

# **Ordinance Update: Short Term Rentals**

**City Council – Item 3**

**June 13, 2024**



# Overview

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- Nov. 2023 – DSD provided update to PCDC on short term rentals
  - Committee requested staff to update current ordinance focusing on specific areas
- DSD coordinated a task force
  - Task Force reviewed and made recommendations to improve ordinance
- Apr. 2024 - presented proposed changes to PCDC
  - Committee recommended moving to City Council with one proposed modification tied to permit fees



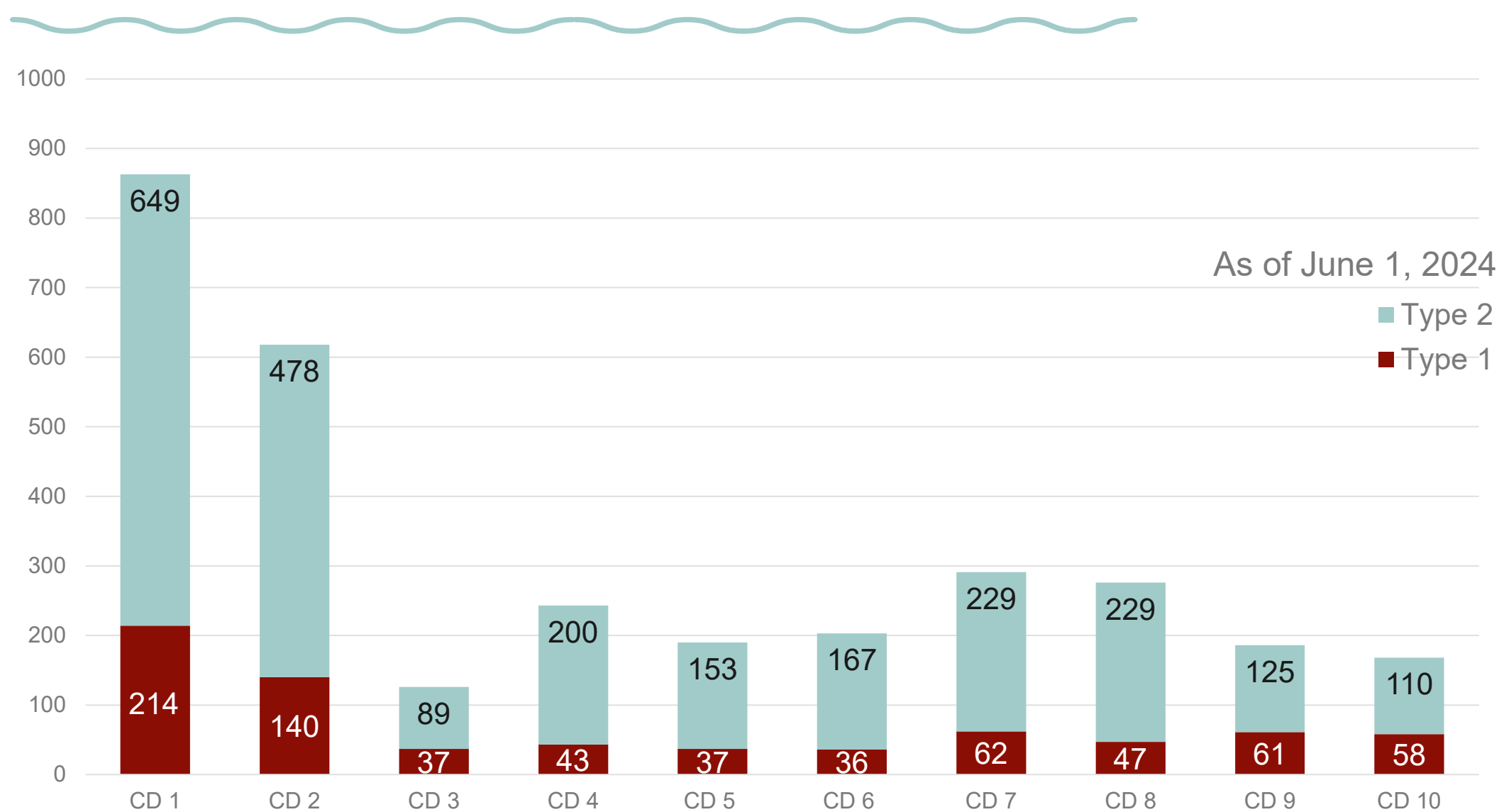
# Current STR Ordinance

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- Approved Nov. 1, 2018
- Applies to properties within San Antonio city limits
  - Rentals for under 30 days
- Requires a permit and monthly payment of Hotel Occupancy Tax (HOT)
- Types of STRs:
  - Type 1 – primary residence of owner or operator (no density cap)
  - Type 2 – property **not** occupied by owner or operator (density cap of 12.5%)
- Nontransferable permit
  - \$100 for 3-year permit
  - \$100 for permit renewal



# Active STRs by Council District





# Task Force

- 24 voting members plus alternates
- Balanced representation:
  - Neighborhood leaders
    - Appointed by each Council District Office
  - San Antonio Short Term Rental Association
  - San Antonio Apartment Association
  - AirBNB
  - VRBO (Expedia Group)
  - Texas Organizing Project
  - STR operators and/or property managers
  - Housing advocates



*Thank You!*

# Task Force Focus Areas

## Focus Areas

- Permit compliance
- Hotel Occupancy Tax (HOT) compliance
- Enforcement and violation strategies
- Events and party violations
- Permit fees
- LLC vs individual property owners
- Platform obligations



**6 meetings**



**4 months**



**1,549 volunteer hours**



**235 staff hours**

# Proposed Changes



FOCUS AREA	CURRENT	PROPOSED AMENDMENT
Permit Compliance	Criminal citations	<ul style="list-style-type: none"><li>• <b>Mandate platforms remove listings without legitimate permit number</b><ul style="list-style-type: none"><li>• Apply 1 yr. revocation penalty for misleading information</li></ul></li></ul>
HOT Compliance	Remitted monthly by individual permit holders	<ul style="list-style-type: none"><li>• <b>Mandate platforms to remit Hotel Occupancy Tax directly to City monthly</b></li></ul>
Enforcement & Violation Strategies	Permit revoked with 3 or more confirmed citations in 6-month period	<ul style="list-style-type: none"><li>• Added required “quiet” hours notice</li><li>• Enforcement options:<ul style="list-style-type: none"><li>• <b>Compliance meeting with Director</b></li><li>• Civil Enforcement through Administrative Hearing Officer</li><li>• Permit revocation window extended from 6 mos. to 3 yrs.</li></ul></li></ul>

# Proposed Changes



Focus Area	Current	Proposed Amendment
Events & Party violations	If advertised as an event or party house, revoke permit	<ul style="list-style-type: none"><li>Clarification of maximum occupancy calculation</li><li><b>Added compliance meeting with Director</b></li></ul>
LLC vs. Individual owners	Permit is not transferable to another owner or operators	<ul style="list-style-type: none"><li>Allow owners to change designated operator without reapplying for permit</li></ul>
Platform Obligations	None	<ul style="list-style-type: none"><li>Remove listing without legitimate permit information</li><li>Remit HOT to City directly monthly</li></ul>
Permit Fees	\$100 for 3 years (Both Types)	<ul style="list-style-type: none"><li><b>Task Force recommended increase to:</b><ul style="list-style-type: none"><li><b>\$300 for 3 years for Type 1 and 2</b></li></ul></li><li><b>PCDC recommended increase to:</b><ul style="list-style-type: none"><li><b>\$300 for 3 years for Type 1</b></li><li><b>\$975 for 3 years for Type 2</b></li></ul></li></ul>



# Permit Fees in Other Cities (TX)



CITY	INSPECTIONS	INITIAL FEE	RENEWAL FEE
Austin	No	\$863.80	\$490
Waco	Yes	\$250 + \$75 inspection	\$250
Corpus Christi	No	\$250	\$250
Galveston	No	\$250	\$250
Dallas	Yes	\$248	\$248
Ft. Worth	No	\$150	\$100
McAllen	No	\$100	\$100
El Paso	N/A	N/A	N/A
Houston	N/A	N/A	N/A

# Permit Fees Vs. Expenses



EXPENSES	
Current	<ul style="list-style-type: none"><li>• \$432,337 annually</li></ul>

REVENUES (PERMIT FEES)		
Current Fees (for 3 years)	<ul style="list-style-type: none"><li>• \$100</li></ul>	<ul style="list-style-type: none"><li>• \$149,985 annual estimate</li></ul>
Task Force (for 3 years)	<ul style="list-style-type: none"><li>• \$300</li></ul>	<ul style="list-style-type: none"><li>• \$450,000 annual estimate</li></ul>
PCDC (for 3 years)	<ul style="list-style-type: none"><li>• \$300 for Type 1</li><li>• \$975 for Type 2</li></ul>	<ul style="list-style-type: none"><li>• \$1,239,750 annual estimate</li></ul>

Assumes 4,500 Active Permits

# Summary

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- Proposed amendments enhance current ordinance, allowing for:
  - Increased efficiency in administration of rules and regulations
  - Provides additional regulations to:
    - Increase permit compliance
    - Increase Hotel Occupancy Tax (HOT) compliance
    - Adds more tools for nuisance abatement
    - Increases fees to cost recovery city resources



# Staff Recommendation



- Staff recommends approval of updates as proposed by the Task Force
  - Letters of support from:
    1. King William Association
    2. San Antonio Apartment Association
    3. Hotel & Lodging Association
    4. STR Association of San Antonio
    5. Neighborhood Leaders (2)
    6. Expedia Group
    7. Tier One Neighborhood Coalition
- City Council may choose to adopt the fee as proposed by the Task Force or PCDC



# THANK YOU!

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