

State of Texas
County of Bexar
City of San Antonio



DRAFT

Meeting Minutes

City Council B Session

City Hall Complex
105 Main Plaza
San Antonio, Texas 78205

Wednesday, April 11, 2018

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the “B” Room of the Municipal Plaza Building. City Clerk Leticia Vacek took the Roll Call noting the following Councilmembers present:

PRESENT: 11 - Mayor Nirenberg, Treviño, Shaw, Viagran, Saldaña, Gonzales, Brockhouse, Sandoval, Pelaez, Courage, and Perry

The City Council wished Mayor Nirenberg a Happy Birthday.

1. Briefing on an Ordinance amending Chapter 16, Licenses and Business Regulations, and Chapter 35, Unified Development Code, of the City Code of San Antonio, Texas, relating to Short Term Rentals. [Roderick Sanchez, Assistant City Manager; Michael Shannon, Director, Development Services]

Deputy City Manager Erik Walsh stated that the proposed Short Term Rental (STR) Ordinance was the result of a Council Consideration Request (CCR) from former Councilmember Gallagher to review similar Ordinances in other cities, research the remittance of Hotel Occupancy Taxes (HOT), and review options for permitting processes. He noted that the Development Services Department (DSD) created a Task Force comprised of STR Operators, Neighborhood Association Leaders, Real Estate Professionals, and Hotel and Apartment Associations to provide input throughout the process. He stated

that proposed Ordinance was intended to balance the rights of STR property owners with the character of existing neighborhoods. He noted that the recommendations of the Board of Adjustment, Planning Commission, and Zoning Commission were incorporated.

Michael Shannon stated that there were no State or Local Regulations specific to STRs. He provided an overview of the history of the proposed Ordinance including Stakeholder and Task Force Meetings. He stated that studies indicated that STRs protect or increase property values in their area. He noted that local data indicated no safety differences between areas with and without STRs. He reviewed STR Ordinances in other cities and noted wide variations between regulations in terms of registration, inspections, insurance, enforcement, and categorization. He noted that STRs were required to pay HOT at the current rate of 16.75% between the City, State, County, and Convention Center. He provided an overview of the proposed Ordinance to include regulation and permitting through DSD and two types of STRs: (1) Type 1 as Hosted Sharing as owner or lessee-occupied and allowed by right in Residential & Commercial Zones; and (2) Type 2 as non-owner or lessee-occupied, allowed with special exception in Residential Zones, and allowed by right in Commercial Zones.

Mr. Shannon reviewed Special Exception procedures and stated that they could only be approved by the Board of Adjustment. He noted that Special Exceptions were not permanently tied to the property, could expire with change of ownership, could be limited to a certain time period, could require a renewal process, could have conditions placed on use, and required a public input process. He stated that public concern included whether STRs could overtake an entire neighborhood and suggested that density requirements for Type 2 Units be imposed to avoid same. He noted that a minimum of one parking space per Type 2 Unit was proposed. He stated that three violations or disturbances within six months would result in revocation of permits. He provided an overview of permitting requirements and application fees. He proposed an initial registration fee of \$200, a 3-year or change-of-ownership renewal fee of \$100, a re-inspection fee for failed inspections of \$51.50, and a Special Exception fee for Board of Adjustment decisions of \$400.

Mr. Shannon reviewed staffing and resource needs for fee collections and proper regulation. He stated that the Development Services Department would require an Inspector, Code Enforcement Officer, Senior Planner, and Senior Specialist. He noted that the Finance Department would require a Senior Compliance Analyst, Collections Specialist, and potentially outsourced Contractual Services support. He noted that the estimated permitting program cost across three years would result in net losses of \$29,000, \$237,000, and \$244,000 to be subsidized by the DSD Enterprise or General Funds. He stated that HOT revenues and expenditures were estimated to be equal resulting in no net loss or gain. He reviewed alternative options including self-certification, allowance of STRs by right in all cases, more frequent renewals, and limitation of Type 2 to Commercial Zoning Districts.

He recommended that the Ordinance as proposed be forwarded to City Council for final consideration.

Mayor Nirenberg thanked all who provided input during the feedback process and noted the importance of maintaining the integrity of neighborhoods.

Councilmember Treviño discussed the importance of neighborhood integrity and legal clarity. He proposed amendments including the addition of Bed and Breakfasts to Type 2, changing density measurements from linear to proportional, prohibition of units funded with City Development Incentives, and prohibition of event uses. He asked for more time to discuss potential amendments with Councilmembers.

Councilmember Viagran expressed pride in the level of community engagement regarding STRs. She suggested opportunities for legacy homeowners to exempt or reduce permitting fees in cases of financial need. She asked how many STRs were currently registered with DSD. Mr. Shannon replied there were 290. Councilmember Viagran asked of workload increases for the Board of Adjustment due to potential Special Exception Cases. Mr. Shannon replied that additional staff would be needed to provide support and agendas may need to be restructured. Councilmember Viagran asked if online STR marketplaces paid HOT. Mr. Shannon replied that AirBnB paid the State's portion of HOT but other portions were not collected. Councilmember Viagran asked for a Type 1 exemption from publishing floor plans and asked of the classification of multi-family units. Mr. Shannon replied that if the multi-family unit was not a homestead; it was classified as a Type 2 Unit. Councilmember Viagran expressed the importance of maintaining neighborhood integrity in vulnerable areas.

Councilmember Pelaez asked if STRs or neighborhood integrity were mentioned in the SATomorrow Plan in terms of restrictions. Mr. Shannon replied that they were not. Councilmember Pelaez expressed concern that the proposed STR Regulations were unconstitutional and stated that he did not support them.

Councilmember Gonzales asked of the origins of the CCR. Mr. Shannon replied it stemmed from constituent concerns regarding the operation of STRs in their neighborhoods. Councilmember Gonzales asked of anticipated Legislative Session items related to STRs. Jeff Coyle replied that they did not know of upcoming session items but in the previous session a Bill limiting local control made it through the Texas Senate before it failed in the House of Representatives. Councilmember Gonzales expressed support for investment in vacant properties but expressed concern that regulation would be harmful to property owners.

Councilmember Courage expressed concern that Type 2 STRs would undermine the

integrity of long-time owner-occupied residential neighborhoods. He expressed support for Owner-Occupied STRs.

Councilmember Saldaña asked for more time to consider an Ordinance for STRs and expressed the importance of listening to Councilmembers whose Districts were most affected by them.

Councilmember Sandoval suggested different types of regulations for different areas. She expressed concern with STRs driving up property values for residents.

Councilmember Brockhouse stated he did not support the proposed Ordinance due to property rights concerns and existing Codes and Ordinances to regulate common STR-related issues. He asked that processes for permitting be offered online and that current operators be grandfathered.

Councilmember Perry asked if an Ordinance existed requiring STR operators to pay HOT. Mr. Shannon replied that regulations existed at the State and Local Level. Councilmember Perry asked how the proposed Ordinance would improve the HOT payment rate. Mr. Shannon replied that the permit requirement would incentivize compliance. Councilmember Perry expressed concern that State Legislation would negate local efforts to enact an Ordinance and suggested amendments for self-inspection and fee reductions.

Councilmember Shaw expressed concern with violating property rights and harming legacy homeowners with regulations. He expressed support for working with online STR marketplaces to enforce HOT collection. He asked if deed restrictions could mandate land use. Susan Guinn replied that they could. Councilmember Shaw asked if different regulations could be imposed for different areas. Ms. Guinn replied that State Law allowed regulation differences between Zoning District Types but not for broad areas such as Council Districts.

Councilmember Sandoval asked of increased time commitment for the Board of Adjustment. Mr. Shannon replied three to four hours bimonthly. Councilmember Sandoval asked for consideration of future time burdens if an Ordinance was passed and for different options for different areas that would be allowable under State Law.

Mayor Nirenberg thanked staff for the presentation and asked that the issue return to the Governance Council Committee following additional input from Councilmembers.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 4:38 pm to discuss the following:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).

RECONVENED

Mayor Nirenberg reconvened the meeting at 6:00 pm and announced that no action was taken in Executive Session.

PUBLIC HEARING

City Clerk Vacek read the caption for Item 2:

2. Public Hearing for Substantial Amendment to the Housing and Urban Development FY 2018 Budget and Action Plan to reprogram
- Community Development Block Grant Funds in an amount not to exceed \$908,000.00;
 - HOME Investment Partnerships Program Funds in an amount not to exceed \$1,820,000.00; and
 - Neighborhood Stabilization Program Funds in an amount not to exceed \$465,000.00
- to eligible activities consistent with the Five Year Consolidated Plan; authorizing the modification, close-out, and cancellation of affected projects and the creation of new projects and project budgets. [Peter Zaroni, Deputy City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services]

Mayor Nirenberg opened the Public Hearing for Substantial Amendments to the Housing and Urban Development FY 2018 Budget and Action Plan. He called upon the citizens registered to speak.

Nazirite Ruben Flores Perez spoke in support of the Substantial Amendment to assist constituents with improving their quality of life.

Lorraine Robles of the San Antonio Housing Authority spoke in support of the Substantial Amendment to complete housing projects.

Michael Taylor of Cross Timber Homes spoke in support of the Substantial Amendment to address a shortage of affordable housing for moderate-income families.

Natalie Griffith of Habitat for Humanity spoke in support of the Substantial Amendment to offset costs of land acquisition and repairs.

There being no other citizens registered to speak, Mayor Nirenberg declared the Public Hearing closed.

CITIZENS TO BE HEARD

Mayor Nirenberg called upon the citizens registered to speak.

Paul Gescheidle spoke of the history of Alamo Plaza and asked that the Cenotaph remain in place.

Lane Woods asked that the Cenotaph remain in place to honor those who died at the site.

Mark Perez expressed concern with public safety and businesses operating without the necessary permits.

Krystal Ross spoke of the History of the Alamo and asked that the Cenotaph remain in place.

Keri Hillyer spoke of the History of the Cenotaph and asked that it remain in place.

Brandon Burkhart read comments he received from Texans requesting that the Cenotaph remain in place.

James Sclafani asked that the Cenotaph remain in place to honor History.

Maggie Wright spoke of the History of the Cenotaph and asked that it remain in place.

Dr. Alma Arredondo-Lynch asked that the Cenotaph remain in place to honor those who died at the site.

Lee White asked that the Cenotaph remain in place to honor History.

Ramon Garza spoke of the diversity of those who died at the Alamo and asked that the Cenotaph remain in place.

Marty Marsolf spoke of the History of the Alamo and asked that the Cenotaph remain in place.

Joe Luna asked that the Cenotaph remain in place to honor Veterans.

Nazirite Ruben Flores Perez spoke of the importance of honoring History and neutrality in politics.

Tim Macy asked that City Council work with online STR marketplaces to collect local HOT.

Anita Ortiz Lubke spoke of her experiences operating STRs and the positive neighborhood impacts of STRs.

Bill Sandidge spoke of the History of the Cenotaph and asked that it remain in place.

Ricardo Valdez spoke of the positive development and aesthetic impact from STRs.

Rhett Smith read the remainder of Krystal Ross' prepared statement requesting that the Cenotaph remain in place.

Lamar Henry asked that the Cenotaph remain in place to honor History and expressed concern with commercialism around The Alamo.

ADJOURNMENT

There being no further discussion, Mayor Nirenberg adjourned the meeting at 7:11 pm.

APPROVED

RON NIRENBERG
MAYOR

ATTEST:

LETICIA M. VACEK, TRMC/CMC/MMC
CITY CLERK