

STR TASK FORCE

FREDERICKSBURG TEXAS

March 7, 2023



TASK FORCE MEMBERS

- **Mimi Bartel**
- **Randy Briley**
- **Mike Mahoney**
- **Belinda McDonnell**
- **Ray Rodgers**
- **Tami Smith**
- **Bill Snyder**

SPECIAL MESSAGE FROM THE TASK FORCE

As the Mayor's STR Task Force reaches the conclusion of our 90-day period, the group passionately debated a number of important items, and we have also agreed on a number of those issues. One of the unanimous agreements was the acknowledgment and recognition of the service to our community of Janelle Chapman, Shelby Collier, and the newest member of the STR administrative team, Jan Musgrove. We quickly saw the "can do spirit" and ingenuity they displayed in support of our city's charter. We collectively believe their efforts benefit our neighborhoods, the STR community, and the City of Fredericksburg.

Thanks to you all!

AGENDA

- Task Force Overview
- Mayor Hoover's Objectives
- Research Data

TASK FORCE OVERVIEW

- On November 9, 2022, Mayor Hoover commissioned a citizen-based task force to be seated for a 90-day period.
- The stated goal was to work to find consensus where possible and provide recommendations to the City to improve the overall management of Fredericksburg's short-term rentals (STR).

MAYOR HOOVER'S STATED OBJECTIVES:

- Stop the Spread of STRs in Residential Zones
- Empower Effective Enforcement
- Return R1, R2 and R3 to Residential or Long-Term Rentals



Indicates the Task Force had unanimous agreement.



Indicates that the Task Force did not reach consensus.

Stop the Spread of STRs

 Impose a specified time-limited suspension for accepting new STR permit applications for R1 and R2 in order to gain maximum control over data, enforcement and adjudication procedures, and for Council to deliberate amending April 2022 ordinance.

 Specify the prohibition of STRs in R3.

 Remove the CUP option for properties in R1.

 Declare as “lapsed” all submitted applications and granted permits that have not been placed in operation after 90 days.

EMPOWER EFFECTIVE CODE ENFORCEMENT

- ✓ Council and Staff review/alter enforcement procedures with an eye for maximum effectiveness.
- ✓ Clarify the citation and adjudication processes for major/minor code violations.
- ✓ Acquire or create essential software to manage every piece of needed data.
- ✓ Prioritize mastering the software tools.
- ✓ Install a citizen STR Hotline for complaints and alerts of violations.
- ✓ Require street view photo on advertising of STRs in residential areas.

EMPOWER EFFECTIVE CODE ENFORCEMENT

- ✓ Clarify and codify specific, meaningful financial and revocation penalties for STR violators.
- ✓ Require annual report from owners filed under oath.
- ! ? Hold management companies liable for fines/penalties for managing non-permitted STRs.
- ✓ Create online interactive map of STRs throughout the City.
- ! ? Reduce occupancy density to 1 guest per 200 sq ft.
- ? Simplify data by linking permit to property address, regardless of individual structures (R-2 & Commercial).

RETURN R1, R2 AND R3 TO RESIDENTIAL OR LONG-TERM RENTAL

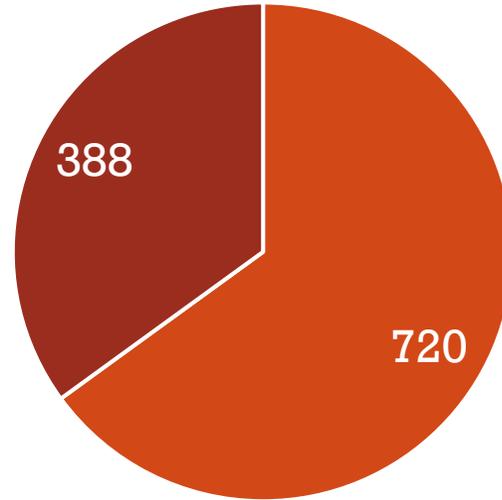
-  **Include specific STR zones in the new Comprehensive Plan.**
-  **Convene a Task Force for addressing this aspect of our housing challenge.**
-  **Consider incentivizing volunteer surrender of STR permits in R1, R2 and R3.**
-  **Impose non-transferability of permits acquired in R1 and R2 after the effective date of the amended ordinance.**

RESEARCH DATA

KEY FINDINGS - STR POPULATION:

City STR Data by Individual Lots	Advertised STRs (Active)	Non-Advertising (Idle or Inactive)
1179	720	388

388 Panic or Under construction Permits



720 Active STRs

■ Total Active ■ Non Advertising

Notes:

- All “in process” R-1 Permits are renewals. No additional permits have been granted in R-1 since April '22
- Non-Advertising “Idle” properties are properties that are under construction or “panic permits”

GRANICUS DEFICIENCIES

- Active STR property “web scraping” service 24 x 7 missing.
- Exception reporting for unauthorized STRs marketing/operating.
- Active violation reporting.
- STR permit renewal feature is not active..
- Online HOT remittance via Granicus is not possible for all property owners..
- HOT payment linking properties to tax remittance. This requires staff to call property owners to verify.
- 24 x 7 complaint line services not provided.
- Primary feedback loop to owners/mgmt. companies require city staff call.

STR Community

Granicus

City Staff

STR HOT Payment

Owner or Mgmt Co.

Partially Functioning

Janell
Manual
Process

STR Permit Payment

Owner or Mgmt Co.

Partially Functioning

Janell
Manual
Process

Building Permit

Owner

Separate System

Shelby
Existing
Process

New STR Permit

Owner

Not Functioning

Shelby
Manual
Process

Permit Renewal

Owner or Mgmt Co.

Not Functioning

Shelby
Manual
Process

Task Force Collected Data

VENDOR CONTRACT/PERFORMANCE ISSUES

- No service level agreement was outlined to set the performance expectations for the city.
- No payment milestones were established to ensure the project rollout was meeting the city's expectations.
- Granicus was paid in full on/about April 2022.
- The city was informed 2 days after contract award that they would not receive a full production solution.
- The first software deliverable did not meet the specifications of the RFP as issued by the city.
- The second deliverable (Enhanced portal) was introduced in Oct 2022, a full 7 months after contract award. The second platform does not meet the specifications of the RFP.

GCAD INFORMATION

- Single Family Residence: 4,549
 - Multifamily Residence: 79
 - Commercial Real Properties: 1,358
 - Totally Exempt Properties: 912
 - STR Real Properties (14%): 643
-
- Capturing sales price for properties sold off market is a challenge.
 - Confirmed that STRs average a 7% property valuation increase over similarly priced single-family homes. This is applied to the manually sourced STR data resulting in errors, owner protests are key to correcting a properties status.
 - Assuming the city developed an STR permit surrender program, GCAD would be willing to roll those properties back to pre-permit property valuations.

STRA MESSAGING APPROACH



Work with the CVB to structure STR rental messaging and expectations into the “love fbgtx” marketing campaign.



Develop messaging with greater detail and expectations concerning noise, occupancy, parking, lighting, hot tubs, to be included in all individual Airbnb, VRBO, local reservation companies and owner listings.



All properties to have clearly posted and detailed house rules and regulations, associated fines, and grounds for eviction.

STRA DEVELOPED MATERIAL



CITY OF FREDERICKSBURG INTEGRATED MESSAGE

- Visitors to Fredericksburg can care for the community just as locals. The guiding principle is to treat Fredericksburg as if it was their hometown.
- Fredericksburg is a place to have fun, relax and reconnect, but remember your vacation rental is part of a neighborhood, so ***treat our local neighbors with care and respect to maintain our hometown atmosphere. Please observe all posted house rules while enjoying your stay.***
- Observe street and traffic signage when heading out to explore and remember that slow moving tractor may be carrying your dinner.



RESERVATION PLATFORM INTEGRATED MESSAGE

Guest Responsibility: A guest reserving this property implicitly agrees to require all members of the rental party to at all times abide by the posted house rules, including but not limited to regulations regarding parking, noise, trash and personal behavior.

Violations: Any violation of the posted rules resulting in citation and fines are the sole responsibility of the reserving guest and additionally may result in loss of your deposit.

Ground for Eviction: In the event any member of the reserving party is non-compliant with any portion of the posted house rules or engages in disorderly conduct, the owner/reservation company reserves the right to evict the entire guest party without refund.

STRA DEVELOPED MATERIAL



ON PROPERTY INTEGRATED HOUSE

(OWNER TO ADD PROPERTY SPECIFIC RULES)

- **Occupancy:** The occupancy of this house may not exceed the permitted guest limits.
- **Noise:** Please respect our neighbors and our community, keep conversations and indoor music at a reasonable level. No amplified noise/music allowed outdoors at any time.
- **Outdoor Quiet Hours:** 10:00pm - 7:00am. Please take the conversation inside.
- **Parking:** Vehicles are to be parked in designated parking areas. On-street parking is limited to two parking spaces directly adjoining the front of this property. Do not park in front of neighboring houses or driveways. Any illegally parked cars are subject to tow.
- **Trash:** Please ensure that all trash is properly placed securely in the provided receptacles. Do not overfill the receptacles. If the receptacle is unable to close completely, place all overflow trash, bagged and tied, inside the property.
- **Violations:** Any violations of the posted rules resulting in a citation and fines are the sole responsibility of the guest who receives the violation. Such action may result in loss of deposit or eviction.
- **Ground for Evictions:** In the event that any member of the reserving party is non-compliant with any portion of the posted house rules or engages in disorderly conduct, the owner/reservation company reserves the right to evict the entire guest party without refund.

STRA DEVELOPED MATERIAL

STRA PERMIT & INSPECTION FEE STRUCTURE

SHORT TERM RENTAL PERMIT & RENEWAL FEES	
All annual STRs baseline permit fee (based upon one bedroom)	\$150
Each additional bedroom (example: 5 bedroom = \$550)	\$100
* Inspection Fee (every two years after initial permit)	

Penalties are defined as major and minor code infractions:

- **Minor Nuisance Violations: Owner Responsible**

- Watering
- Trash
- Lighting

Revocation of STR operating permits may not occur for any combination of minor offenses, standing city fine structure applies.

- **Major Nuisance Violation - Guest Responsible**

- Noise
- Parking
- Booking over permitted capacity

- **Major Violations - Owner Responsible**

- Operating an STR without a permit
- Single HOT violation: \$1,500 PLUS immediately cease operations for 30 days and remit
- Second HOT violation: \$1,000 per day PLUS one calendar year suspension from operating.

In the event of permit revocation, an owner may appeal by filing a written appeal with the city council within 10 business days following the date of the City Manager's final decision.

STRA DEVELOPED MATERIAL

MINOR OFFENSE CODE ENFORCEMENT FEE STRUCTURE

STR Minor Offences	Standing City Fine Structure Applies
First Offense – Watering – Owner Fine	\$
Second Offense (One Calendar Year)	\$\$
Third and Subsequent Offense (One Calendar Year)	\$\$\$
First Offense – Trash - Owner Fine	\$
Second Offense (One Calendar Year)	\$\$
Third and Subsequent Offense (One Calendar Year)	\$\$\$
First Offense – Parking – Guest Fine	\$
Second Offense (One Calendar Year)	\$\$
Third and Subsequent Offense (One Calendar Year)	\$\$\$
First Offense – Lighting - Owner Fine	\$
Second Offense (One Calendar Year)	\$\$
Third and Subsequent Offense (One Calendar Year)	\$\$\$

STRA DEVELOPED MATERIAL

MAJOR OFFENSE CODE ENFORCEMENT FEE STRUCTURE

Major Offenses (Non-remittance of HOT taxes & operating without a STR permit)	
Single Offense: (Cease operation and obtain a lawful operating permit with 30 days)	\$1,500/One time
Second Offense: (Daily fines until the operator ceases STR operation)	\$1,000/daily
Upon the second offense, the property would not be eligible to apply for a STR permit for 1 calendar year from the offense.	
Major Nuisance Citation Issued – Noise – Parking - Guest Fine	
Citation and fines awarded to the reservation guest per incident	\$150.00
After 3 written violations in a within 90 days – Owner Fine	\$1,500.00
After 6 written violations in a calendar year – Owner Fine	\$2,000

STRA DEVELOPED MATERIAL

PROPOSED SCHEDULE FINES / PENALTIES

Category	Classification	Initial Fine		Suspension & Revocation
		Each Class		
Minor	Watering, Trash, Parking, Lighting Minor HOT (underpayment less than 10%)	\$250	Subsequent Fine for each classification in 12 mo period doubles prior fine	
Major	3 Minor Violations in 12 months Noise violation Material HOT underpayment (10-50%)	\$500		
	Error in Sworn Statement			
	Advertising violation			

NEIGHBORHOOD COALITION DEVELOPED MATERIAL

PROPOSED SCHEDULE FINES/PENALTIES

Critical	2 Major Violations in 12 months Operating in excess of permitted capacity	\$5,000		Automatic 90 day suspension
	HOT underpayment greater than 50%			
Terminal	2 Critical Violations in 2-year period Operating without a permit	w/o permit		Revocation of any permit and prohibition of applying for any new permit for 5 yrs.
		\$1,000		
		ea day		
		operated		

TWO VIEWS #1

- **FOOTNOTE No. 1 - More Restrictive Lighting Requirements**
- **This Draft:** Lighting and other regulations which are more restrictive than the city codes that all residential properties must follow can legally be imposed on STRs. STRs are a recognized nuisance in many neighborhoods and noise and light disturbances of residences is a key issue. By having outdoor “party lights” turned off at 10 PM, guests will be encouraged to move indoors where disturbance is less likely.
- **Oppose:** STRs should be governed by the same codes as residents, and not more strictly.

TWO VIEWS #2

- **Footnote No. 2** - Lesser of 200 ft OR bedroom count & 8 vs 10 max occupancy
- **This Draft:** The current calculation of using only a bedroom count to determine max occupancy allows small houses with lots of bedrooms to have too high of a density of occupants. Example: a 1000 sq ft home w/3 BR is allowed 8 occupants. That is only 125 sq ft each! 200 sq ft per guest is the common fire code limit for transient guest accommodations. Using a “lesser of” calculation is the best way to prevent too high of an occupant density. It is not complex, and Staff can handle sq ft calculations given that few new permits can be expected. For renewals they can rely on GCAD to verify footage. A maximum of 8 occupants should be the new limit for any STR. This will decrease density and minimize disturbances for new STR permits. History shows higher density party houses yield more complaints.
- **Oppose:** This is overly complicating and opens up potential for loopholes – recommend 2 per bedroom plus 2, with a max of 10 occupants

TWO VIEWS #3

- **Footnote No. 3** - Permits valid for one year with annual renewal.
- **This Draft:** Having a permit that is valid for a year and renewed annually is consistent with existing practice and ensures some level of staff focus on each permit annually.
- **Oppose:** Recommend a 2-year permit with associated 2-year fee. This would reduce workload on City staff and free up time for enforcement and other duties.

TWO VIEWS #4

- **Footnote No. 4 - BECA Sticker.**
- **This Draft:** The BECA sticker regime was originally proposed by City staff. City Attorney believes this sticker regime is for benefit of law enforcement, and if City sees a need for a sticker, it could develop its own sticker regime. City should make this determination if it sees a sticker as a benefit for police response or code enforcement.
- **Oppose:** Do we need a sticker regime? Generating and administering it would be one more thing City staff would have to keep up with, allowing them less time to devote to enforcement.

TWO VIEWS #5

- **Footnote No. 5 - On-line STR Database / Interactive Map.**
- **This Draft:** The purpose of the on-line database or interactive map is for the public to know which houses are STRs and what their occupancy and parking restrictions are for each unit. The City stated during the drafting of the 2022 ordinance that resident awareness of the STRs in their neighborhoods is a key to successful enforcement. The language as drafted provides the information residents need to observe whether an STR is complying with its permit without divulging any personal information, unless the STR operator chooses to do so in order to establish good relations with its neighbors. Resident's awareness of this basic information may reduce inquiry calls to City staff and nuisance complaints not grounded in facts regarding the permit.
- **Oppose:** City should maintain a data base or interactive map showing only active STRs and their permit numbers. No other information should be displayed to the public to prevent potential harassment or targeting situations. The exposure of private information to the general public could present a safety issue for rental owners since 65% of STR owners are women.

TWO VIEWS #6

- **Footnote No. 6 - Prospectively – new permits will not be transferable.**
- **This Draft:** We believe that this provision makes it clear that all permits issued after the effective date of this proposed ordinance revision would not be transferable to new owners. By NOT allowing permits for STRs permitted in the future to be transferable, the City's hands are not tied, and it can manage the density and location of future STRs as it deems advisable. This violates no property right as applicants would be on notice at the time of acquiring a permit that it is personal to them and can't be transferred to others.
- **Oppose:** We disagree with this subsection entirely. STR owners do not support terminating property owner rights. There is no language in here that specifies just new permits. All existing permits should continue as non-conforming 2018 ordinance.

TWO VIEWS #7

- **Footnote No. 7 - 10 Day Time frame for Notice of Transfer .**
- **This Draft:** The 10-day notice time frame has been in the STR ordinance for almost one year. Parties in Fredericksburg are aware of it, and it is reasonable to require timely notice be given the City when a purchaser of a property acquires an existing STR business operating on that property and desires to continue operating that business without interruption. This time frame can be easily met with planning during the real estate closing. Notices to utility companies of a transfer of service are required on a much shorter time frame and have been managed for years. The City Attorney merely commented that this is a short time frame and “ the local title companies and real estate brokers must be fully up to speed with this requirement “. They are, and it is current practice here.
- **Oppose:** Based on comment by City Attorney, should this 10-day window be expanded to properly address the Attorney’s concern?

TWO VIEWS #8

- **Footnote No. 8** - 365-day denial for owner with suspension or revocation
- **This Draft:** A version of this restriction is in the 2022 ordinance. Both suspensions and revocations are serious offenses, and they should rarely occur. When a suspension does occur, it is a sign of a careless operator whose existing operations should be watched for a year before they are allowed to apply for a permit for a new STR business.
- **Oppose:** Remove the word suspended. A 365-day ban should only be in effect if the permit has been revoked.

SINGLE VIEW #9

- **Footnote No. 9** - LLC Change of ownership language.
- **All Task Force:** We recognize that there is a need for this type of provision so that LLCs cannot be bought and sold as a way of avoiding a change of ownership restriction in this and future STR ordinances. Additional City Council guidance and legal work is required to draft this provision so that it accomplishes this goal.

TWO VIEWS #10

- **Footnote No. 10** - Similar to Footnote 1, more restrictive lighting and noise
- **This Draft:** Same explanation as No. 1. Imposing tighter lighting and noise restrictions for STRs than for residents is legally permissible and advisable given past experience in FBG. Posting these restrictions specifically in the House Rules makes it more likely that they will be seen and complied with.
- **Oppose:** Residential and STR shall conform to existing city quiet hours uniformly. Residential and STR shall conform to existing city dark skies ordinance uniformly.

TWO VIEWS #11

- **Footnote No. 11 - City Welcome Statement**
- **This Draft:** The City Attorney did not require that this language be removed from the Draft. As was explained, this is not a “chamber of commerce” or a “marketing” statement. While it is written in a pleasant tone, its purpose is to put guests on notice that they will be renting in a neighborhood where they should be aware of and respectful of those neighbors. It is also cautionary in stating that the City strictly enforces its noise, lighting, occupancy, and parking restrictions. This should be a required part of advertising & House Rules and not optional for each owner to decide.
- **Oppose:** Per city attorney, this is language that should reside with Chamber of Commerce, STR owners have developed language to be used by property management and owners. Marketing should not be part of city ordinance and subject to compliance.

TWO VIEWS #12

- **Footnote No. 12 - Owner liability for parking & other permit violations**
- **This Draft:** Operating an STR in a neighborhood is a privilege. Owners who allow their guests to violate the parking requirements applicable to their permit should be liable for a permit violation, and where guests violate City parking regulations, they should also be liable. As a part of their contract with their guests the owner certainly can and should tell their guest where to park. In fact, they are required to do so. This may be a challenge to enforce, but it gives the City the “teeth” to do so in egregious parking situations.
- **Oppose:** Residential and guest vehicles should comply with existing city ordinance as relates to on street parking. Parking of guest vehicles are subject to existing city ordinance.... How will this be enforced? We can't tell people that they can't park on the street.

TWO VIEWS #13

- **Footnote No. 13 - Contact Person must be in Gillespie Co.**
- **This Draft:** The Local Contact Person should be “local”. Other cities’ ordinances have similar requirements. Requiring the LCP’s presence in Gillespie Co. at all times while an STR is occupied is not a hardship and is a reasonable requirement. The STR they are responsible for is located in FBG and they should be close at hand at all times it is rented. This requirement may also facilitate enforcement of the required response times.
- **Oppose:** Strike within Gillespie County. Per conversation with City Attorney, this a response time issue not a geographic location issue. Should be a minimum of one person on call by ideally recommending a back up person.

TWO VIEWS #14

- **Footnote No. 14 - Annual Report**
- **This Draft:** While sworn reports are filed quarterly with HOT payments, making erroneous statements on those reports is not a violation of the ordinance. Requiring an annual report is not a substantial burden and it makes an erroneous statement a violation of the ordinance.
- **Oppose:** This information is provided to the city upon tax payment. This should be a city right to audit as needed.

TWO VIEWS #15

- **Footnote No. 15 - Penalties for STR violations**

- **This Draft:** Stiffer penalties for STR violations than for residents is allowed and is a good idea. Neighborhoods were here first and operating an STR business in a neighborhood is a privilege. Violations of STR permit obligations is a breach of that privilege and can and should be treated differently from similar behavior by residents. STR operations allow a steady stream of transient visitors to stay neighborhoods where working people live. Stiff fines and penalties will motivate owners to take an active role in controlling the behavior of their guests and how their STR is run. If owners choose to allow anyone to sign-up online and stay in a neighborhood STR with no vetting of those guests, they should be liable for their behavior. STR owners who are repeat violators, even of minor offenses, should at some point be subject to suspension and revocation. See the proposed Schedule of Fines and Penalties in which 3 minor STR violations are “stacked” such that they are equal to one major violation and where two major violations results in a suspension. The potential of a suspension for serial violators will help motivate good operations.

- **Oppose:** STR Alliance has issued and authored penalties and fines for consideration by the City. All applicable penalties and fines should be uninformedly applied to all residential and STRs equally whenever possible. Minor should not equal a major as it could be seen as targeting or weaponizing to remove permits. Minor violations should not be such a concern and should not result in a major.

TWO VIEWS #16

- **Footnote No. 16 - Operating w/o permit - 2yr Prohibition**
- **This Draft:** Operating without an STR permit is a grave offense and shows that the Operator has no respect for the City's STR ordinance. Given how long an ordinance has been in place requiring a permit, there is simply no excuse for not knowing about it. The penalty should fit the crime and not be merely one year. A two-year ban will act as a strong deterrent for operators considering operating without a permit. There should be no subjectivity to this.
- **Oppose:** Should be maximum of 1 year to apply for permit. This time frame could be extended by city depending on the type of infraction.