



# Short Term Rentals

## Frequently Asked Questions

### General

#### **Why has the City of Charleston adopted new 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 past regulations.

#### **How were these regulations developed?**

The Mayor and City Council appointed a 16-member Short Term Rental Task Force in 2016. 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. In January 2018, these regulations came to Planning Commission for review. Over several months, this group made specific changes to the ordinances, and then recommended them to City Council, where Councilmembers also studied the issue in detail, made changes, and adopted the Ordinance. This document reflects the Ordinance adopted by City Council on April 10, 2018.

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

These regulations 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% Legal Residence tax exemption for owner-occupied property. This means that investment properties are not be eligible for short term renting, except for commercially zoned properties in the Short Term Rental overlay. However, portions of existing dwellings or accessory dwellings on a property are eligible.

#### **How are these regulations different from the previous ordinances?**

1. Unlike the existing regulations, these new 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.
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 Outdated regulations have been removed and a wider variety of enforcement tools are available to the City under the proposal.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 regulations now have three Residential Short-Term Rental Permit Categories based on location.
  - a. **Category 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. **Category II** refers to all other properties located on the Charleston peninsula, as long as they are outside the Short Term Rental Overlay Zone.
  - c. **Category III** refers to all other properties in the City of Charleston. This includes incorporated areas of West Ashley, James Island, Johns Island, Cainhoy and Daniel Island. Under the past regulations, these areas are not eligible for any legal short term rentals, but the ordinance allows short term renting in these areas, subject to specific requirements.
  - d. **The STR Overlay Zone** refers to a pre-existing area in Cannonborough-Elliottborough. Commercially zoned properties within the existing Short-Term Rental Overlay District are eligible for the new Commercial Short-Term Rental Permit, which follows the same rules as the past ordinances. Properties within the Short Term Rental Overlay are still eligible for a Bed & Breakfast Permit as defined under past ordinances. No changes to this area have been made, except that an annual Permit renewal will be required.

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

The 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 staff members dedicated to short term rental enforcement and ultra-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 is transferrable to a new owner of the property as long as the new owner files a Change of Ownership application with the Zoning division. However, any changes to the approved STR or Bed and Breakfast would require the approval of the Board of Zoning Appeals-Zoning under section 54-110 of the zoning ordinance. All permits are valid for one year and must be renewed on an annual basis.

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

Not all currently operating illegal short term rentals will be eligible based on criteria such as location, parking, and emergency access requirements. If your property is eligible for a permit under the new ordinances, you will have the opportunity to apply. If your property is not eligible, you will be subject to enforcement if you choose to continue to operate.

### **Regulation Details under the new Ordinance**

#### **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 Category?
  - a. **Category I:** Property is in the Old and Historic District and is Individually Listed on the National Register of Historic Places
  - b. **Category II:** Property is located outside of existing Short Term Rental Overlay on the Charleston Peninsula. Principal building must be at least 50 years old.
  - c. **Category III:** Property is in a non-peninsula area of the City of Charleston.
3. Does it meet the parking requirements for its Category?

The property must provide at least one additional off-street parking space for the Short-Term Rental unit in addition to providing off-street parking spaces required for the principal residential use.

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

Up to four adults, regardless of relationship, can stay overnight in an STR.

#### **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.”

#### **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 through the Business License process.

## **After I Have a License**

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

Business licenses expire on December 31<sup>st</sup> and need to be renewed annually. The STR permit also expires annually and will need to be renewed in the month of issuance. *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.

### **Penalties for Failure to Pay Accommodations Tax:**

Short Term Rental operators must collect accommodations tax. Even if you hire a property manager, you as the property owner are ultimately responsible for collecting these taxes from the renters and submitting them to the appropriate state and local agencies. There are substantial penalties for failing to collect and remit this tax. State law allows a civil penalty of not less than five hundred dollars nor more than two thousand dollars for each seven days the property was rented. Review more information about [accommodations tax](#).

### **Additional Questions**

Additional documents related to Short Term Renting are available on the City of Charleston's website. Additional questions may be answered by contacting Jason Rowe at [rowej@charleston-sc.gov](mailto:rowej@charleston-sc.gov) or 843-867-7679, or by visiting our website at <https://www.charleston-sc.gov/STR>