



**COLUMBIA SHORT-TERM RENTALS AD HOC COMMITTEE MEETING MINUTES
TUESDAY, APRIL 26, 2022**

CALL TO ORDER

The Columbia Short-Term Rentals Ad Hoc Committee conducted a meeting on Tuesday, April 26, 2022 at 4:00 p.m. at the Busby Street Community Center, 1735 Busby Street, Columbia, South Carolina.

Attendee Name	Title	Status
Will Brennan	Member	Present
Howard E. Duvall	Member	Present
Tina N. Herbert	Member	Present

COMMITTEE DISCUSSION

1. Welcome and Introduction of Committee - The Honorable Howard E. Duvall, Jr., Chair

Councilor Duvall said this is the first meeting of the short-term rental committee and I am joined by Will Brennan (District Three) and Tina Herbert (District One). This is the first of several meetings that we will be having and we hope to come to a reasonable compromise for both neighborhoods, owners of short-term rentals, and investors. We don't have to do it all tonight. We have three short presentations that will add to the information that we have to deal with. I hope to adjourn at 6:00 p.m. If you don't get to speak tonight, there will be other opportunities to speak in the next few months. One of the members who helped us in the beginning has retired from council and Tina has taken his place. Mr. Brennan and I worked with the staff to draft an ordinance. We used many different ordinances to develop this draft. Many cities in South Carolina are dealing with this issue. We looked at Charleston, Greenville, Myrtle Beach, North Myrtle Beach, Beaufort, Asheville, and Raleigh to find ones that would be most suitable for Columbia and the clientele we have. We met with David Bergman and we modified the draft ordinance based on some of his suggestions. This will not be the final version tonight. It would be helpful if I explained a few of the terms using the Municipal Association of South Carolina's Short Guide to Short-Term Rentals. The main issue we will have is an owner-occupied short-term rental which is in the 4% tax category or a non-owner occupied short-term rental which is in the 6% tax category. State law has three classifications dealing with short-term rentals: rental of a primary residential home for up to 14-days per year; rental of a primary residential home for 15 to 72 days; and rental of second homes and investment properties.



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2. Overview of Short Term Rental Impact - Mr. Bill Ellen, Experience Columbia

Mr. Bill Ellen, President and CEO of the Midlands Authority for Conventions, Sports and Tourism said short-term rental is not something we knew a lot about ten years ago. We did not understand the impact that it would have on the hospitality industry today. Our goal at Experience Columbia is to attract visitors to our city and help them have a positive experience. Many of our visitors look for alternate accommodations and short-term rentals meet that need. We are not opposed to short-term rentals. It is a major player in our industry and it is here to stay. Air Bed and Breakfast Company began in 2007. By 2009, they were successful and changed their name to Airbnb. By 2013, they signed up a half million other short-term rental clients. By 2017, Airbnb was valued at over \$31 billion. By 2019, Airbnb was renting two million overnight rooms every night worldwide. Obviously, this has met a need for visitors needing overnight accommodations. Through March 2022, there were 614 active short-term rentals in the city that generated \$3.5 million in revenue according to AirDNA. In 2021, short-term rentals generated \$21,946,000 in revenue. Local hoteliers realize that short-term rentals are here to stay. Their major concern is that they want an equal playing field. Many short-term rental companies are already collecting some form of tax or fee but there are many that are not collecting the same taxes that hoteliers collect. Money is being left on the table that the city can find use for and the hoteliers would feel like it is an equal playing ground. The majority of the 614 rentals are located in 29201 and 29205. The highest rental generated \$175,000 in a year. We are here to provide information and assist in any way we can.

Councilor Duvall asked if AirDNA lets you look at a specific rental.

Mr. Bill Ellen, President and CEO of the Midlands Authority for Conventions, Sports and Tourism said it is very specific. You can see a picture, the address, and the revenue the unit is generating.

Councilor Brennan asked Mr. Ellen for parallel statistics for hotels.

Mr. Bill Ellen, President and CEO of the Midlands Authority for Conventions, Sports and Tourism said Smith Travel Research provides similar data. I can tell you the occupancies, average rates, and average rates at a destination.

Councilor Brennan asked about the vacancy rates for short-term rentals.



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Mr. Bill Ellen, President and CEO of the Midlands Authority for Conventions, Sports and Tourism said hotel occupancy is running at 52%. The same time in 2019 was 56%. I will get the data for you.

Councilor Herbert asked if Mr. Ellen verified the addresses to ensure they are in city limits. We have donut holes and properties that aren't in the city, especially in 29203.

Mr. Bill Ellen, President and CEO of the Midlands Authority for Conventions, Sports and Tourism said so far this year, 29203 generated \$130,577. I have 29201, 29203, 20204, 29205, 29206, 29209, 29210, 29212, 29223 and 29229 from AirDNA.

Councilor Duvall introduced Ms. Olivia Gillespie from Clinton, North Carolina as his Mayor's Fellow.

Councilor Herbert introduced Ms. Alexis Mertz from Phoenix, Arizona as her Mayor's Fellow.

3. Status of Short Term Rental Industry - Mr. David Bergmann, Heartwood Furnished Homes

Mr. David Bergman said we own and operate Heartwood Furnished Homes. We have six full-time employees and 15 cleaners. Over the past year, we hosted over 2,500 stays. Market data from AirDNA in February 2022 shows 524 entire home short-term rentals. A lot of people just rent a room in their house. This data includes rentals in Forest Acres and 29203. Many of those are not inside city limits. The estimated number is 450 which is 1% of the total housing stock. Those 524 entire home rentals equate to 1,100 bedrooms and provides for 2,200 occupants. Of these rentals, two-thirds are smaller units and 9% are larger houses with four or more bedrooms. The demand for short-term rentals doubled over the past two years to 6,000 nights booked per month. That increase is consistent with national trends. Short-term rentals make up 20% of the demand for lodging in the United States and 60% of those reservations are millennials. In February 2022, Columbia short-term rentals brought in a total of \$1 million. Excluded from that is a 10.27% tax that Airbnb and VRBO take from the guest and remit it at the state and county level on behalf of hosts. The host has to collect and remit taxes administered at the local level. The cleaning and maintenance fees are collected by the operator to get the property ready for the next guest. There are about 50 full-time cleaning jobs. Airbnb estimated that 80% of hosts have a single listing. The average listing per host is 1.3. Our guests stayed an average of 5.5 days and the average hotel stay is 1.8 days; 44% of stays in Columbia are greater than a week; and 26% of stays are greater than two weeks. Half of the stays are people visiting from out of town for events. The most common guests are travel nurses, military families, new residents, and current



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residents. Short-term rentals offer full kitchens, laundry facilities, multiple bedrooms, a backyard and affordability. Currently, we must adhere to the rental housing regulations that went into effect in 2016 for long-term rentals. In our more than 2,500 stays in the past year, we haven't received a single citation and I am not aware of any host that has received a citation. Code enforcement has not released data that suggests that they have received citations and there is no data to support that we are over represented with violations. We need to determine if the current policy is effective and why we need to start a new framework. The policies in Charlotte and Greenville have not been effective in limiting the supply of short-term rentals because the demand is there. Short-term rentals foster parallel development, create jobs and add value. We all look forward to developing a fair policy framework that is going to work for all parties.

Councilor Duvall said travel doctors and nurses rent for over 30-days and that would not be covered by this ordinance. I agree with the comment you made in the Post and Courier. They are people's homes that they are willing to put up for short-term rentals following the law. They are not investors. The business started with people renting out their homes. Now the investors have come in and that is the problem.

Councilor Herbert inquired about the 20% and 60% stats.

Mr. David Bergman said according to Airbnb, 19% of the overall lodging in the US is being met by Airbnbs and 60% of the reservations are millennials.

Councilor Brennan asked Mr. Bergman to speak to the number of renters that come to Fort Jackson for graduations.

Mr. David Bergman said I can look at our data before the next meeting. The graduations are every Thursday.

4. Overview of Draft Ordinance - Mr. David Hatcher, Housing Official for the Code Enforcement Division

Mr. David Hatcher, Housing Official for the Code Enforcement Division said short-term rentals are a growing concern and they were not fully addressed when we passed the rental ordinance in 2016. Typical issues are noise, public safety, heavy traffic, trash, parking, offensive behavior, and over occupancy. Non-owner occupied STRs are considered rentals by ordinance. We have not tracked STRs. Through AirDNA, I found there are 685 STRs in the Columbia area. I do not know the exact number in city limits. The average daily rate is \$151 with a 67% occupancy rate. There was 11% growth in the first quarter of 2022. The proposed ordinance requires that all



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short-term rentals have a permit. The permit would be renewed annually on July 1. The ordinance requires that anyone who owns or operates a STR can ensure that it does not disturb the neighbors. It requires a safety inspection by city staff. The application must include contact information for a person available on a 24 hour basis. Under this proposal, non-owner occupied STRs would be prohibited in residential districts as defined by the new zoning ordinance section 17-3.2. The proposed ordinance identifies minimum life, safety and sanitation standards which are similar to the standards already in place. This ordinance requires an evacuation plan, carbon monoxide detectors and a sprinkler system for non-owner occupied units. The annual application fee is \$50; the owner-occupied registration fee is \$100; and the non-owner occupied registration fee is \$500. This ordinance is designed to hold the property owners accountable for the tenants' actions and behaviors. It can be revoked if there are continuous violations. Violations include providing false information, failure to register, and violation of any applicable ordinances or city laws.

Councilor Duvall asked if STRs will be limited to three people per dwelling.

Mr. David Hatcher, Housing Official for the Code Enforcement Division said they would have to be, based on the zoning requirements that are already in place. There would be no more than three unrelated adults per unit.

Councilor Brennan said we heard there are between 450 and 680 short-term rentals in the city. How many of those currently have rental permits? Are there issues at those addresses? It would be great to have a metric.

Councilor Herbert asked if we conduct safety inspections under our rental ordinance.

Mr. David Hatcher, Housing Official for the Code Enforcement Division said a self-checklist is submitted as part of the application process.

Councilor Herbert said why not apply the same thing to short-term rentals.

Mr. David Hatcher, Housing Official for the Code Enforcement Division said we should look into that and make sure we are consistent with the two ordinances.

Councilor Herbert asked what percentage of the city can be used for short-term rentals. I am trying to figure out what space we have for non-owner occupied rentals.



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Mr. David Hatcher, Housing Official for the Code Enforcement Division said I can get that information.

Councilor Herbert asked why would we have a sprinkler system for non-owner occupied but not owner-occupied.

Mr. David Hatcher, Housing Official for the Code Enforcement Division said non-owner occupied is more commercialized. Hotels are required to do it and STRs should be required to as well.

Councilor Herbert said that is not practical. It impacts the business model and makes it less feasible. I don't know if we need to distinguish the two in order to address the behavior.

Councilor Duvall said when an investor buys a property for a STR, you have a boutique hotel in a residential area. They should not be allowed in residential areas.

Councilor Herbert said there was an article that talked about how the 10% increase in short-term rentals led to an increase in rent in surrounding areas. Some areas have chosen to cap how many you can have in the city or in neighborhoods. Have we considered anything like that?

Councilor Duvall said at our next meeting I want to discuss the impact of STRs on affordable housing in the community and what it does for rent and the price of housing.

Councilor Brennan requested the same data on student housing.

PUBLIC INPUT

Mr. Gustavo Bueno said the committee is worried about everything that is going wrong. I live in Elmwood. We need to identify and cure the problem. By over-regulating, you might kill a stream of revenue that benefits the city in many ways. We have a quadplex and we host an Airbnb in our home. We are owner-occupied. We are considered small investors and we intend to buy other properties. The proposed regulation would prevent us from doing that and we would have to choose another city to continue our venture. I would support any regulation that aims to identify the bad actors and make sure they do not stay in our community.



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Mr. Matt Carol said I have been at this for a while. I was on the code enforcement task force and helped to establish the current ordinance. There are misguided thoughts about what short-term rentals are. I own long-term and short-term rentals. Every neighbor has thanked me for buying long-term rentals and fixing them up for short-term rental use. Our guests leave reviews. We maintain the houses and the neighbors love that we are there. Under this ordinance, they could not be in any residential district. If this goes into effect, most of the non-owner occupied properties will turn back into long-term rentals.

Mr. Anthony Alberti said this space should be regulated. That would hold the operators to a higher standard and knock off the people that are potentially causing the problems. There is a demand for this. There is a tax benefit to the city. What is it going to take to enforce this? We are wasting money trying to enforce something that doesn't need enforcement. You are abolishing short-term rentals. You are making it almost impossible to do.

Mr. Jesse Stevenson said I am a real estate broker, property manager, and an investor. I manage 100 long-term rentals and two Airbnbs: one that I own and one for a friend. I know all sides to the story. My long-term rentals are not taken care of nearly as well as my Airbnbs. Why does how long my guests stay make my guests worse than long-term guests? Nobody can afford \$50,000 for a sprinkler system. Why would a short-term guest need a sprinkler system but a long-term guest doesn't?

Ms. Carla Guida said I have owned real estate for 20 years and I am a nurse. I have short-term and long-term rentals and Airbnbs. In the last three months, I received a citation on my long-term rental because they have too much stuff on their porch and they haven't cut their grass. We are in the short-term rentals and Airbnbs more often and they are better maintained. Nurses prefer to stay in a home and not in a room. Travelers also need space for their pets. A lot of times they have to stay within 30 minutes of the hospital. I had a better experience with my Airbnbs.

Councilor Duvall asked Ms. Guida what's the difference between her Airbnbs and STRs.

Ms. Carla Guida said they stay at my Airbnbs for three or four days.

Mr. Jim Ray said David Bergman manages my property that I also live in. He does an excellent job. I am for fair regulation, but this is simply not fair. It would put everyone out of business.



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Mr. Noah Harris said we all love the city of Columbia. I am a real estate investor and a hardworking business owner. Our child is autistic. I would love to stay at a hotel but it is impossible to do that with a family. Airbnb has been a lifesaver for us. If you really embrace autism, keep the short-term rentals around because that is what the city needs. When we moved here ten years ago, there was a boarded up house across from Finlay Park and we bought it. It is a memory maker. We can make the industry better by having good regulations.

Mr. Ben Johnson said we opened our first owner-occupied Airbnb in January 2019 and bought our next investor unit in November 2019. I am asking you to continue considering these as long-term rentals rather than hotels. The sprinkler system and commercial zone requirements are onerous. They should be considered single-family residences. The number of nights someone lives in a home should not matter. Please continue to regulate short-term rentals more similarly to long-term rentals as zoning already does.

Mr. Kyle Edens said 50% of my stays are Fort Jackson graduations for an average of four to five days. I hear the problems but I haven't seen any data. I want to see hard data. Those problems cost us money. We have noise monitoring devices and we nip a lot in the bud before it gets started. My properties are in historic and HOA neighborhoods. We spent over \$100,000 renovating a historic home that was vacant for four years. We launched a house in July 2021. We paid Airbnb \$4,000 in lodging taxes, \$4,000 in income taxes, and \$7,500 for cleaning. I would like to see more creativity put into it. You have the opportunity to create additional revenue for the city of Columbia. You shouldn't take a heavy handed approach to a significant need in our community.

Ms. Shannon Alexander said I am not an investor or an owner; my parents are. I am the co-host and I cleanup. Before that I was a stay at home mom. My son was diagnosed with a rare terminal disease and when he passed, we were left with an amazing amount of debt. The ability to host for my parents and clean the properties has given me a new chance to pay off the debt. I recommend local businesses, amenities and entertainment in Columbia. We have several properties and they are all downtown. We steadily host families from Fort Jackson. Most hosts and cleaners are invested in the process and we are happy to be there 24/7 for those families. We host a lot of people with special needs.

Mr. Kevin Corrigan said my wife and I own five short-term rentals and an office. I kept asking why City Council is considering this. I read one article about a situation in Cottontown. We should know how many short-term rentals there are. We started out a year or two ago and now we have this current proposal. It feels heavy handed and not thought through.



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Ms. Catherine Fleming Bruce said I am a homeowner and a resident. In 2019, the city passed a vacant buildings ordinance which is a demand that the property owner keep their properties up, secure and occupied. Now we have an ordinance that seems to be taking away one of the options we have to fulfill what Council asked us to do. The ordinance references parking in a couple of places. I am in a residential area. We have a university, church, and a school. I had residential parking but that was taken by the city. Now, I have people who sit in front of my house 24/7. You make the ordinances. Let's not put all of that on the STRs. STR is a very attractive option. I am asking you to reconsider the zoning restriction and look at what the city can fix. Look at the positive things that can be brought to the table.

Ms. Erica Ferrell said I bought a long-term rental where I had to call the police and people were loud. Turning it into a short-term rental has allowed me to leave my job and stay at home with my infant. Not all of us are huge investors. I clean up. It is a cute home with books and things for kids. I allow dogs. My neighborhood is very supportive of the Airbnb. If you remove them from the residential districts, it would be hard for my family.

Mr. John Carson said I am new to the Columbia area. I was on active duty with five years overseas. I started a new opportunity with the SC National Guard. I do not own a short-term rental; I am a patron. We were looking for a short-term rental while we looked for a home, but they were all booked. We stayed at a hotel for weeks and it was challenging. You pay similar costs for a lot of the short-term rental opportunities, but you can spread out and cook instead of eating out. They are important to the community. I want to start one soon but I wouldn't be able to do it under these current regulations. I can't afford to put a sprinkler system in my house.

Ms. Vanessa Traylor said I am a licensed realtor. My husband and I help people buy and sale. Over the last year, I have seen the demand for short-term housing accommodations more than ever. I don't think the supply is eaten up. It is a need for a variety of reasons. Home prices continue to rise and it is hard to make a good cash on cash return without doing short-term rentals. My child developed Leukemia and had a bone marrow transplant. He is doing great but short-terms rentals made it possible for our family to be close to the hospital and in a germ-free location. Columbia has lagged behind other major cities. We need them for increased tourism. Airbnb hosts take greater care of their properties. It is important to provide this rental avenue and be able to provide for the many real estate needs that people may have in our city.



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Mr. Andrew Lucas said I bought my first rental house right out of college with a loan from USAA. I lived there and went on to manage hotels. I retired from hotels in 2018 due to real estate investing. I hate Airbnb because it is a lot of work and that is why I employ David and his team to help manage our Airbnb. His management has been revolutionary. We have no complaints and no noise ordinance violations on the short-term rental. We have had a few issues with our long-term rentals. This ordinance is eliminating something that is not a problem. We need to address the bad actors. The city has an opportunity to get revenue we are missing on the taxes. There is too much pressure on the commercial side.

Councilor Duvall noted that the city of Columbia lowered its millage rate from 98.1 to 93.1 over the last 10 years. We haven't had an increase in 15 years. David, you have been the point person for the STR community. I am going to ask you to look through the ordinance and suggest amendments that will improve it. We will be doing the same thing as a committee. I would like to have your input with suggestions from the community. This is a process. We have listened to you. I am sure we will listen to the other point of view from the neighborhoods impacted by STRs. We will come up with something that will be good for the community, that won't hurt your industry but will produce peace in the community.

ADJOURNMENT

The meeting was adjourned at 5:48 p.m.

Respectfully submitted:

Erika D. Moore Hammond, CMC
City Clerk