

City of San Antonio



Minutes Planning and Community Development Committee

2023 – 2025 Council Members

Dr. Adriana Rocha Garcia, Dist. 4
Phyllis Viagran, Dist. 3 | Teri Castillo, Dist. 5
Manny Pelaez, Dist. 8 | John Courage, Dist. 9

Thursday, April 25, 2024

10:00 AM

Council Briefing Room

The Planning and Community Development Council Committee convened a regular meeting in the City Hall Council Briefing Room beginning at 10:01 AM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

Members Present: Dr. Adriana Rocha Garcia, *Chair*
Phyllis Viagran, *Member*
Teri Castillo, *Member*
Manny Pelaez, *Member*
John Courage *Member*

Members Absent: None

Approval of Minutes

1. Approval of minutes from March 28, 2024 Planning and Community Development Committee Meeting

Councilmember Castillo moved to Approve the minutes of the March 28, 2024 Planning and Community Development meeting. Councilmember Viagran seconded the motion. The motion carried by the following vote:

Aye: Rocha Garcia, Viagran, Castillo

Absent: Pelaez, Courage

Public Comment

Shelley Galbraith, President of the Short-Term Rental Association of San Antonio (STRASA) and

member of the Short Term Rental (STR) Ordinance Task Force (Task Force) ,spoke in support of Item 3.

Bianca Maldonado representing the Tier 1 Neighborhood Coalition read a letter from the Coalition in support of Item 3. Maldonado was also a member of the Task Force.

Ray Morales, resident of Council District 10 and member of the Historic Westside Residential Association (HWRA) and member of the Task Force, spoke in support of Item 3 but recommended even higher permit fees for registration of Short-Term Rentals. Morales spoke in support of Item 4.

Erin Hahn, resident of Council District 5 and research analyst with Texas Housers and member of the Task Force, spoke in support of Item 3 but recommended higher permit fees at \$325 for Type 2 and \$100 for Type 1 and an annual renewal.

Karen Fischer, a minority disabled Veteran small business owner, spoke in opposition to Item 4 and the requirement for landlords to accept vouchers because it would negatively impact her business.

Ryan Baldwin, resident of Council District 1 and President of the San Antonio Apartment Association (SAAA), spoke in opposition to Item 4 because all persons with housing vouchers already served Veterans and he recommended that voucher programs should be voluntary, rather than mandatory because they could negatively impact housing providers and create more barriers.

Leo Lhomme, an independent property owner and small business that accepted housing vouchers, commented that Opportunity Home's inspection process was taking two months and causing landlords to not want to accept them because they would lose money. He opposed adding a special program for Veterans because they were already a protected class.

Mike Rust, apartment owner and member of the SAAA and the Task Force, spoke in support of Item 3 and opposed Item 4 mandating participation in Federal voucher programs for Veterans because the voucher program needed to be improved by Opportunity Home.

Courtney Rosen, property manager, spoke in opposition to Item 4 and against requiring owners to accept vouchers because the practices of Opportunity Home were detrimental to their business.

Briefing and Possible Action on

2. Briefing and possible action on the Proactive Apartment Inspection Program (Ord. 2023-03-23- 0166). [John Peterek, Interim Assistant City Manager; Michael Shannon, Director, Development Services]

Amin Tohmaz, Deputy Director of the Development Services Department (DSD), stated that the Proactive Apartment Inspection Program had started one year ago as a result of some apartment complexes with significant issues beginning in September 2022. He noted that the goal of the Program was to incentivize good management, ensure the health, safety and welfare of residents, and increased accountability of property owners and managers. Tohmaz added that the Program applied to complexes with five or more units.

Tohmaz stated that in the past year, 22,419 inspections had been completed and 1,321 complexes

were visited. He indicated that through those inspections, they observed 7,189 violations and 6,037 were corrected within the 10-day timeframe leaving 1,152 citations, of which, 622 counted toward the Program which resulted in 24 properties enrolled in the Program. Tohmaz noted that all information was included in an online dashboard.

Tohmaz reported that 3 of those 24 complexes in the Program had already graduated from the Program. He listed the most common violations and highlighted two properties that had graduated and the actions that the property owners took to correct the issues. Tohmaz noted that the initial Program included five new positions and cost over \$300,000. He added that revenues for the Program included \$100 per unit and \$100,000 out of \$450,000 had been collected. Tohmaz added that staff recommended continuance of the Program.

Chair Rocha Garcia spoke in support of the Program and supported the transparency provided by the dashboard. She felt that the report demonstrated that the Program had been a success and she supported the continuation of the Program.

Councilmember Courage supported the Program and recommended long-term implementation but asked if all inspections were conducted by the Apartment Team suggesting that five members might not be enough. Tohmaz stated that the local area Officers performed some of the inspections. Councilmember Courage asked if the \$100 per unit was for all units or only the units in violation. Tohmaz confirmed it was for all units and the fee was for one year, however, they only paid for six months at a time, noting that the Program was intended to be paid out of the fees.

Councilmember Castillo recommended more Code Enforcement Officers for the Apartment Team to continue and expand the program and visit with residents. She noted that there were several all-bills-paid complexes that were not paying the utility bills and suggested this should be a violation because the tenants were living without utilities. Tohmaz suggested that a complex that did not pay their bills typically would have other violations anyway. Councilmember Castillo noted that the City put a lien on single family homes if the City paid for abatement of an issue and asked staff to review the option for liens against apartment complexes, particularly for repeat offenders.

Councilmember Pelaez commented on a three story complex in Council District 8 that experienced a collapse of stairs injuring tenants and thanked DSD for ensuring the complex was brought into compliance for the safety of the tenants. He noted that the complex was filled with refugees from other countries and became a newspaper story which helped educate the public about the Proactive Apartment Inspection Program.

Councilmember Viagran spoke in support of the Program and agreed that there needed to be more Code Officers. She requested a breakdown of the most common violations as well as the violations by council district.

Chair Rocha Garcia recommended that everyone look at the dashboard to learn more about the program.

The Item was for briefing only so no action was taken.

3. Briefing and possible action of amendments to Chapter 16 of the Municipal Code, Licenses and Business Regulations, Article XXII Short Term Rentals. [John Peterek,

Interim Assistant City Manager; Michael Shannon, Director, Development Services Department]

Mike Shannon, Director of Development Services Department (DSD) Said 25% of the 2,900 permits were Type 1 which were defined by the property owner living on site and Type 2 made up the rest of the permits. Shannon said the Short-Term Rental (STR) Ordinance was originally approved November 1, 2018, and included rentals for under 30 days and a fee of \$100 for an annual permit.

The Task Force included 24 voting members plus alternates with representation balanced between neighborhood leaders and industry representatives, according to Shannon. He said that the Task Force focused on Hotel Occupancy Tax (HOT) and permit compliance, event/party violations, review of permit fees, different rules for businesses versus single owners.

Shannon said the new proposal would require the online platform that advertised the STR property to remove the listing if the property did not have a current permit and the platform would collect and remit the HOT to the City on a monthly basis. Properties would be required to post notice of quiet hours and maximum occupancy so guests would know the rules. According to Shannon, the proposed policy set levels of compliance beginning with a meeting with the Director of DSD, to Administrative Hearing, and permit revocation from 6 months to 3 years. The Task Force recommended increasing the permit fees to recover costs from \$100 to \$300 every 3 years and the fee would be the same for both types of STR.

The Board of Adjustments recommended approval of the Task Force's recommendations and Shannon recommended the City Council adopt the Code updates.

Chair Rocha Garcia thanked the Task Force and the staff for their work developing the recommendations. She requested a comparison of peer cities' fees. Shannon said the proposed fee was on the lower end and some collected annually but he did not recommend annual fees because it would increase staff costs and the amounts recommended were based on a cost-recovery model. Chair Rocha Garcia requested a budget update at 1 year to ensure the fees were sufficient.

Councilmember Castillo commented that SHR were destabilizing for neighborhoods and often negatively impacted local residents by reducing supply of housing and increasing long term lease rates for renters. She commented that even with the increase in fees, it was still too low and recommended a higher fee for Type 2 STR at \$325 per year.

Councilmember Pelaez noted that there were competing interests between people needing low long-term leases and there were also small businesses that had invested in the STR industry to make a living for their families. He commented that the policy recommendation fell within the boundaries of the authority of the City Council as included in the City Charter. Councilmember Pelaez stated that State Law gave people the right to quiet enjoyment of their property and encouraged enforcement of noise Ordinances.

Councilmember Viagran supported the staff and Task Force's recommendation and suggested returning to the Type 2 fee discussion to the Task Force for further analysis as the industry involved. She asked whether we could charge Type 2 a different fee than Type 1's. Shannon stated that it was allowable to have them at different amounts but that was not the recommendation. Councilmember Viagran recommended a higher permit fee for Type 2 STRs. She expressed

concern with parking on the street and traffic for the Type 2 STRs, noting that large events could encourage overcrowding.

Chair Rocha Garcia asked if there was a difference between private equity out of town investors and local small businesses. Shannon stated that the department knew who the owners were and their addresses and could provide the breakdown. Chair Rocha Garcia asked about the basis for the fees. Shannon clarified that fees were typically cost recovery based. Assistant City Attorney, Matthew Morton, stated that charging more than costs would turn the fee into a tax.

Councilmember Courage noted that over the years, DSD collected revenues that it did not spend and asked of the difference of this fee and supported the fee as long as it went back into the operations of DSD. Shannon stated that DSD was an Enterprise Fund that paid for operations and had a three-month emergency fund and a capital Budget to help pay for the building noting that when more permits were requested, the additional fees were used to hire more staff to manage the Program.

Councilmember Courage asked how the inspection services were conducted and recommended a higher fee that could help pay Code Officers to check on those loud parties and event violations often seen at Type 2 properties. Shannon stated that a company was hired to ensure the HOT was collected.

Councilmember Courage noted that STR permits was an authorization of a business to set up in a residential area so there should be a cost. Shannon offered that the increase was to cover the currently approved and budgeted resources.

Councilmember Castillo moved to increase the Type 2 STR fee to \$325 per year and Type 1 STR to \$100 per year. Councilmember Courage seconded the motion.

Councilmember Courage clarified that when large portions of a neighborhood were converted to STRs, the neighborhood's integrity was diminished and recommended limiting the numbers of units on each city block that could be operated by a Limited Liability Company or owner not living on the site.

Assistant City Attorney Jameen Williams stated that the fees could be increased but they still needed to be tied to the recovery of costs.

Councilmember Courage asked how many STRs were registered and how many Shannon suspected were not registered. Shannon stated that there were approximately 2,900 STRs permitted in the City and he estimated that there were another 1,000 operating without a permit. Councilmember Courage felt the increase in fees was justified in order to cover the increased inspection and compliance services.

Councilmember Viagran commented that the City Council could deny re-zoning requests for businesses wanting to operate STRs and recommended a discussion with the neighborhood associations regarding zoning. Shannon clarified that STRs were allowed under State property owner's rights in single family zoning and did not need to be re-zoned, however, exceeding the density requirement went through the Zoning Board of Adjustment. Councilmember Viagran

supported Councilmember Castillo's motion.

Williams explained that the fees needed to correlate with the reasonable costs associated with operating the Program so there needed to be a rationale behind the different fees between the Type 1 and the Type 2 STRs.

Chair Rocha Garcia clarified that the full City Council would still have the opportunity to vet the full proposal even if the Committee recommended changes.

Councilmember Castillo suggested that there would be plenty of costs that could be associated with the STRs to justify the increased permit fee.

Councilmember Courage recommended including the fee within the discussion of the Budget so staff would have time to develop the new expenditure and staffing requirements for extended compliance review.

Councilmember Courage moved to forward the staff recommendations to the full City Council except for the permit fees, essentially requesting a delay of the approval of the fees. The motion was not seconded.

Councilmember Castillo moved to forward the staff recommendations to the full City Council but that permit fees would be \$325 per year for Type 2 STRs and \$100 per year for Type 1 STRs. Councilmember Courage seconded the motion. The motion carried by the following vote:

Aye: Rocha Garcia, Viagran, Castillo, Courage
Absent: Pelaez

4. Briefing and possible action on Source of Income Protections in Rental Properties for Veterans. [Lori Houston, Assistant City Manager; Veronica Garcia, Director, Neighborhood and Housing Services]

Veronica Gonzalez, Assistant Director for Neighborhood and Housing Services Department (NHSD) provided an overview of Source of Income (SOI) protections which ensured that current or prospective renters had access to housing regardless of their lawful income source such as child support, alimony, government administered income like housing vouchers, social security, or disability payments. These protections were most often used regarding people who received Housing Choice Vouchers, Section 8, and Veteran's Affairs Supportive Housing (VAASH) according to Gonzalez.

Laws in the State of Texas allowed cities to include SOI protections in any properties that received City incentives and adopt SOI protections in all properties within the City limits for Veterans only. However, Texas cities could not adopt citywide SOI protections for every person, in every property. In addition, the City of San Antonio's Non-Discrimination Ordinance protected renters from discrimination based on their race, color, religion, sex, sexual orientation, gender identity, disability, familial status, national origin, age or Veteran status.

According to Gonzalez, other community efforts also provided protections. She stated that the

Strategic Housing Implementation Plan (SHIP) included strategies to increase awareness of renter and housing provider rights and responsibilities as well as increased access to more properties for people who use vouchers.

The Tenants' Rights Resolution affirmed the rights of renters to live in safe, decent, and quality housing; to live free of retaliation and discrimination and to exercise their rights under local, State, and Federal Laws. RentWise SA, was a Rights & Responsibilities Campaign for renters and housing providers to increase awareness of local, State, and Federal protections. Gonzalez reported that the Spanish version of the RentWise video had 21,000 views and was a huge success.

Gonzalez reported that there were 159,000 Veterans in San Antonio and 506 held Veterans Affairs Supportive Housing (VASH) Vouchers while only 176 held Housing Choice Vouchers. She noted that the Voucher Program was a Federal program managed by Opportunity Home, the city's public housing agency. Gonzalez added that Opportunity Home had been working to streamline the inspection process to take no more than three days, provided guaranteed rental income to landlords, coordinated directly with homeless service providers, and was outreaching housing providers and residents through Lease Up Fairs.

Gonzalez recommended exploring the following strategies to increase the use of Housing Choice Vouchers: streamline administrative processes, focus on the retention of existing providers and conduct outreach to new providers who might want to participate, explore the Landlord Incentive Program re-launch, and improve acceptance of vouchers including awareness of benefits through the City's Public Information Campaign.

Chair Rocha Garcia noted that San Antonio was Military City USA and Council District 4 was home to many Veteran's and their families. She mentioned that during public comment, some folks were concerned about the long process and requested that NHSD and the Housing Commission meet with Opportunity Home to find solutions. She was pleased that the Spanish version of the RentWise video had 21,000 views which was significant.

Councilmember Castillo commented that San Antonio had experienced an increase in homeless Veterans and supported continued discussion about the CCR through the Housing Commission and the Planning & Community Development Committee.

Councilmember Courage expressed concern that there was a barrier for persons using vouchers related to the delay in inspections and processing by Opportunity Home and suggested that the City guarantee the voucher while Opportunity Home was working through their processes so voucher holders could move in quickly and property owners could be paid.

Councilmember Viagran supported helping Veterans, particularly homeless Veterans, and recommended that NHSD have a discussion with Opportunity Home about the inspection delays and help get landlords that accepted vouchers paid more quickly. She questioned the City providing a guarantee as it was Opportunity Home's responsibility to provide the payments.

Chair Rocha Garcia recognized General Juan Ayala, Director of Military Affairs, who offered to assist since he was a board member for the American GI Forum and National Veteran's Outreach Program.

Chair Rocha Garcia recommended that the Item be referred to the Housing Commission.

The Item was for briefing only so no action was taken.

Consent Agenda

- 5. Ordinance approving a Second Amendment to the Contract for Sale of Land for Private Redevelopment agreement between the City of San Antonio and Franklin Development Properties, Ltd., increasing the funding in an amount of \$4,826,210.78 for a total contract amount up to \$7,476,210.78 for the Four25 San Pedro Project, a 2017 Neighborhood Improvements Bond Project located in Council District 1; and authorizing up to \$1,025,000.00 in gap funding from the San Antonio Housing Trust to Franklin Development Properties, Ltd. for the project. [Lori Houston, Assistant City Manager; Veronica Garcia, Director, Neighborhood and Housing Services Department]

Councilmember Castillo moved to Approve. Councilmember Viagran seconded the motion. The motion carried by the following vote:

Aye: Rocha Garcia, Viagran, Castillo
Absent: Pelaez, Courage

Adjournment

There being no further discussion, the meeting was adjourned at 12:07 p.m.

Approved

Adriana Rocha Garcia, Chair

Debbie Racca-Sittre, City Clerk