



# City of San Antonio

## Agenda Memorandum

**File Number:**18-4181

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**Agenda Item Number:** 1.

**Agenda Date:** 7/11/2018

**In Control:** Planning Commission

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**DEPARTMENT:** Development Services

**DEPARTMENT HEAD:** Michael Shannon, PE, CBO

**COUNCIL DISTRICTS IMPACTED:** All

### **SUBJECT:**

Proposed Short Term Rental Ordinance

### **SUMMARY:**

This item is to provide the Board with a briefing on the proposed changes to the Short Term Rental Ordinance based upon feedback provided by City Council at the April 11, 2018, B-Session briefing.

### **BACKGROUND INFORMATION:**

A Council Consideration Request (CCR) was sponsored by former Councilman Mike Gallagher on January 26, 2017, to review current ordinances and city code procedures for short term rentals. With direction from the Governance Committee on March 22, 2017, the Development Services Department (DSD) facilitated an extensive public meeting and stakeholder input process to develop a proposed ordinance that creates the registration, inspections, and special exception process of short term rentals (STRs) in the City. The ordinance was discussed at a number of task force meetings, general meetings, individual meetings, and neighborhood meetings. In addition, this item was presented for a briefing to the full City Council at B-Session on April 11, 2018, and the Council provided feedback relating to modifications and clarifications that they would like to see included. Any proposed changes and new ordinance language related to STRs requires City Council consideration and approval.

### **ISSUE:**

There are currently no state or local regulations specific for short term rentals. San Antonio does have regulations for various dwellings and lodging-type facilities (e.g., Bed & Breakfasts; Hotels; etc.) in the Unified Development Code. However, these uses are not the same as, nor do they adequately address, issues related to a short term rental. A bed and breakfast is distinct from short term rentals as they generally imply food service, owner, or “Inn Keeper” attention during the stay in a dedicated facility, and no limitation of duration of stay. Hotels generally do not offer living, sleeping, bathing and eating accommodations equally but instead focus on sleeping and bathing with otherwise limited accommodations.

Hotel Occupancy Taxes (HOT), at a rate of 16.75% is currently required by State law and City ordinance for all stays less than 30 days. The City’s Finance Department collects the tax, including currently collecting from approximately 363 STR owners (although estimates indicate up to 1,600 STR units operating in San Antonio). The Finance Department is working on options such as online registration, online payments, and consulting services for STR monitoring and compliance to assist in the collection process.

DSD held sixteen (16) stakeholder meetings between March and November 2017. The meetings were attended by a stakeholders group comprised of neighborhood representatives, citizens, STR providers, STR platform representatives, and Industry associations (San Antonio Hotel Lodging Association, San Antonio Apartment Association, and Real Estate Council of San Antonio). The stakeholder meetings discussed current issues related to STRs, HOT requirements, comparisons of regulations from other cities, and current state and local ordinances. We also created a STR Task Force of twenty-four (24) volunteers and industry representatives to examine the draft ordinance which met nine (9) times and reviewed, debated issues, and made recommended changes to the draft ordinance.

Based on the research and final recommendations from the Task Force, DSD proposed an ordinance to the City Council at the April 11, 2018, B-Session that sought to address the elements of the CCR. The Council provided feedback, and that feedback, in consultation with both District 1 and the Mayor’s Office, has been incorporated into the modified proposal.

The modified proposed ordinance continues to allow for balanced regulation of STRs that will help minimize potential negative impacts to the quality of life of neighborhoods and support the demand for the short term rental industry.

The changes proposed are as follows:

<b>Draft Presented to City Council B-Session April 11, 2018</b>	<b>Council-Revised Draft</b>
<b>Density/Special Exceptions</b>	
Required all Type 2 STRs in Residential Districts to apply for a Special Exception from the Board of Adjustment	Allows Type 2 STRs by right in all districts but sets density limitations. Once density limitations are met, any additional Type 2 STRs would require a special exception. 1. In Residential Districts, no more than 20% of the blockface 2. In Historic Districts, no more than 12.5% of the blockface 3. In Multi-family buildings with 1 to 7 units, 1 Type 2 STR 4. In Multi-family buildings with 8 or more units, 12.5% of the units
<b>Bed and Breakfasts</b>	
	Includes established bed and breakfasts in the density calculations.

<b>City Housing Incentives</b>	
No mention of City Housing Incentives	1. Adds a definition of “City Housing Incentive” 2. Adds language stating that any property that received a City Housing Incentive is ineligible to receive a permit for an STR.
<b>Event and Other Uses</b>	
Not specified	Added language that states that STR operators cannot provide food and beverage service, or event spaces (such as for weddings, parties, or meetings).
<b>Fees</b>	
Initial Registration Fee: \$200.00 Renewal Fee (every three years): \$100.00	Initial Registration Fee: \$100.00 Renewal Fee (every three years): \$100.00
<b>Streamlining of Process</b>	
Required an initial city inspection of all safety and other requirements in the ordinance.	Allows a self-certification from the STR applicant of all safety and other requirements in the ordinance and specifies that inspections would be conducted upon suspicion or complaint, in compliance with established code enforcement procedures.
<b>Clarifications</b>	
No specific language.	Added language that clarifies that all individual units require a separate STR permit. Also added language that states that one accessory dwelling unit (like a granny flat, garage apartment, or half a duplex) under common ownership as a Type 1 STR can also be considered a Type 1 STR.
Required permit application be made “in writing.”	Added language to specifically state that an application can be made electronically or in writing to facilitate the electronic permit process.
Used the term “but” when stating that a 1 square foot identifying nameplate was allowed for a Type 2 STR.	Added clarifying language that specifically states that a Type 2 STR can have a 1 square foot identifying nameplate.

## RECOMMENDATION:

No recommendation. This is a briefing item only.