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Client Alert: Short-Term Rental Permit Transfer Process Restricted After North Charleston City Council Vote

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MEDIA CONTACT

Wendy M. Byrne
wbyrne@shumaker.com

On July 16, 2026, the City Council in North Charleston, SC voted to remove a proposed provision that would have allowed short-term rental (STR) permits to transfer to new owners for an additional $1,000 fee, leaving in place the current rule that permits do not carry over after a sale. Because the North Charleston city government caps STRs at 60 permits in each of its 10 council districts, and Districts 8 and 10 already exceed the cap, purchasers of permitted properties in those districts may be required to apply and wait until the number of rentals falls below the cap, creating uncertain durations of waiting time. The City Council's decision came amidst neighboring communities' examination of STR caps to address "tourism, quality of life and property values" in the Charleston area, such as Folly Beach.

For real property managers, the decision makes permit status, district caps, and ownership structure key diligence items before acquiring additional STR properties in the North Charleston city limits. Managers should not assume that an existing STR permit will remain available after closing, and properties operating without permits may face compliance attention because the city has identified increasing efforts to circumvent the cap and has a compliance enforcement officer working to bring illegal operators into compliance.

Applying the new policy to owners of personal investment properties utilized as STRs, the practical effect of the City Council's decision is reduced transfer value where a buyer cannot rely on continued STR use after acquisition. Owners should also exercise caution with LLC-based sale structures as the city specifically sought to address LLC transfers being used as a loophole to prevent the city from being notified about the sale. Moving forward, owners and managers may want to plan for uncertainty, verify whether the property is in an over-cap district, and evaluate whether a transaction still supports the expected rental economics if a new permit is delayed or unavailable.

The North Charleston decision also reflects a broader regional trend toward increased scrutiny of short-term rental activity as Charleston continues to grow in popularity as both a vacation destination and a real estate investment market. Local governments across the region have faced mounting pressure to balance tourism-driven economic benefits with concerns over housing availability, neighborhood character, traffic, and quality of life. Folly Beach has continued to debate STR density and enforcement measures, while Isle of Palms has experienced its own political battles over rental regulations. In 2023, Isle of Palms voters ultimately rejected a proposal to cap the number of STR permits, but the closely watched debate underscored the intensity of community concerns regarding the future role of vacation rentals in residential neighborhoods. As demand for coastal vacation properties remains strong, municipalities throughout the Charleston area are increasingly examining whether existing STR regulations adequately address the challenges associated with a growing tourism economy.

Given the renewed focus on STRs in North Charleston and Folly Beach, those with rental properties should continue to monitor local government decisions in the coming months for how their STRs could be impacted by possible caps on available permits.

For questions or assistance navigating residential and commercial real estate deals or the ever-changing STR permitting process, contact Shumaker's Charleston Real Estate team.

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