

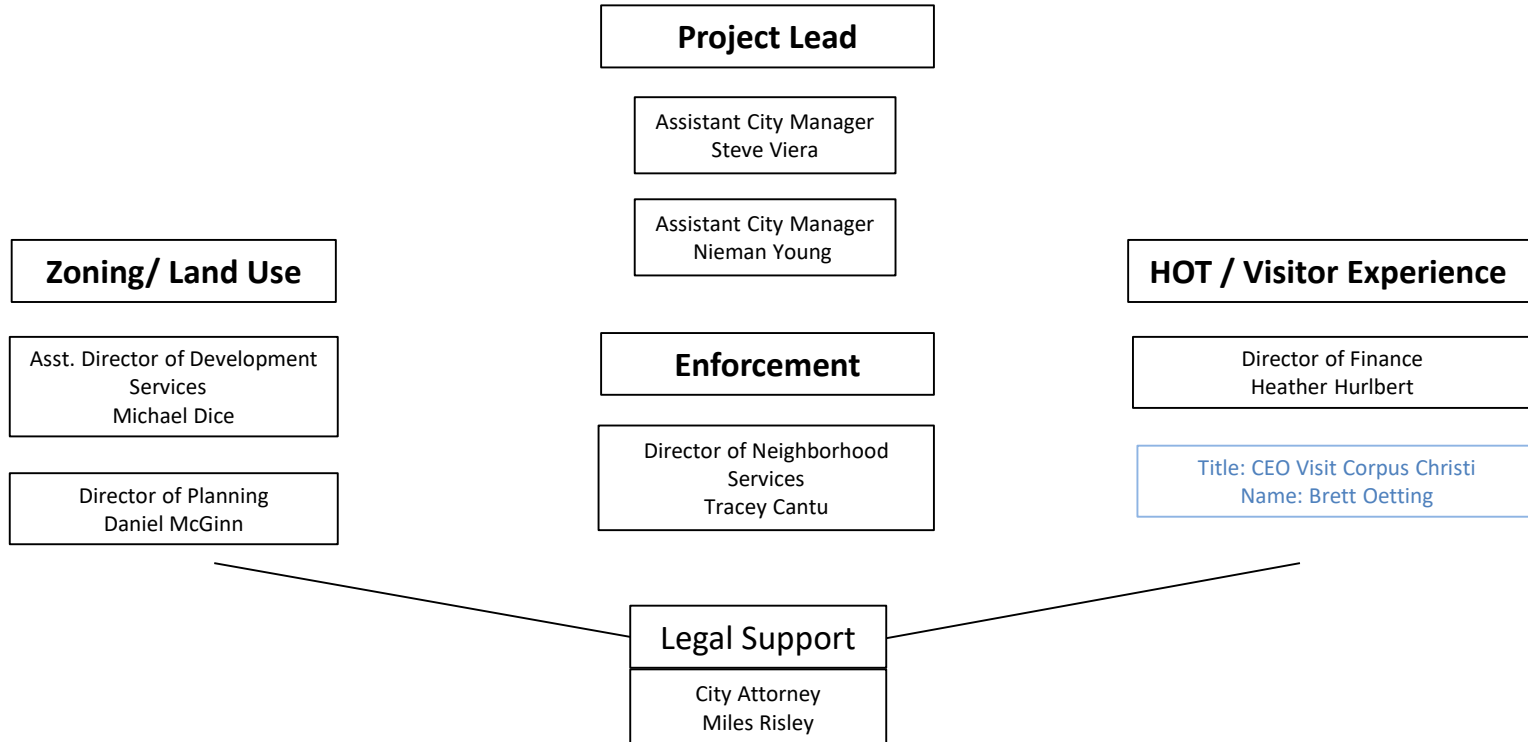


Short Term Rentals (STR) Briefing

City Council Presentation
June 29, 2021



Short Term Rentals





Summary

- Recent activity related to STR's
- STR's Data/Trends
- Zoning and Land Use
- Registration and HOT collection
- Enforcement
- Next Steps



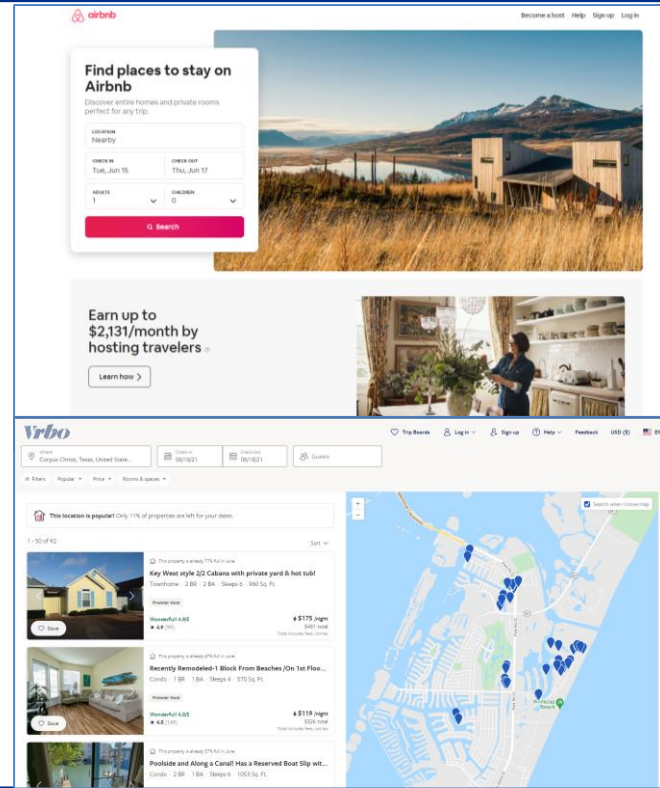
Community Activity (2018-21)

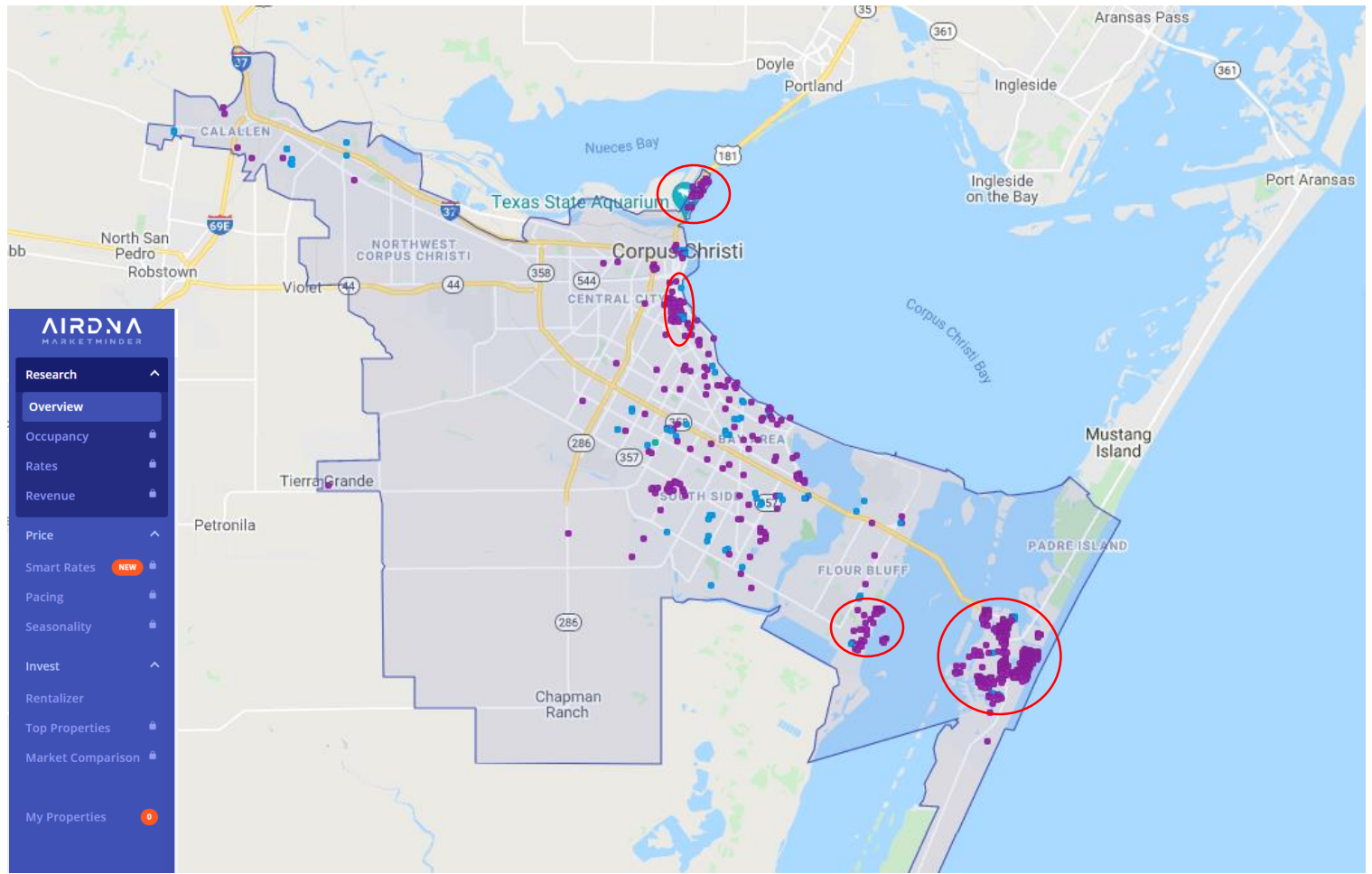
- 2018- CVB- lead an effort/taskforce to evaluate short term rentals in 2018 and briefed the City Council on November 13th, 2018.
 - No action was taken at that time.
- 2021- ISAC Recommendation
- 2021- Padre Island Property Association conducted an internal survey and provided a letter to the city stating their membership is opposed to STR's in single-family areas.



Short Term Rentals

- Rental accommodations that include a variety of unit types (condo, townhome, single family home, RV's, boats, etc..)
- Offers visitors a different experience outside of staying at a standard hotel.
- Not a new concept but the technology connecting owners and users has improved.





AIRDNA
MARKETMINDER

Research ^

Overview

Occupancy

Rates

Revenue

Price ^

Smart Rates **NEW**

Pacing

Seasonality

Invest ^

Rentalizer

Top Properties

Market Comparison

My Properties **0**

Short Term Rentals

Property Type

Entire Place

Private Room

Shared Room

Bedrooms (*)

Hotel Comp (Studio and 1 bedroom)

Studio

1 bedroom

2 bedrooms

3 bedrooms

4+ bedrooms

Submarkets (*)

Islands

Downtown/North Beach

Rest of Corpus Christi

Available Listings		
2020	2021	% Chg
1,722	2,140	24.3%
87	92	5.7%
1	0	#####

663	810	22.2%
119	103	-13.4%
544	707	30.0%
577	765	32.6%
329	394	19.8%
153	171	11.8%

1,379	1,712	24.1%
156	209	34.0%
164	196	19.5%

Corpus Christi

Port Aransas + Aransas Pass

Rockport

Galveston

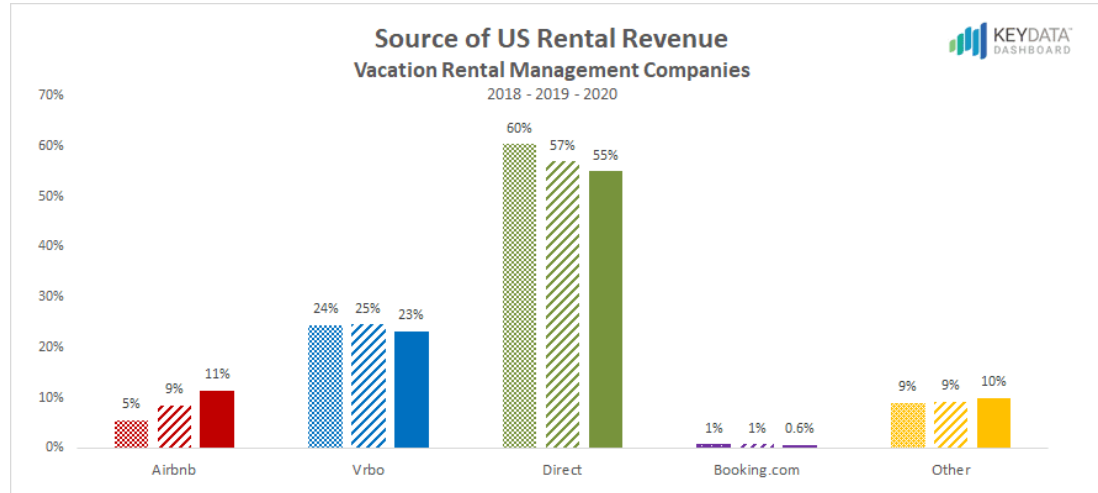
South Padre Island

New Braunfels

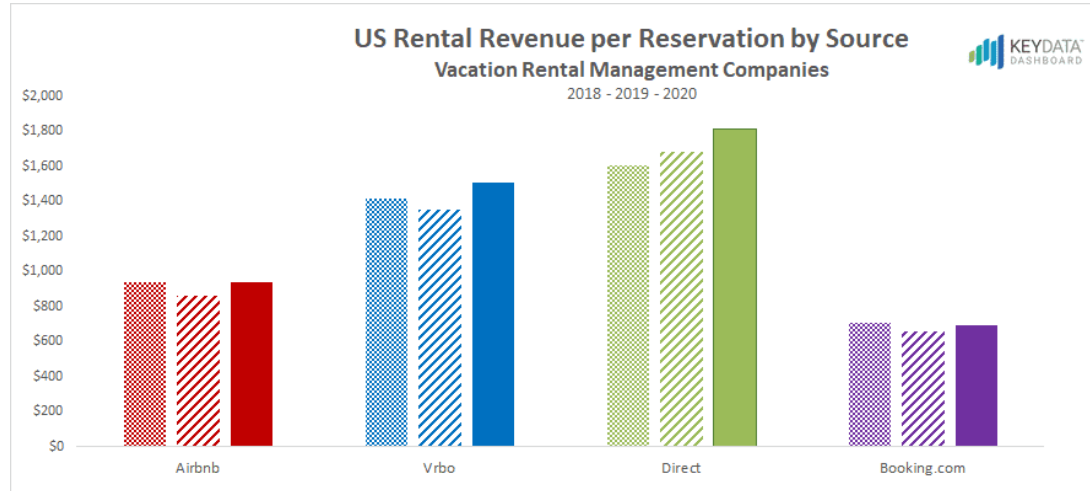
Available Listings		
2020	2021	% Chg
1,722	2,140	24.3%
2,049	2,875	40.3%
688	915	33.0%
3,242	4,032	24.4%
2,546	2,727	7.1%
960	1,003	4.5%



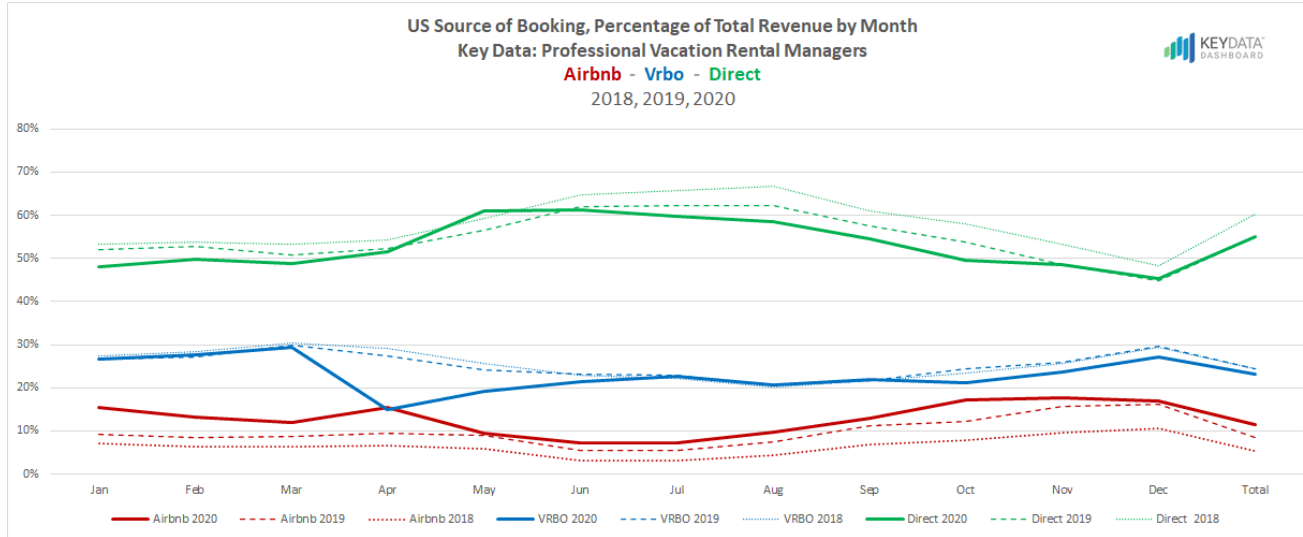
Short Term Rentals



Short Term Rentals



Short Term Rentals



Short Term Rentals

WHY ARE DIRECT BOOKINGS SO STRONG FOR VACATION RENTAL MANAGEMENT COMPANIES?

In spite of billions in marketing spend from OTAs, there are several reasons that direct bookings still account for over 55 percent of rental revenue for management companies:

- Repeat guests
- Higher conversion rates with better, more personalized customer service
- Travelers who are familiar with the destination and coming from drive-to feeder markets

Building a brand that is known nationwide is near impossible for local vacation rental management companies. However, developing a recognizable brand within their main drive-to feeder markets and with their core demographic is doable. Guests who are familiar with the destination know the area in which they want to stay; often they know the exact community, street, or condo building they want. Local companies not only have developed strong in-market and feeder-market branding, they also better optimize for specific areas and communities in search engines.



Short Term Rentals

Where

- In what zoning districts are short term rental units allowed.

Registration/HOT Collection

- How does the city process the registration and collection of HOT.

Enforcement

- How are issues related to STR's handled



Short Term Rentals

- **Corpus Christi Unified Development Code 5.2.24 Rentals (Single Family)** Single-family units in a single-family zoning district cannot be rented for less than a one-month period.
- Exception -unless approved by the Planning Commission and City Council as a bed and breakfast home or a Planned Unit Development (PUD) that specifically allow short term rentals.



Zoning Districts

- Short Term Rentals (STR) are permitted in zoning districts where hotel uses are allowed.
- STR are not permitted within any single-family districts (exceptions B and B or PUD).
- A Bed and Breakfast Home is allowed by special permit in residential districts with specific standards in UDC 5.2.8.
- **Bed and breakfast home:** A private, owner-occupied residence that offers sleeping accommodations to not more than 10 lodgers.
 - Amenities similar to a hotel are provided to guests.





Registration/HOT Collection

- City recently selected MuniRevs to administer the collection and reporting of all Hotel Occupancy Taxes
 - MuniRevs hosts a web based platform for customers to register their business, complete required reporting and pay all HOT amounts due
 - City has agreements with AirBnB and VRBO/Homeaway to collect City HOT taxes from their clients
 - AirBnB or VRBO/Homeaway file summary tax returns so detailed collection reports are not provided that show revenue, occupancy nights, or collections by client.
 - Annual revenues from AirBnB and VRBO/Homeaway total \$1,198,002.25 for FY2020 and \$1,084,041.91 for YTD FY2021 (Oct. to May – 4 months remain)
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Registration/HOT Collection

- State Law and Local ordinance requires any lodging provider that rents accommodations for less than 30 days to pay the required Hotel Occupancy Tax to both the City and to the State
 - Agreements- We currently have collection agreements with AirBnB and VRBO/Homeaway but based on industry reports we believe they collect and remit for less than half of all the rental activity in the STR pool.
 - Based on industry reports, staff estimates that 25-50% of potential HOT revenue is not being reported and collected
 - HOT funds go towards:
 - Tourism programs and promotion
 - Arts
 - Convention Center maintenance and improvements
 - Historical restoration and preservation programs
 - Wayfinding and signage
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Enforcement

- The violations are addressed as a zoning violation for “Illegal Land Use” under the Unified Development Code (UDC) 1.7.2 – Minimum Requirements and 5.2.24 – Use Regulations | Rentals (Single Family)
 - Single-family units in a single-family district cannot be rented for less than a one-month period, unless approved by the [Planning Commission](#) and [City](#) Council as a [bed and breakfast home](#).
 - Violations are tracked in the case management software (WebQA.)
 - Staff has noticed an increased number of complaints city-wide, but most of the complaints are on Padre Island, followed by North Beach and along Ocean Drive.
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Enforcement

- 70 short-term rental complaints reported and investigated on Padre Island in 2021
 - 12 cases started as confirmed zoning “land-use” violations (17% of complaints validated as violations)
 - Zoning violations have a 30-day compliance period
 - Each case requires an average of five hours online research to confirm a short-term rental listing, or 350 man-hours for the 70 reported violations
 - Previously, 26 citations for short-term rental violations have been issued City-wide since January 1, 2020
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TX Legislation

- The 2019 Session was very active with several bills targeted at removing a city's ability to regulate short term rentals (no bills were passed)

- No bills filed in 2021



Next Steps

- Creation of a policy to regulate Short Term Rentals
- Best practices analysis of STR regulations across Texas and the country.
- A consultant team may be needed to assist
- Timeline – complete this calendar year
- Continue to partner with Visit Corpus Christi