasn't people. He suggested to let the homeowner limit the number of people based on the number of beds. The city had a nice noise ordinance, but the police needed to be trained on it. Mr. Shore suggested there was another policy for people like Duck's on Main Street. Mr. Shore stated the state had a law that stated to represent an owner for pay, you must be a licensed real estate agent or a licensed property manager. You could not pay a neighbor down the street to take care of the unit. He applauded the effort everyone had put into making the ordinance.

Mayor Hatley thanked everyone for coming and for their involvement in helping to come up with a solution. Having no further discussion or public comments, Mayor Hatley adjourned the workshop at 3:19 PM.

Respectfully submitted,

Allison K. Galbreath, Clerk to Council

MARILYN HATLEY, MAYOR

Minutes approved and adopted this 21st day of September 2020.