



City of San Antonio

Agenda Memorandum

File Number:
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Agenda Item Number: 3

Agenda Date: April 25, 2024

In Control: Planning and Community Development Committee

DEPARTMENT: Development Services Department

DEPARTMENT HEAD: Michael Shannon

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Short Term Rental (STR) Ordinance Updates

SUMMARY:

Consideration and recommendation of 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 76%.

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.

Through a four month long review process, the STR task force met six times to study these focus areas. The task force logged 1,549 hours of volunteer time and 235 hours of staff time to generate the proposed enhancements.

The following are proposed to address the focus areas outlined by PCDC:

- **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
- **Enforcement and violation strategies**
 - Add required quiet hours' notice
 - 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
- **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”
- **Permit fees**
 - Increase permit fees from \$100 to \$300 for a three-year permit

- **LLC vs individual property owners**
 - Allow owners to change designated operator without reapplying for a permit
- **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

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. The task force's recommended enhancements will streamline the permitting and administration of the ordinance, increase overall permit and HOT compliance, and provide more tools for nuisance abatement.

FISCAL IMPACT:

This proposal includes the increase of STR fees from \$100 for a three-year permit to \$300 for a three-year permit. The current \$100 fee for a permit generates \$550,000 dollars in revenue every three years, while costs to administer the program are \$1,571,571 dollars. Increasing the fee to the proposed \$300 for a three-year permit will generate \$1,650,000 dollars in revenue, which allows the department to recover the costs associated with administering the ordinance. Revenues for STR permits are deposited into the Development Services Enterprise Fund.

ALTERNATIVES:

The Planning and Community Development Committee could not support the recommend changes to the City's STR ordinance which would not provide the additional requirements to increase permitting and HOT collection compliance.

RECOMMENDATION:

Staff recommends PCDC approval of the task force's recommended STR ordinance updates and forwarding the proposed amendments to City Council for adoption.