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COUNCIL CONSIDERATION REQUEST

17 FEB -1 PM 2:03

TO:	Mayor and City Council
FROM:	Councilman Mike Gallagher, District 10
COPIES TO:	Sheryl Sculley, City Manager; Leticia Vacek, City Clerk; Andy Segovia, City Attorney; John Peterek, Assistant to the City Manager; Christopher Callanen, Assistant to City Council
SUBJECT:	Review current code and research best practices regarding short term rentals
DATE:	January 26, 2017

Issue Proposed for Consideration

I ask for your support for the inclusion of the following item on the agenda of the earliest available meeting of the Governance Committee:

I respectfully ask for your concurrence in supporting a review of the current ordinances and city code procedures regarding potential hotel occupancy tax revenue collection, zoning and land use, and general administration regarding short term rentals, also known as the homesharing industry, in San Antonio.

Brief Background

The number of private vacation rentals has increased through websites like Airbnb, Homeaway, and Flipkey, where homeowners list bedrooms, accessory dwellings, or whole homes as a temporary or vacation rental. The term being used to describe this industry is "homesharing", as some temporarily rent a portion of a residentially-zoned home and continue to occupy the home while the visitor is present. Some websites, such as Airbnb, host the listings and collect and remit hospitality taxes in areas where such transactions are authorized by the taxing authority.

Currently our code does not offer guidance specific on short term rentals, vacation rentals, or homesharing, outside of traditional bed and breakfasts,when it comes to property zoned as residential. The code cites that residentially-zoned property shall not have accessory uses, save for home occupations. Using one's home as a temporary rental is not one of the prohibited uses for home occupations listed in the code. One can argue that earning income from renting out their home qualifies as a home occupation. While city code does state that "houses" are included in the definition of "hotel" under the Hotel Occupancy Tax section, we do not appear to be collecting this tax from short term rentals operating through sites like Airbnb.

Other cities with high tourist populations, such as Philadelphia and New Orleans, have updated their codes and passed ordinances allowing this industry to remain in operation and remit taxes. Both cities created a tiered system for registration based on a hosts' frequency of renting out their property, and inserted additional accountability measures such as maintaining a ledger, avoiding excessive noise that may disrupt the neighborhood, and equipping rooms with both carbon monoxide and smoke detectors.

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Chicago created an additional tax for short term rentals to fund programs for the homeless population; Florida uses the tax revenue to fund their tourism industry.

There are benefits and problems with short term rentals in San Antonio. Tourists are able to stay in local neighborhoods outside of traditional hotel districts, and spend their dollars at local establishments. Homeowners that choose to use their property in this manner are able to earn additional money, which eventually goes back into the local economy. If San Antonio follows the model of other cities, additional tax revenue can be collected to use for funding necessary projects in our communities. However, as the code currently reads, this industry remains in an undocumented gray area without accountability to the City.

Residents and COP programs have no way of knowing if the strange car in a driveway means trouble or income for a neighbor. Neighborhoods that outline policies regarding short term rentals have no way of knowing if homeowners are engaging in this industry. The City is not able to collect taxes on this industry, while traditional hotels, motels, and bed and breakfasts continue to offer similar services at a taxable rate. Incidents occuring at short term rentals may not be reported back to the host. If a host commits a crime, there is no formal feedback loop to the booking agent, like Airbnb, to determine if they need to pull the listing off the website.

We respectfully request a review of best practices implemented in other US cities regarding the private short term rental industry. This review should include the following elements:

-Research if short term rentals impact property values and neighborhood safety statistics.
-Review how cities have updated municipal codes or ordinances to allow this industry to operate.
-Review options for registering hosts with the City, and if a permit should be required.
-Research if short term rentals should be required to remit hotel occupancy taxes to the City
-Determine policies and procedures to enhance public safety in the short term rental industry.

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Submitted for Council consideration by: _____

Councilman Mike Gallagher, District 10

Supporting Councilmembers' Signatures (4 only)	District
1.	2
2.	1
3.	7
4.	9