



## AGENDA MEMORANDUM

Public Hearing/Action Item for the City Council Meeting of June 28, 2022

**DATE:** June 10, 2022  
**TO:** Peter Zaroni, City Manager  
**FROM:** Daniel McGinn, AICP, Director of Planning  
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### Short-Term Rentals Ordinance – Phase 2

#### **CAPTION:**

One-Reading ordinance amending the Unified Development Code to allow short-term rentals in single family residential districts except for single family residential districts within the Padre/Mustang Island Area Development Plan; and amending Chapter 5 of the Corpus Christi Code to increase the permitting fee for short-term rentals, establishing a fee for special exceptions and appeals, and establishing additional regulations for short-term rentals including density regulations for non-owner occupied short-term rentals within single family residential districts; and providing for penalty.

#### **SUMMARY:**

The City of Corpus Christi has developed Phase 2 of the Short-Term Rental (STR) Ordinance that will establish specific regulations for STR units to locate and operate within single-family zoned areas in the City of Corpus Christi.

#### **BACKGROUND AND FINDINGS:**

The popularity of STRs through online marketplaces like Airbnb and VRBO has brought new challenges and concerns for municipalities on how to properly regulate them. In 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 to conduct a review of the City's needs and draft an ordinance that regulates such activity.

Staff provided City Council a briefing on STR activity in December of 2021 outlining current STR use in the community and options that could be implemented to start a registration system. Staff also suggested that further work could be conducted to evaluate appropriate locations and regulations to allow STRs in single-family zoned areas. The current Unified Development Code regulations restrict the rental of single-family units in all single-family zoned districts for less than a one-month period.

On January 11, 2022, City Council adopted Phase 1 of the ordinance requiring all legally zoned and operating STRs in Flour Bluff and North Padre Island to register and obtain a permit by March 15<sup>th</sup> with the remainder of the city needing to register starting July 11<sup>th</sup>. This delayed

effective date for the remainder of the city was intended to allow staff additional time to evaluate appropriate regulations to allow STR uses in single-family zoned areas without impacting the integrity of neighborhoods (Phase 2 of the STR Ordinance).

Before commencing with the Phase 2 ordinance development staff organized an STR Stakeholder Advisory Group. The STR Stakeholder Advisory Group included 17 members representing neighborhoods and short-term rental operators/managers from across the city.

Beginning February 18<sup>th</sup>, the STR Stakeholder Advisory Group met a total of seven times. Throughout the seven meetings, the STR Stakeholder Advisory Group provided feedback and completed an area review of Corpus Christi, looking at sections of the city that may or may not be appropriate for STR use; discussed different ordinance frameworks including density/saturation options as well as tiers/types of STRs; reviewed other Texas municipalities' STR distributions and best practices; and deliberated over the most appropriate options for the Corpus Christi ordinance.

On May 17<sup>th</sup>, staff conducted a briefing with the City Council covering the work that was completed over the last several months with recommended options that could be included in the Phase Two STR Ordinance. Since the May 17<sup>th</sup> STR City Council briefing, staff has had an opportunity to provide a briefing to the Planning Commission on May 18<sup>th</sup>, along with a meeting with the Stakeholder Advisory Group on June 10<sup>th</sup>. As a result of those meetings, staff has made modification to some of the concepts that were presented and are recommending the below key elements of the STR Phase 2 Ordinance.

- Establishes two types of STRs that will have different restrictions.
  - Type 1:
    - Owner-occupied
    - Permits rental of a portion of a residential unit while the owner is present.
    - Examples include a bedroom within the home, an entire floor of a dwelling unit, a garage apartment, a pool house, or an accessory dwelling unit (ADU).
  - Type 2
    - Non-owner occupied
    - Permits rental of an entire residential unit without the owner being present.
- Limit the number of allowed STRs to a percentage of a block face in single-family zoned areas. (A “block face” is one side of a street between intersecting streets or an entire cul-de-sac)
  - Type 1: unlimited
  - Type 2: 15% of residential units per block face.
- Maintains the current STR prohibition for single family zoned areas within North Padre Island, both Type 1 and Type 2 units.
- Creates a Special Exception process where a property owner can apply for an increase in the allowable percentage of Type 2 STRs on their block face. The Special Exception would be approved by the Planning Commission and includes a public hearing and mailed public notice (\$650 application fee).
  - Appeals can be made to the City Council if denied by the Planning Commission (\$650 application fee).
- Increase in the annual registration fee from \$50 to \$250 (modified fee effective Jan. 1, 2023)
- Enhanced responsibilities for STR owner/ local contact to address nuisance issues via contact through the 24hr STR Helpline.

### **ALTERNATIVES:**

Reject the proposed ordinance and continue to prohibit STR activity within single family zoned areas across the city. All other STR units operating in legally zoned areas across the city will be required to register starting July 11<sup>th</sup>, per the Phase One STR Registration Ordinance.

### **FISCAL IMPACT:**

Revenues generated from the fees collected for STR permits will be distributed to the departments that will manage the permitting and enforcement program (Code Enforcement, Development Services, and Finance).

### **Funding Detail:**

The accounting number details are currently under development with the FY 2022 budget process.

Fund:

Organization/Activity:

Mission Element:

Project # (CIP Only):

Account:

### **RECOMMENDATION:**

Staff recommends approval of the Phase 2 ordinance as presented with a plan to review STR Data and the Ordinance at 6 and 12 months.

Planning Commission acted on June 15<sup>th</sup> to approve the ordinance as presented along with a request that staff analyze all STR data collected over the next 12 months and revisit the ordinance as needed.

### **LIST OF SUPPORTING DOCUMENTS:**

Ordinance – STR Phase 2

Public Comments – STR Phase 2

Presentation - STR Phase 2