



City of San Antonio

Agenda Memorandum

File Number: 17-6305

Agenda Item Number: 3.

Agenda Date: 11/27/2017

In Control: Planning Commission

DEPARTMENT: Development Services

DEPARTMENT HEAD: Michael Shannon, PE, CBO

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing and discussion of a City Council Request regarding short term rental regulation.

SUMMARY:

A Council Consideration Request (CCR) was sponsored by Councilman Mike Gallagher on January 26, 2017, to review current ordinances and city code procedures for short term rentals (STRs). The CCR requested a review of the following:

- 1) Research if short term rentals impact property values and neighborhood safety statistics.
 - There are some studies that we have found and the results vary.
- 2) Review how cities have updated municipal codes or ordinances to allow this industry to operate.
 - Several Texas cities have some form of STR regulation:
 - Austin, New Braunfels, Ft. Worth, Galveston, Houston are a few
- 3) Review options for registering STR's and permitting options.
- 4) Research if short term rentals should be required to remit hotel occupancy taxes "HOT"
 - "HOT" tax is required by State and City ordinance already
 - Finance already collects HOT tax from over 100 STR providers
 - The City of San Antonio's Finance Department is working on options like online registration, online payment, and agreements with platforms for tax capture at platform level.
- 5) Determine policies and procedures to enhance public safety in the short term rental industry.

The concept of renting rooms or homes on a short term basis is not new. However, new online services that facilitate short term rentals have led to a rapid proliferation of home sharing as an alternative to more traditional visitor lodging arrangements in San Antonio. There are different types of short term rentals: (1) hosted sharing, where the primary occupants of a residence remain on-site with guests; (2) un-hosted sharing, where the primary occupants of a residence vacate the unit while it is rented to short-term guests. This trend has initiated debates about whether or not new regulatory or enforcement mechanisms are necessary to mitigate potential effects on neighborhoods within San Antonio.

BACKGROUND INFORMATION:

There is no current state or local regulation for short term rentals (excluding Bed & Breakfast, UDC Sec. 35

A101, 35-374). However, Senate Bill 451 was introduced February 6, 2017, at the 85th Legislature proposing to limit a municipality's ability to regulate short term rentals through zoning unless a demonstration of life, health, and safety is made. SB451 was heard at the Senate Business and Commerce Committee in Austin on March 14th. At that committee meeting, seven (7) Texas Cities registered opposition to the bill. At the Texas Legislature, between April - May 2017, House Bill 2551 was considered at the Urban Affairs committee and Senate Bill 451 passed a Senate vote and was sent to the House for consideration but failed to pass. HB2551 & SB451 would have dictated a municipality's ability to regulate STR's. Our proposed ordinance was developed within the framework of HB2551 & SB451. At the Texas Legislature's special session, between July 2017 - August 2017, House Bill 188 and Senate Bill 12 were considered to "super vest" properties from City use ordinances, similar to the proposed STR ordinance. These bills did not pass.

Meetings, Short Term Rental (STR) Taskforce, and General Meetings

➤ **Meetings**

Initially, the proposed ordinance was developed within the framework of HB188 and SB451 with the intent of taking the ordinance to City Council in May. Public meetings were held on March 20, 2017, and March 27, 2017, to discuss the proposed ordinance with the public and STR operators. Based on the March meetings the Development Services Department created a Short Term Rental (STR) Taskforce and extended the timeline.

➤ **Short Term Rental (STR) Taskforce**

The taskforce is comprised of short term rental operators, neighborhood association leaders and, members of the hotel industry. The Department established a webpage to provide information on the process along with meeting dates; all meetings were open to the public. Nine Task Force meetings were held during the months of April 19, 2017 -November 15, 2017.

➤ **General Meetings**

Additionally, meetings were scheduled so that those not serving on the taskforce had an opportunity to provide feedback on the Task Force progress. During the meetings main points of discussion consisted of neighborhood integrity and character, safety, and notification. Five general meetings were held during the months of July 11, 2017 - November 14, 2017.

Next Steps:

- November 13, 2017 - Planning Commission Briefing
- November 27, 2017 - Planning Commission Technical Advisory Committee (PCTAC) for Ch. 35 changes
- December 5, 2017 - Zoning Commission Briefing
- December 13, 2017 - Planning Commission Consideration
- December 2017 - Building Related and Fire Codes Appeals and Advisory Board, subcommittees Briefings
- December 4, 2017 - Board of Adjustment Briefing
- December 15, 2017 - Zoning Commission Consideration
- December 18, 2017 - Board of Adjustment Consideration
- January 25, 2018 - Community Health & Equity
- February 1, 2018 - City Council for consideration

ALTERNATIVES:

The City could elect to forego establishing regulations for short term rentals and allow the short term rental industry to regulate itself without a regulatory or enforcement mechanism necessary to mitigate potential

effects on neighborhoods within San Antonio.

RECOMMENDATION:

Home-sharing and vacation rental services are growing trends that show no sign of slowing down. Practically speaking, the key is making regulations that are clear, easily enforced, and encourage residents or landlords to participate. Based on discussions held during the STR Taskforce meetings Development Services recommends the following:

- A. Permit process to include an application that requires:
 - 1. Registration with Finance for the hotel occupancy tax roll,
 - 2. Minimum insurance
 - 3. A site plan of property (including parking layout and floorplan),
- B. Fees:
 - 1. Initial and annual fees to cover the cost of permitting, inspections, application fees
 - 2. Mirror the majority of cities in the US by requiring all short term rentals to register. This would provide for a clear distinction and no room for potential misinterpretations.
- C. Amendments to Chapter 16 *Licensing*; Article III *Supplemental Use Regulations*, and Article IV *Procedures* within the Unified Development Code (UDC)
- D. Assessing fines for anyone operating without a permit, possibly daily, and identifying a waiting period from date of finding to become eligible to register for another permit.
- E. The city attorney may petition a district court or a county court at law for civil penalties and for injunctive relief to restrain the continuing operation of a facility that is providing services inconsistent with those prescribed by this article and state law until such time as said facility meets the requirements to obtain a permit under this article.