

SUPPLEMENT
to the
Ad Hoc Committee Report on Short-Term Rentals
Presented to Seabrook Island Town Council on May 10, 2022

May 19, 2022

Since the Committee's report was presented, there has been confusion about some of the data which were included on page 31 (Seabrook Island Club amenity card usage) and on pages 11-12 (Coastal Getaways occupancy data, as referenced in the report's discussion about the pandemic's impact on the island's population 2020-2021). The way this information was presented in the report may lead some readers to erroneously conclude that there has been a significant increase in short-term rental properties over the last few years. The purpose of this supplement is to provide additional clarification for the data on pages 11-12 and 31 to remove any such confusion.

A review of this supplemental information will further support the Committee's conclusion that there is little evidence of "uncontrolled growth" in short-term rental properties within the Town, which was the original stated claim in the Preserve Seabrook petition presented to Town Council and to which the report responds. (In the Committee's conclusion #5, rental growth is recognized but in context of all the metrics reviewed throughout the report.)

The report is not an academic treatise and was never presented as such. The Committee's report is written as a narrative, with relevant data referenced in charts, graphs, and via discussion, and based on its meetings and interviews. Those included the whole spectrum of stakeholders, both for and against the petition, representing resident and non-resident property owners from single-family homeowners to villa representatives and COVAR leadership. The narrative is presented in a format that is in direct response to a petition formally presented to Town Council about short-term rentals and to the specific ongoing claims and charges made on that issue in support of the petition.

The report, with addendums, is 73 pages long and looks at several metrics to consider how rental activities impact the island. To date, criticism of the report has primarily focused on two pages, 12 and 31, and not the entirety of the report. This supplement is not a correction but only a clarification for any oversight the Committee made in presenting its data on those pages, and in response to any misinterpretation being made and distributed about that data.

Amenity Card Data.

Regarding page 31 of the STR Report:

The chart lacked necessary context regarding seasonal trends, occupancy rates for rental properties, the impact of a significant policy change made by the Club in 2021 on the issuance of amenity cards, and the overall nuance in the numbers. This lack of context has caused some residents to conclude that the data provided by the Club indicate an overall increase in the number of rental properties operating on the island. **That conclusion is inaccurate.** The following charts and graphs provide this necessary context.

In the report's narrative, the committee noted the limitations and nuances in the Club's amenity card data. For example, if a Club member requests one or more amenity cards and provides a separate credit card number for those cards (rather than allowing charges to be made to the member's own Club number), those separate cards would be captured in the Club's data, even though the users of those cards may be guests of the owner and not renters. Also, like getting extra keys for a hotel room, more than one copy of an amenity card may be requested, and the cards have an expiration date. Further, if a property is rented for longer than one week, the rental unit is only counted once in the rental total, but the amenity cards are counted for each week the rental is active. For these reasons, one cannot simply add up the values in each column and draw any meaningful conclusions. The value of the chart, **as one of many metrics of rental activity**, is the ability to review comparable periods from year to year and season to season.

For clarification, the shaded numbers at the bottom of the chart on page 31 reflect the **total number** of amenity cards issued by the Club and SIPOA for each given year; they are not a summation of the data on page 31. (To provide the proper context, this should have been better spaced and labeled in the report's formatting.)

In the charts and graphs that follow, we will further explore the data provided by the Club in an effort to provide additional context.

Chart #1: Activity by Season

The data in the first chart are broken down into three categories: peak season, off-peak season, and annual. To account for week-to-week variation, all data points are presented as a **weekly average** for each metric. The "peak season" data illustrate the weekly averages for all weeks between the Memorial Day and Labor Day holidays. The peak season contained 16 weeks in 2015 and 2020, and 15 weeks in 2019 and 2021. The weekly averages for all other weeks (i.e. the week after Labor Day through the week before Memorial Day) are included in the "off-peak" column. Weekly averages for the entire year are included in the "annual" column.

For each year and season, we identified weekly averages for each of the following metrics: the average number of **amenity cards issued per week**, the average number of **occupied rental properties per week**, and the average number of **amenity cards issued per unit** per week. All calculations were made using data provided by the Club.

Category	Peak Season				Off-Peak Season				Annual			
	2015	2019	2020	2021	2015	2019	2020	2021	2015	2019	2020	2021
Avg. # Amenity Cards in Use / Week	1,218	1,326	1,292	1,646	245	316	256	511	545	607	575	838
Avg. # Occupied Rental Properties / Week	418	368	371	412	107	139	123	188	203	205	199	252
Avg. # Amenity Cards Per Unit / Week	2.91	3.60	3.48	3.99	2.29	2.27	2.08	2.72	2.68	2.96	2.88	3.32

Chart #2: Rates of Change

In the second chart, we compare the **rate of change** for each of these three metrics. For purposes of this chart, the year 2015 is considered the “baseline” year, and the percentages indicate the rate of change between the baseline year and each of the three most recent years.

Category	Peak Season				Off-Peak Season				Annual			
	2015	2019	2020	2021	2015	2019	2020	2021	2015	2019	2020	2021
Avg. Amenity Cards in Use / Week	---	8.8%	6.1%	35.1%	---	28.6%	4.3%	108.1%	---	11.4%	5.5%	53.9%
Avg. Occupied Rental Properties / Week	---	-12.0%	-11.3%	-1.4%	---	29.5%	14.6%	74.7%	---	1.0%	-1.8%	24.3%
Avg. Amenity Cards Per Unit / Week	---	23.7%	19.6%	37.1%	---	-0.7%	-9.0%	19.1%	---	10.3%	7.5%	23.8%

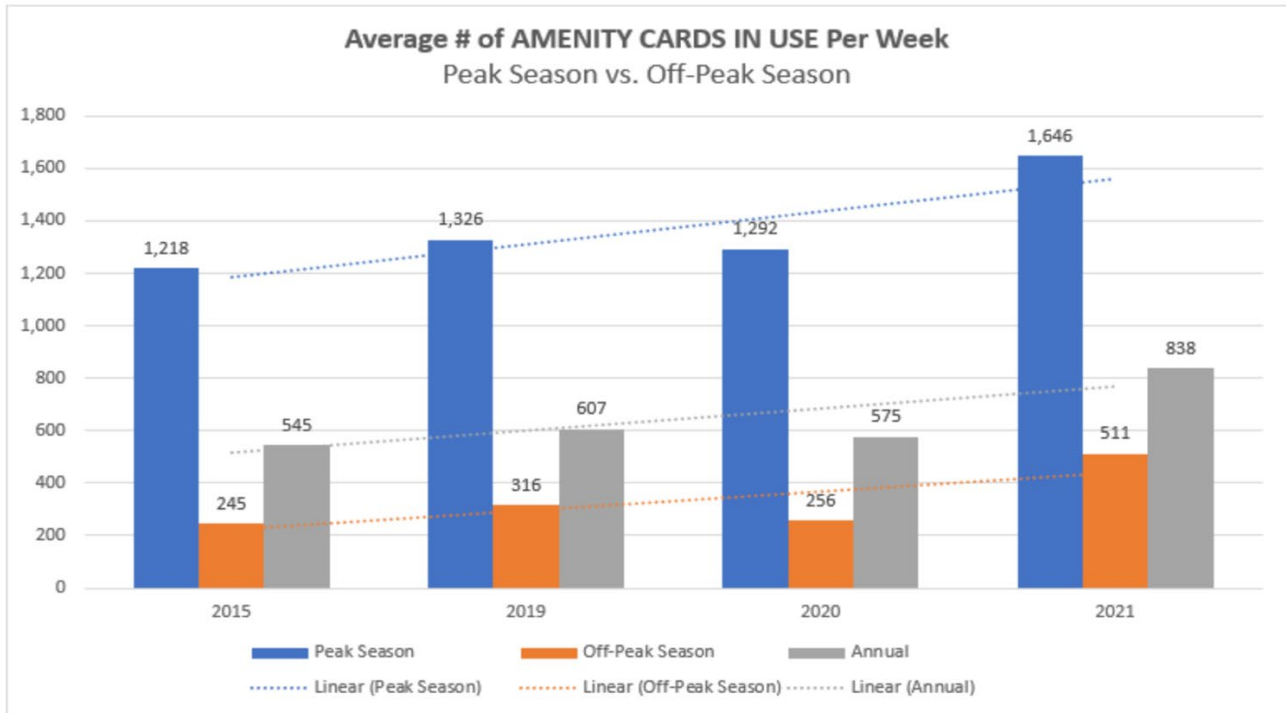
This chart demonstrates the importance of seasonality. During the peak season for example, the average number of occupied rental properties per week was **lower** in 2019, 2020 and 2021 when compared to the 2015 baseline. However, the number of amenity cards issued per week was considerably higher in 2019 and 2020, and especially in 2021. The peak season data indicate that **the increase in the number of amenity cards cannot be attributed to an increase in rental units, but rather, an increase in the number of cards issued per unit.** During a stakeholder meeting with representatives from the Club, the Committee was informed that a policy change prohibiting credit card use made in 2021 resulted in an increase in the overall number of amenity cards issued per unit. This was clearly reflected in the data. The increase in amenity cards for 2021 (+35.1%) was not reflective of any growth in rental units (-1.4%), but rather, was driven by an increase in the number of amenity cards per unit (+37.1%).

In the off-peak season, the data show **visible growth** in the average number of rental properties occupied per week when compared to the baseline year. The rate of growth was expectedly lower in 2020 due to the Town’s temporary prohibition on short-term rentals during the early days of the COVID pandemic. While the rate of growth is noticeably higher during the off-peak season, especially in 2021, the Committee notes that the number of units actually being rented during the off-peak season remains, on average, substantially lower than during the peak season. (The Committee continues to stress the importance of recognizing the pandemic years. See report’s conclusion #1.)

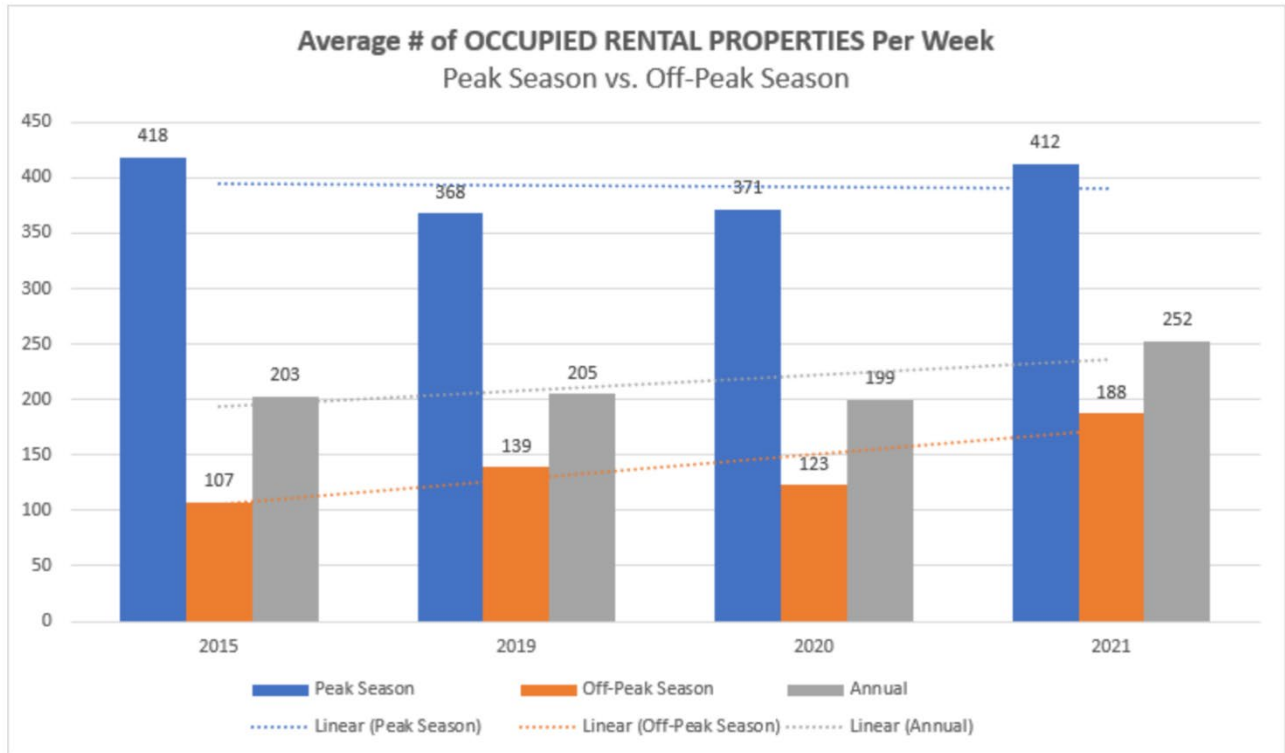
To summarize, data from the Club indicate that there has been no measurable growth in occupied rental properties when the island is at its busiest, but rental occupancy has been higher during periods when the island is least crowded. In short, **the increase in annual rental activity is not being driven by an increase in available rental units, but an increase in the frequency those units are being rented, specifically during the off-peak season.**

Below is a graphical representation of the weekly data summarized in Chart #1. Trend lines are included to illustrate general trends among each of the metrics by year and by season.

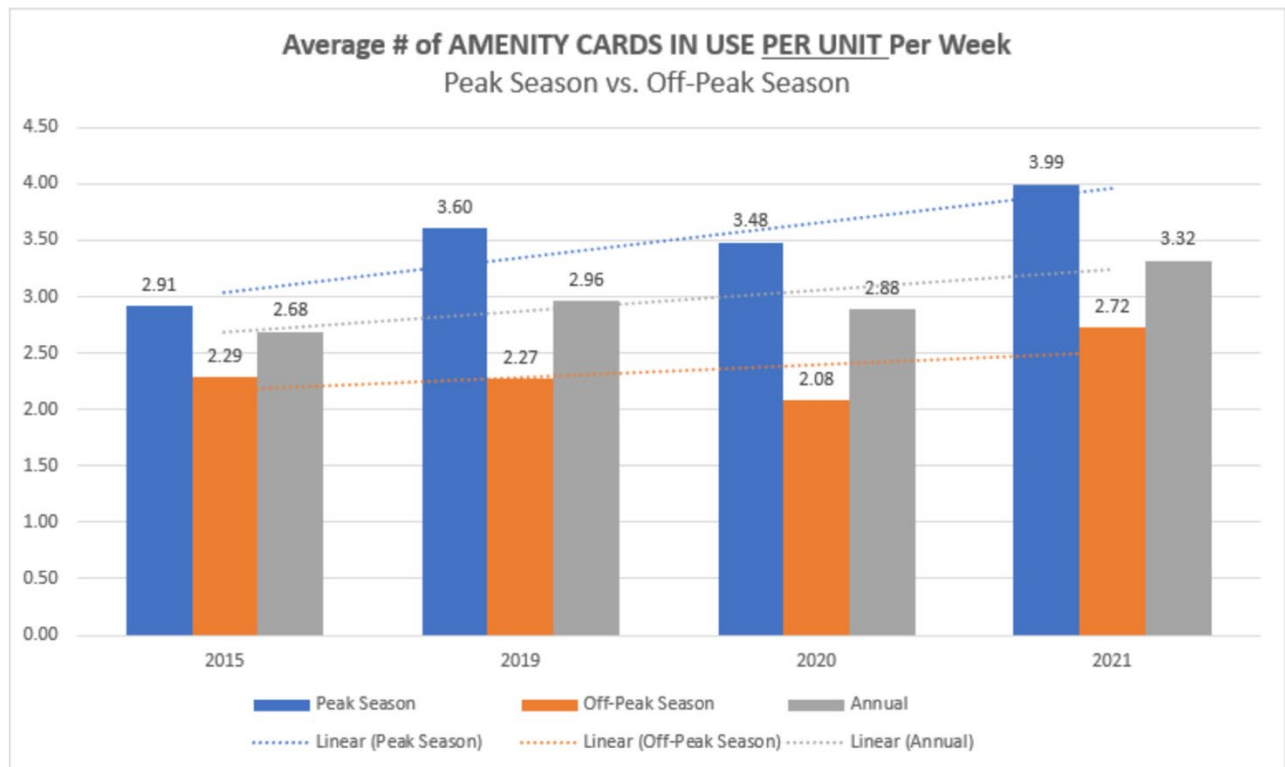
The first chart shows the average number of **amenity cards** in use per week. Data are broken down by season. In all cases, there is a general upward trend which is driven by a sizable increase in 2021. This corresponds with the policy change implemented by the Club in 2021.



The second chart shows the average number of **occupied rental properties** per week. Again, the data are broken down by season. While the data show an increase rental occupancy during the off-peak season (orange columns), the trendline for the peak season (blue columns) is flat. This data clearly show that there has been no measurable increase in the number of active rental properties during the peak (summer) period. In fact, the number of rental properties was lower each of the last 3 years than in the baseline year. This data also illustrate that the annual growth (gray columns) is being driven by growth in the off-peak season.

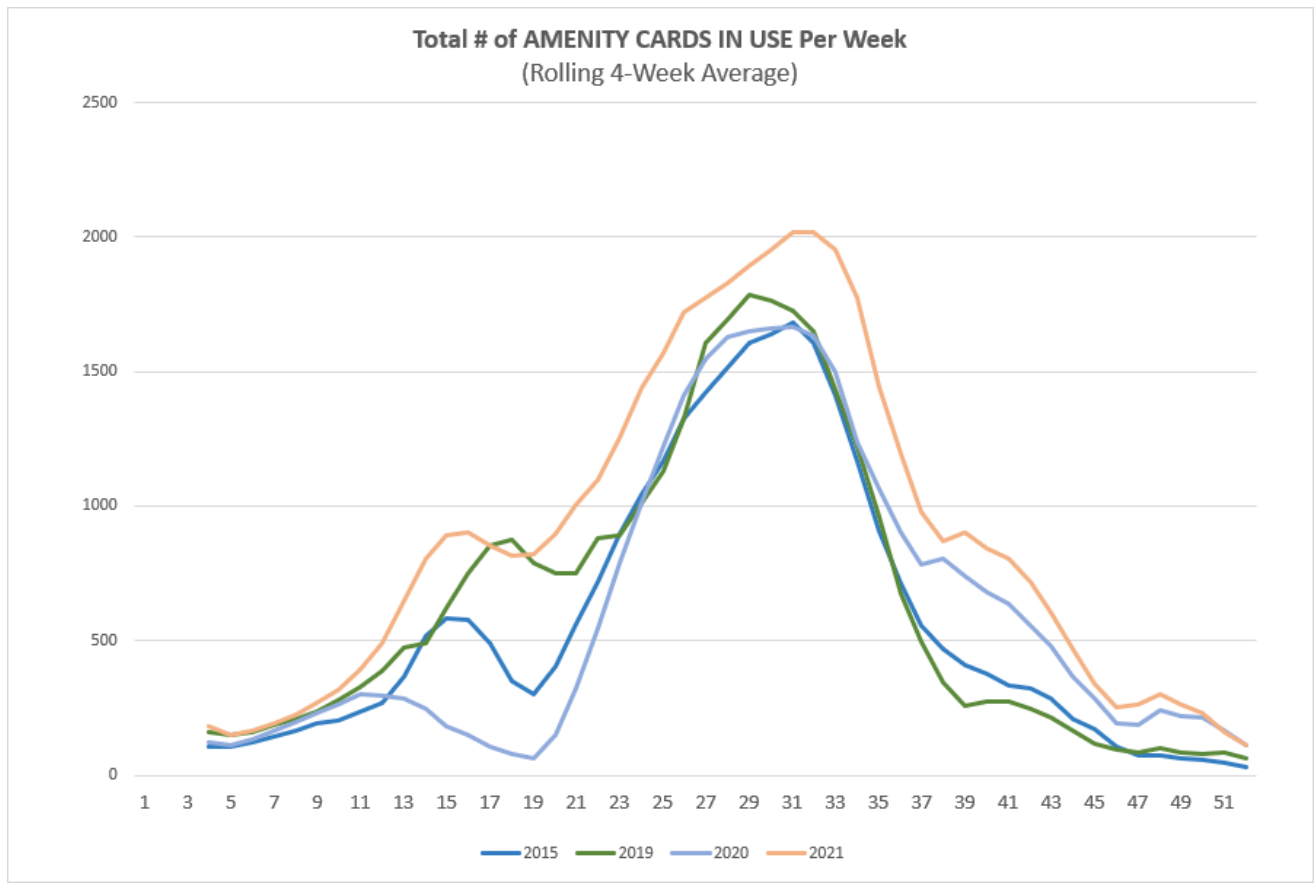


The last graph illustrates the average number of **amenity cards per unit**. The peak season, off-peak season and annual data all show a positive trend. In all three instances, there was a significant increase in 2021. This provides further documentation that recent changes implemented by the Club are impacting the total number of cards circulating on the island.



The first graph that follows shows a rolling 4-week average of the **total number** of amenity cards that were issued by the Club for rental properties (as defined by SIC). You will see that the number of amenity cards issued in 2021 was higher than the other three years. As the report noted on the bottom of page 31, this is being driven primarily by a change in SIC policy in 2021, and not a dramatic increase in the number of occupied rental properties.

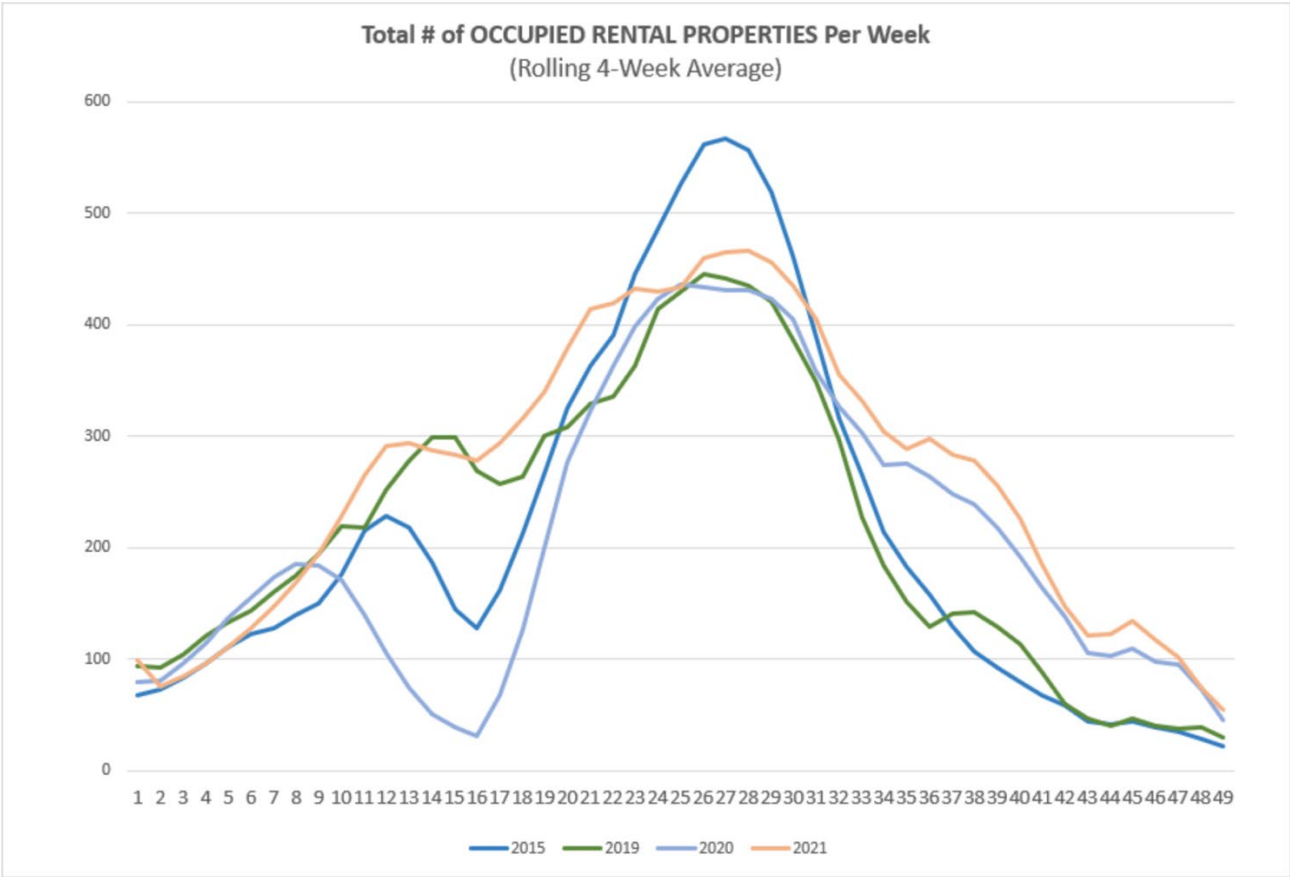
Graph #1: Amenity Cards In Use



Graph #2: Occupied Rental Properties

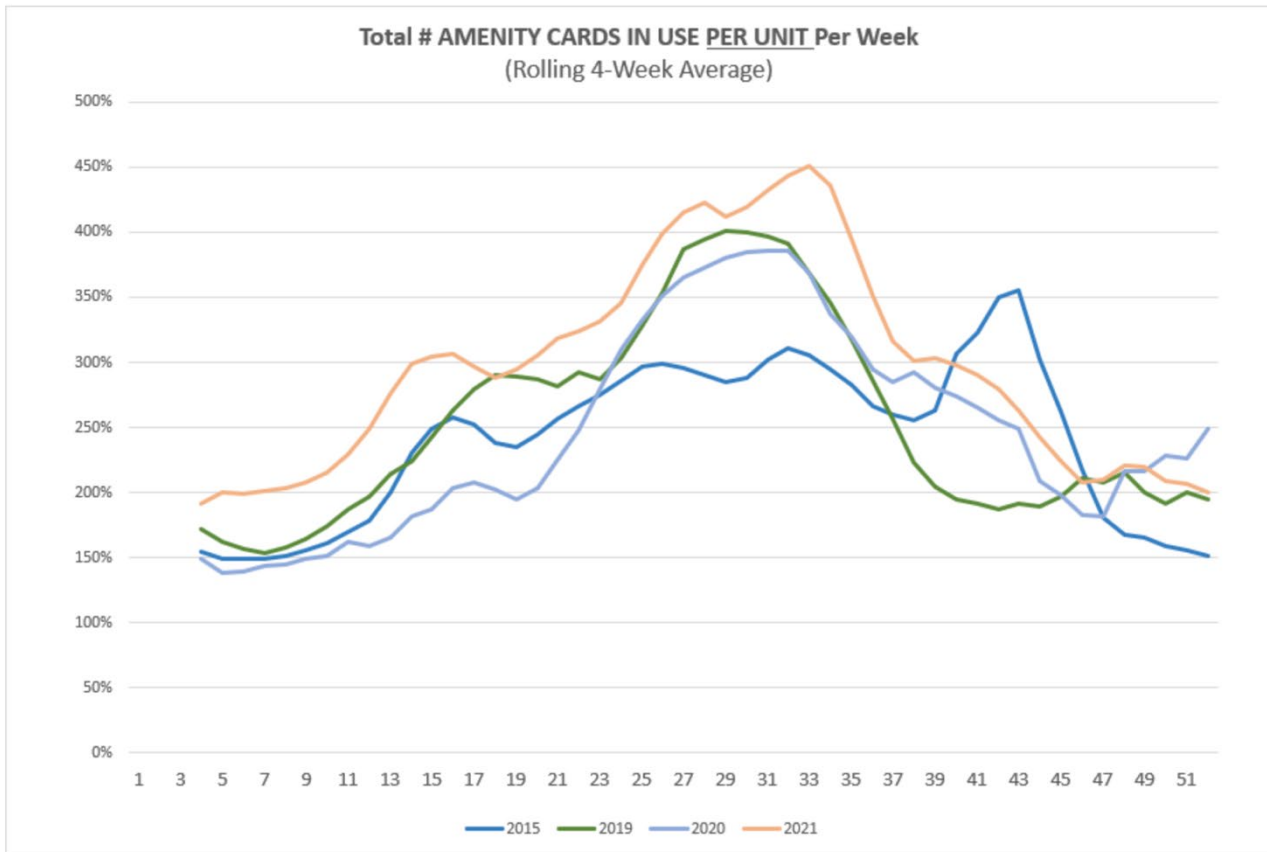
The Ad Hoc Committee received information from the Club about the number of properties that it tracks as “rental units.” Again, as the report referenced on page 30, this information is not “straightforward.” The report’s example was: If the Club issues 10 or more amenity cards for a property in a given year, it has been the Club’s policy to track that property, for its purposes, as a rental unit. Therefore, properties which are classified by the Club as “rental properties” may not necessarily be rented to short-term rental guests; and second, may not meet the definition of a rental property under Town ordinance. For example, it may just be an owner with frequent family or personal guests, charging their activities to their own credit cards. For these reasons, the Committee did not include the Club’s rental occupancy data in the report. That data, however, provide some useful context in light of recent correspondence to rebut and discredit the report.

Graph #2 shows a rolling 4-week average of the **total number** of rental properties (as defined by the Club) that were occupied in a given week.



Graph #3: Amenity Cards Per Unit

This graph shows a rolling 4-week average of the number of *amenity cards in use per unit*.



Renter Occupied Days.

Regarding pages 11-12 of the STR Report

The data presented in the report, pages 11-12, were included to illustrate the possible impact on the island’s population during the COVID-19 pandemic 2020-2021. It lacked context about the number of units managed by Coastal Getaways; the updated chart that follows shows this information.

In the Committee’s report, a chart was included showing renter-occupied days vs. owner-occupied days for all properties managed by Coastal Getaways (CG), which managed nearly 44% of all active STRs in the Town. For context, Coastal Getaways manages more rental properties in the Town than all other professional management companies combined. Using information contained in the report, the Petitioners have erroneously concluded that there has been a 52.8% increase in the average number of days that each of CG’s properties were occupied by a renter.

Town staff pulled Town license data for 2019 and 2021 to determine the total number of properties under CG’s management during each year. **Between 2019 and 2021, the number of properties under CG’s management increased by 23.2%.** This increase may have been driven by a variety of factors, including (but not limited to) service rates, quality of service, the transition of an owner-managed STR to professional management as a result of Ord. No. 2020-14, and/or the merger or acquisition of other competitors during the intervening two years.

When controlling for the number of units under CG’s management and looking instead at occupancy *per unit*, please observe the following:

1. Between 2019 and 2021, there was a 24% increase in the average number of days each unit was occupied by a renter (from approximately 4 months per year to 5 months per year).
 - Note: *This is consistent with the Club data illustrated in Chart 2 above, which showed a 24.3% increase in the average number of occupied days per unit.*
2. Between 2019 and 2021, the average number of days each unit was occupied by the owner was relatively unchanged (about 2 months).
3. In both cases, the average unit was unoccupied – presumably vacant – for 5-6 months out of the year.

Coastal Getaways

Year	Properties Managed	Renter Occ Days	Renter Occ Days/Unit	Owner Occ Days	Owner Occ Days/Unit
2019	185	22,135	119.6	12,642	68.3
2021	228	33,826	148.4	15,677	68.8
% Change	23.2%	52.8%	24.0%	24.0%	0.6%

A few observations for this Supplement to the STR Report:

1. The data provided by CG is consistent with the data shared by the Club.
2. While the number of STRs is neither “exploding,” “increasing exponentially,” or experiencing “uncontrolled growth,” as evidenced from just about every measure the Committee reviewed, the data indicate that existing STRs were being rented *more frequently* over the last two years than they have been in the immediate past. Given the number of people working or learning remotely over the last two years, it is reasonable to consider the impact of the pandemic on that change.
3. A cap on the number of STRs operating within the Town, as requested by the Petitioners, may limit the number of *properties* which may be rented, but it will do nothing to reduce or address what the data show actually may be happening, which is that some properties are being rented *more often*. That does not increase the number of people on the island week-to-week, but only over the duration of the year.
4. **The Committee stands by its conclusion (#1 in the report) that it is too early to know if this phenomenon is temporary or here to stay. Thus, it would be unwise to make significant policy decisions under that uncertainty.**