



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 3

**Agenda Date:** June 13, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Development Services Department

**DEPARTMENT HEAD:** Michael Shannon

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Ordinance updating Chapter 16 of the Municipal Code, Licenses and Business Regulations, Article XXII Short Term Rentals.

**SUMMARY:**

Ordinance approving amendments to Chapter 16 of the Municipal Code, Licenses and Business Regulations, Article XXII Short Term Rentals.

**BACKGROUND INFORMATION:**

The San Antonio City Council adopted the Short Term Rental (STR) ordinance on November 1, 2018. The original ordinance established regulations to allow for the safe operation of short term rentals throughout the City, while protecting the integrity of neighborhoods. As of April 16, 2024, there are currently 2,954 active short term rental permits. Of these, 698 are Type 1 (24%) and 2,256 are Type 2 (76%). Currently, it is believed that approximately 1,100 STRs are operating without a permit resulting in a permit compliance rate is 73%.

In November 2023, the Planning and Community Development Committee (PCDC) directed Development Services Department to convene a task force to review and propose enhancements to the existing ordinance. Specifically, PCDC identified seven focus areas for the task force to

review:

1. Permit compliance
2. Hotel Occupancy Tax (HOT) compliance
3. Enforcement and violation strategies
4. Events and party violations
5. Permit fees
6. LLC vs individual property owner regulations
7. Platform obligations

The task force consisted of 24 voting members, plus alternates. City Council offices were invited to appoint neighborhood leaders to represent their districts and the balance of the task force was comprised of representatives from the San Antonio Short Term Rental Association, San Antonio Apartment Association, AirBnB, Expedia Group (VRBO), short term rental operators, as well as the Texas Organizing Project, and housing advocates.

## **ISSUE:**

The City's current STR ordinance strikes a reasonable balance between protecting the rights of property owners to operate Short-Term Rentals and the need to protect affordable housing stock in San Antonio. Through a four-month long review process, the STR task force met six times to study these focus areas listed above. The task force logged 1,549 hours of volunteer time and 235 hours of staff time to generate the proposed enhancements. The task force's recommended enhancements are intended to streamline the permitting and administration of the ordinance, increase overall permit and HOT compliance, and provide more tools for nuisance abatement.

The following enhancements to the City's current STR ordinance were developed by the STR task force to address the focus areas outlined by PCDC.

1. Permit compliance
  - Mandate that platforms remove listings without a legitimate permit number
  - Apply a one year penalty on subsequent applications for providing false/misleading information
  - Hotel Occupancy Tax (HOT) compliance - Mandate that platforms remit HOT to the City directly, on a monthly basis
2. Enforcement and violation strategies
  - Add required quiet hours' notice to all guests at STR's
  - Create alternative paths in addition to existing criminal enforcement to bring properties into compliance including:
    - Require a Compliance Meeting with the Director of Development Services for confirmed violators
    - Civil Enforcement (Injunctions in District Court)
    - Administrative Hearing Officer adjudication
    - Expanded window for citations to accrue which will result in permit revocation from six months to three years
3. Events and party violations

- Clarify that the max occupancy for an STR is calculated in accordance with the San Antonio Property Maintenance Code and the number of guests present at an STR property must not exceed those approved in the original permit
- Compliance Meeting with the Director intended to solve “numerous complaints or complaints of a habitual nature”

#### 4. Permit fees

- Increase permit fees from \$100 to \$300 for a three-year permit

#### 5. LLC vs individual property owners

- Allow owners to change designated operator without reapplying for a permit

#### 6. Platform obligations

- Mandate that platforms remove listings without a legitimate permit number
- Mandate that platforms remit HOT to the City directly, on a monthly basis

At their April 25, 2024 meeting, the PCDC considered these amendments and approved moving them to full City Council for consideration with one modification. PCDC recommended that the fee for Type 2 STR’s be increased further to \$325 per year (\$975 for a three year permit). All other recommendations from the STR task force were recommended for approval by PCDC.

### **ALTERNATIVES:**

The City Council may choose to adopt changes to the STR ordinance, with the fee increased as proposed by PCDC, which would increase the fee from \$100 to \$975. The City Council could also choose to keep the current ordinance without changes.

### **FISCAL IMPACT:**

This ordinance proposes fee changes. Currently, the department charges \$100.00 for an STR permit which generates \$184,000 in revenue annually. The permit is valid for three years with an option to renew for an additional three years for a \$100.00 fee. The existing fee does not recover costs to administer the STR ordinance.

This ordinance authorizes amendments to Chapter 16 of the Municipal Code, Licenses and Business Regulations, Article XXII Short Term Rentals. These amendments include a fee increase for both Type 1 and 2 Short-Term Rental \$100 to \$300 for a three-year permit. This is anticipated to generate a total of \$350,010.00 in additional revenue. All revenue generated from this fee structure will be deposited into the Development Services Fund.

### **RECOMMENDATION:**

Staff recommends City Council adopt the proposed amendments to the Short Term Rental ordinance. City Council may choose to adopt the increased fees recommended by the task force or by PCDC.