



# Housing & STRs in Fredericksburg

October 4, 2022



## **“How Airbnb Short-Term Rentals Exacerbate Los Angeles’s Affordable Housing Crisis”**

***Harvard Law and Policy Review - Feb 2016***

A housing unit previously a residence that becomes an STR has essentially been added to the community’s supply of hotel rooms, which leads to a real increase in rents and reduces the already-limited supply of affordable housing. They essentially become “cottage hotels.”



## **“The Effect of Home-Sharing on House Prices and Rents”**

***Study published by the National Bureau of Economic Research - July 2017***

Properties in the areas of hot Airbnb listings increased rents 1-3%.



## **“Is Home Sharing Driving Up Rents? Evidence from Airbnb in Boston”**

***University of Massachusetts Economics  
Study - March 2016***

A 10% increase in Airbnb listings leads to a 4% increase in rents and .76% increase in house prices.

The effect of Airbnb is smaller in areas with a larger share of owner-occupiers.



## **“Is Home Sharing Driving Up Rents? Evidence from Airbnb in Boston”**

***University of Massachusetts Economics  
Study - March 2016***

The STR industry grew 800% from 2011-2016. If a 10% increase in the number of STRs elevates rents by .42%, an 800% increase would be responsible for a 33.6% increase over the same period. This was at a time when median HH income grew only 18% [between 2011-2016 when this report was published].



## **“Is Home Sharing Driving Up Rents? Evidence from Airbnb in Boston”**

***University of Massachusetts Economics  
Study - March 2016***

“To conclude, recent academic research seems to justify that citizens and local politicians have good reasons to be concerned about the impact of STRs on housing affordability. The good news is that these problems can easily be mitigated by adopting best practice regulations for STRs.”



## What is happening in Fredericksburg?

Of the estimated 5500 residential lots in the City, about 1300 (24%) are established as current or potential "on the books" STR properties, essentially removing them from the inventory of housing stock.

R-1 = 3,785 total and 629 STRs (16%)

R-2 = 842 total and 334 STRs (39%)



# Affordable Housing Study

## Quote #1

“The older, smaller legacy housing stock which typically fulfills a housing market’s need for affordable homes for first time buyers is instead being rebranded as a business opportunity and priced relative to its ability to generate income.”



# Affordable Housing Study

## Quote #2

“Based on income data [relative to home prices in GC], it is estimated that only 11% of the county’s households could afford the average priced home, and a staggering 89% are priced out of the market.”



# Affordable Housing Study

## Quote #3

"Gillespie County's rents have been, and are currently considered extremely high, being 87% higher than all other markets nationally and 92% higher than all other Texas markets."



# Affordable Housing Study

## Quotes #4 and #5

“Pent up local housing demand (for workforce commuting more than 25 minutes) is close to 1900 units of housing.”

“Posting boards show over 700 job openings currently being advertised by employers [in all of GC] with only 10 rental properties below \$1500 per month.”



What we've seen is a major displacement of potential homeowners, leaving neighbors without actual neighbors, and shutting down the flow of new residents who could contribute to many key areas of community excellence.



We should be bold in stating we prioritize the housing needs of residents over the needs of tourists when the two aims conflict.



## **What can we do?**

Take control of the STR presence in the City for the purpose of serving the bigger objective of addressing our residential housing challenges.



## **What can we do?**

Begin the process for amending the ordinance passed in March



## **What can we do?**

Impose a moratorium on new applications for R-1 and R-2 permits while we do so



## **Amending the Ordinance**

1. Expand the restrictions to R-2
2. Prohibit transferability of permits
3. Set a time limit for acting on a permit application
4. Increase the magnitude of penalties for repeat violators



## **Amending the Ordinance**

5. Specify the terms for permit suspension or revocation
6. Aggressively enforce the local contact requirements for being on-site or able to respond in 30 minutes.



## **Amending the Ordinance**

7. Clarify advertising requirements regarding house rules, capacity, and parking limits.
8. Cap the share of housing units that can be used as STRs.



## **Amending the Ordinance**

9. Set up an Administrative Adjudication Process for watering, trash, noise, and outdoor lighting violations.

10. Shift enforcement of STR compliance to the Police Department.



What are our immediate, near-term, and long-term housing objectives?



# Immediate

1. Consider a resolution declaring housing a public facility
2. Strategize the “trickle back” of STR properties for homeownership and rentals
3. Meet with County gov’t to set joint objectives
4. Determine pros/cons of each suggested approach in the Affordable Housing Study



# Near-term

1. Develop a hard-edge strategic plan to move housing objectives forward
2. Incorporate these objectives into the new Comprehensive Plan
3. Keep the objectives and action steps in the forefront of every consideration for new or repurposed development
4. Stay alert and nimble to employ new approaches to meet new circumstances



# Long-term

1. Have sufficient appropriately-priced opportunities for housing for the people who want to live and work here
2. Prioritize City planning that sustains and expands those opportunities
3. Be able to tout the quality of all our neighborhoods