



AGENDA MEMORANDUM

First Reading for the City Council Meeting of December 14, 2021
Second Reading for the City Council Meeting of January 11, 2022

DATE: December 8, 2021
TO: Peter Zaroni, City Manager
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Short Term Rentals Policy Development

CAPTION:

Briefing on Short Term Rental Policy Development and Ordinance amending Chapter 5 of the Corpus Christi Code to require a permit for the operation of short-term rentals; and providing for publication.

SUMMARY:

The City of Corpus Christi is developing a new Short-Term Rental Policy to establish specific regulations for short-term rentals within the City of Corpus Christi.

BACKGROUND AND FINDINGS:

The popularity of Short-Term Rentals (STRs) through online marketplaces like AirBnB, VRBO, and HomeAway, have brought new challenges and concerns for municipalities on how to properly regulate STRs. In 2018, the Convention & Visitors Bureau led an effort to evaluate STRs and briefed the City Council on November 13, 2018, with no action taken.

Many cities anticipated the 86th and 87th Texas Legislative Sessions (2019 and 2021) would yield State Regulations of STRs, but no legislation was passed in either session. Many cities have intentionally waited to adopt regulations due to the potential for court challenges. City staff has been monitoring the court cases and their outcomes to determine the best direction. In early 2021, City Council recognized the importance of creating regulations that allow property owners to utilize their property for such purposes without causing harm to neighborhoods and requested City staff conduct a review of the City's needs and draft an ordinance that regulates such activity.

City staff began reviewing other Texas municipalities' STR ordinances with the understanding that such ordinances aren't one-size fits all and will require a thorough review of the approaches used by the other Texas municipalities to determine appropriateness for Corpus Christi.

After a review of the project background, visits with various Planning professionals regarding STRs, consulting with City Legal and completion of research on options to best protect the integrity of single-family neighborhoods, staff is now ready to move forward with an ordinance that

requires STRs to register with the City. The draft ordinance is attached for Council consideration.

The proposed Registration Ordinance will require that all STR units receive a permit to operate within the City of Corpus Christi. The permit will be good for two years and will require that the unit be located within a zoning district that permits STR uses, owners of homes within single family zoning districts will not be eligible to obtain a permit.

The ordinance will require that an application be submitted that provides basic information concerning ownership, contact information, sketch of floor plan, and owner certification that all standards and regulations will be followed in operating the STR unit. The ordinance also identifies general standards that must be in place to maintain permit eligibility, these standards cover occupancy limitations, insurance needs, life safety elements within the unit, conduct on the premises, and information that must be displayed within the unit for guest safety and city information. All STR units will receive a permit number which will need to be displayed with all advertisements for the rental of the unit. Permits will be subject to revocation if the standards of the ordinance are not followed.

The STR registration ordinance allows the city to establish regulations for the protection of the health and safety of occupants of the short-term rental properties along with providing a mechanism that can assist the city with enforcement of illegal units within single family neighborhoods.

Another phase of ordinance development will address the land use issues related to STRs. That phase of an ordinance will be completed with a stakeholder group. The group will be engaged and provide input on various aspects of STRs. Staff plans to present detailed information to the stakeholder group and request feedback that will allow for the creation of an ordinance that strikes an appropriate balance of property owner rights and protection of the residential character of neighborhoods.

Once an ordinance is developed to address land use regulations with the input from the stakeholders, it will be presented to the appropriate Board/Commission and forwarded to the City Council for consideration and action.

Since the December 14th City Council meeting two changes have been made to the proposed ordinance to reflect City Council discussion and further staff analysis of the permit renewal cycle. The first modification will set an immediate implementation date for the registration requirement for STR units located in Flour Bluff, North Padre Island, and Mustang Island versus the remainder of the city which will have a 180-day period before implementation begins. The second modification proposes a change from the two-year permit cycle to an annual requirement with the same equivalent fee of \$50 per year instead of the \$100 fee for two years.

ALTERNATIVES:

Policy Development regarding Short Term Rentals is needed for the growing market within Corpus Christi. The first step is the registration process via permit requirement outlined in the ordinance. Land use regulation will be addressed following this first step.

FISCAL IMPACT:

There is no fiscal impact for this item.

RECOMMENDATION:

Staff recommends approval of the registration ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Presentation