CITY COUNCIL WORK SESSION AGENDA
MONDAY, OCTOBER 11, 2021 ~ 6 P.M.
UNIVERSITY CENTER – HEB ROOM
2818 US 290 E.
FREDERICKSBURG, TEXAS 78624

Charlie Kiehne, Mayor
Tom Musselman, Councilmember
Bobby Watson, Councilmember

Jerry M. Luckenbach, Councilmember
Kathy O’Neill, Councilmember
Kent Myers, City Manager

The City of Fredericksburg City Council will meet in a work session on Monday, October 11, 2021 at 6 p.m. This meeting will be held in person and live stream on our YouTube Channel.

Link to City of Fredericksburg YouTube Channel Fredericksburg, Texas USA - YouTube (https://www.youtube.com/c/FredericksburgTexasUSA)

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. Proposed Changes to the City Zoning Ordinance affecting the operation of Short-Term Rentals (STRs) and amending site development regulations in multiple zoning districts.
   i. Receive a report by Jason Lutz, Development Services Director, on the additional information regarding STR’s.
   ii. Public comments (Sign up in-person between 5:30 p.m. and 6 p.m. at the University Center in order to comment. You will be limited to 3 minutes to speak.)
   iii. Consider and discuss key questions related to the proposed changes to zoning ordinance.
   iv. Consider a report and discussion on next steps in the process.

3. ADJOURN
This is to certify that I, Shelley Goodwin, posted this Agenda at 3:10 p.m. on October 6, 2021, at the entrance and on the bulletin board of the City of Fredericksburg City Hall, 126 W. Main St., Fredericksburg, Texas.

[Signature]
Shelley Goodwin, TRMC
City Secretary
DATE: October 11, 2021
TO: Mayor and City Council
FROM: Jason Lutz
SUBJECT: Council Workshop regarding proposed regulations for Short-term rentals.

Summary: City Council held a special meeting on September 13, 2021, to allow citizen comment on staff proposed amendments regarding short-term rentals. At the conclusion of the meeting Council made several comments on issues they wanted explored and additional information gathered. The goal of this meeting is to review the following issues and to provide staff feedback regarding proposed changes and other concerns/issues Council may have.

Meeting Topics:

1. Conditional Use Permits
2. Cap Limitations regarding STRs
3. Updated Data
   a. STR numbers
   b. PD reports
   c. Code Enforcement Reports
4. Trash, Fire Pits, Hot Tubs, Parking
5. Occupancy
6. Provide staff direction

Information:

Topic #1 – Conditional Use Permits (CUP):

One of the major issues Council had was the desire and need to protect residential neighborhoods. The CUP process was chosen as a way help protect neighborhoods, provide some flexibility, and allow citizens the ability to have their voices heard.
Ultimately staff believes the best way to protect neighborhoods is with the following combination of zoning regulations.

1. Prohibit unoccupied owner STRs in R1
2. Rezone areas between commercial and R1 zoning districts into a new zoning category to allow these types of STRs and identify other areas that may be suited for STRs
3. Rezone R2 districts (in the Historic District) to R1

The proposed CUP process would help to achieve the goal of preserving neighborhoods, without rezoning areas, as outlined above. Staff must note that the CUP process should not be used as a tool to provide infinite approvals of new STRs, but as a tool to allow certain areas to continue to transition to an STR area and provide specific locations for STRs so they may serve as a buffer between commercial and single-family residential areas.

Some of the concerns regarding the CUP regulations were regarding how that process would work and what criteria would be used to evaluate the requests for STRs.

The process is very similar to zoning changes in that it requires publication in a newspaper 16 days prior to the public hearing, notifications to landowners at least 11 days prior to the public hearing and requires a P&Z recommendation and Council approval. This process may slow down the closing process on home sales, but it is very similar to any other commercial purchase. Many commercial property contracts are negotiated with requirements that a zoning change be approved.

The other concern with the CUP process was regarding the standards that would be used to approve the CUP. Staff added the language from the Site Plan Approval Criteria to the CUP section along with several conditions or factors specific to STRs (see attached CUP redline).

STR Conditions/Factors Added:

A. Additional Review and Evaluation Criteria for Short-term Rentals:

1. The property affected by the request is within 500 feet of a commercial zoning district.
2. The property affected by the request would provide a buffer between traditional single-family uses and commercial areas.
3. The property affected by the request is in an area that is transitioning into a short-term rental area, with multiple STRs in operation, and due to the location and proximity to commercial areas continued transitions to short-term rentals would be appropriate.
4. The property affected by the request is not located in an area within 500 feet of a commercial district and multiple STRs are in the vicinity. Additional STRs within the area may not be appropriate.
5. The property affected by the request is not located in an area within 500 feet of a commercial district but most properties within the vicinity are STRs. Additional STRs within the area may be appropriate.

6. The property affected by the request is not within 500 feet of a commercial district and no other STRs are in the vicinity. Additional STRs within the area would not be appropriate.

7. Consider the neighbor responses within 200 feet.

**Topic #2 – Caps on STR Numbers**

Another issue that Council discussed was regarding Caps for STRs. Staff is not proposing caps at this time, but we have provided a quick breakdown of this subject. When discussing Caps, it is important to understand that there are several types of Caps that could be issued. Some cities have instituted various types of caps, depending on the specific situation of their community. Staff has broken Caps down into 2 basic types and outlined some of the issues associated with it.

**Types of Caps:**

1. **Hard Caps:** are caps that are limited to a specific number of STRs within the City.
   - a. This number would be set after some research to determine what the ideal number for the city would be.
   - b. This number would need to be monitored and periodically adjusted to account for the changing population and residential needs.

2. **Percentage Caps:** These are caps that are based on percentages and may be applied in several different ways.
   - a. **City Percentage Caps:** are caps based on percentages of the number of single-family homes.
     - i. This type of cap is a moving target in that the percentage limit is constantly changing with the construction of new homes, demolition of old homes, changes of use from residential homes to commercial structures, and city annexations.
     - ii. This type of cap is difficult to track and would require additional staff and resources to implement and administer this type of cap.
   - b. **Neighborhood Percentage Caps:** are caps based on a percentage of an area, such as a census tract (City of Austin) or block caps (number of lots in each block range) that could obtain STR permits.

3. **Cities Utilizing Caps:** The following cities utilize caps and staff has listed the type of cap.
   - a. **Austin, TX (Adopted Regulations)**
     - i. Percentage Cap (based on census tracts) also limits them within 1,000 ft of another
     - ii. Percentage Caps (35%) for multi-family properties
   - b. **Bar Harbor, Maine (Proposed)**
     - i. Percentage Cap (9%)
ii. Will go to voters in November
c. Telluride, Colorado (Proposed Regulations)
   i. Hard Cap (400 per year by lottery)
d. Breckenridge Colorado (Adopted Regulations)
   i. Hard Cap of 2,200
e. Taos, New Mexico (Adopted Regulations)
   i. Hard Cap (120)
f. Crested Butte, Colorado (Adopted Regulations)
   i. Percentage Cap (30%) of all homes

Ultimately any Cap that may be instituted comes with its own unique circumstances and challenges. Staff would need more time to craft regulations for Caps that would be tailored to the City of Fredericksburg based on our unique community.

Staff has also attached a list breaking down the regulations of other cities.

**Topic #3 – Additional / Updated Data**

1. STR Numbers by Zoning District
   a. Staff has completed its cleanup of the Data from Avenue but needs additional time to do some additional analysis regarding a zoning district breakdown.
   b. Staff will provide some tables and breakdown of the zoning numbers prior to the meeting.
2. PD & Code Enforcement Data
   a. Staff is currently hand reviewing each call to PD to verify if the call location is an operating STR.
   b. PD has provided 3 months of calls, starting from the date that staff previously reported on.
   c. Staff will provide some tables and breakdown of the police and code enforcement calls and violations.

**Topic #4 – Trash, Setbacks (Fire Pits & Hot Tubs), Parking**

Staff provided several recommendations regarding regulations to help limit the number of Code Enforcement Issues. Staff is seeking feedback regarding those regulations.

1. Trash
   a. Staff recommends one 96 gallon can per 4 occupants
2. Setbacks (Fire Pits & Hot Tubs)
   a. Side / Rear Yard Setbacks
      i. Staff proposed various setbacks based on lot size, with the minimum being 15'.
      ii. After further review staff will recommend that one standard setback be utilized and staff would recommend 15’, especially for fire pits as this is the required setback from combustible structures or surfaces (wood privacy fence).
3. Parking  
   a. Staff made several recommendations on parking, based on the STR type.  
   b. Staff would like feedback regarding the proposed parking requirements.  
      i. Single-family STR (unoccupied) is proposed as 1 per bedroom.

**Topic #5 – Occupancy**

Staff has proposed limiting occupancy to 2 per bedroom and 2 guests with a maximum limit of 10 people, regardless of number of bedrooms.

Staff has received feedback from STR operators that bedroom size should dictate occupancy and not limited to 2 per bedroom. Staff would recommend that if bedroom occupancy is based on square footage, it must be based on the adopted Property Maintenance Code. Below is a breakdown of the occupancy limits.

**Occupancy Limit Options:** The options below are based on a 2,400 square foot home with four bedrooms with a master bedroom size of 13 x 15 and 10x12 for all other bedrooms.

1. Current Code (1 person per 200 square feet + 2 guests)  
   a. 14 occupants, regardless of number of bedrooms  
2. Proposed Code (2 per bedroom & 2 guests)  
   a. 10 occupants  
3. Property Maintenance Code (70 square feet for 1st occupant & 50 square feet for each additional occupant)  
   a. 9 occupants (3 – Master & 2 per other bedrooms)

**Topic #6 – Provide Staff Direction**

Staff is seeking feedback and direction regarding the proposed draft. Staff is seeking any feedback regarding concerns, alternate regulations, or issues Council may have with the proposed amendments. Staff is also seeking feedback/direction for specific items listed below.

**Staff Requested Direction:**

1. CUP Process  
   a. Would Council like staff to continue to develop CUP standards or would Council like staff to explore the options to rezone certain areas and create a new zoning district to allow STRs?
2. Caps  
   a. Would Council like staff to develop regulations and standards to set STR caps within the City?  
   b. If so, what type of Caps would Council like staff to explore and develop.
3. Data  
   a. Are there additional data sets Council would like staff to produce?
4. Trash, Fire Pits, Hot Tubs, Parking
   a. Is Council comfortable with the proposed regulations or are there other modifications or regulations you would like staff to consider.

5. Occupancy
   a. Is Council comfortable with the proposed occupancy limits or would you like staff to develop regulations based on unique bedroom sizes (based on the adopted Property Maintenance Code)?

**NEXT STEPS:** Staff has provided a tentative timeline and next steps

1. December 8th – Complete Draft of Ordinance and post for public viewing
2. January 5th – P&Z Consideration and Recommendation
3. January 17th – Council 1st Ordinance Reading
4. February 1st – Council 2nd Ordinance Reading
5. April 1st – Effective Date of New Ordinance

**Recommendation**

Provide staff with the requested feedback and additional changes, modifications, or other direction/concerns you may have.

---

**Attachments:**

Redline of Zoning Code Section (Conditional Use Permit Criteria) & List of other City Regulations (with news article links)

**Signatures:**

Jason Lutz
Department Approval

City Manager Approval

City Attorney Approval

---

The City of Fredericksburg

126 W. Main St. • Fredericksburg, Texas 78624-3708 • (830) 997-7521 • Fax (830) 997-1861
Sec. 5.400. CONDITIONAL USE PERMIT.

The purpose of this procedure is to provide for review and discretionary approval of uses typically having unusual site development features or unique operating characteristics requiring special consideration so that they may be located, designed, and operated compatibly with uses on surrounding properties and within the City at large. The Conditional Use Permit process is intended to encourage broad public review and evaluation of site development features and operating characteristics and to ensure adequate mitigation of potentially unfavorable impacts.

A. Review and Evaluation Criteria: The Planning and Zoning Commission shall make the following determinations prior to forwarding a recommendation to the City Council. Before it can grant a change of Comprehensive Land Use Plan designation, the City Council must confirm the findings.

1. The property affected by the request is adequate in size and shape to facilitate those uses normally associated with the requested designation.

2. The property affected by the request does not exceed the capabilities of the infrastructure.

3. The request will have no adverse effect on any property within six hundred (600) feet of the affected property.

4. The requested change is to accommodate an appropriate land use and is consistent with other elements of the Comprehensive Plan.

5. The request, together with the applicable conditions, will not be detrimental to the public health, safety, or welfare, or materially injurious to properties or improvements in the vicinity.

6. Conformity with applicable regulations and standards established by the Zoning Regulations.

7. Compatibility with existing or permitted uses on abutting sites or within the area of the proposed use, and the relation between the proposed use and the following:
   i. Access and Circulation
   ii. Adjacent street network
   iii. Buffers
   iv. Setbacks
   v. Arrangements of Buildings, Uses and Access Management
   vi. Drainage improvement/grading plan
   vii. Driveways
   viii. Lot arrangements
   ix. Parking Areas
x. Permanence of use and availability of alternate uses

B. Additional Review and Evaluation Criteria for Short-term Rentals:

1. The property affected by the request is within 500 feet of a commercial zoning district.

2. The property affected by the request would provide a buffer between traditional single-family uses and commercial areas.

3. The property affected by the request is located in an area that is transitioning into a short-term rental area, with multiple STRs in operation, and due to the location and proximity to commercial areas continued transitions to short-term rentals would be appropriate.

4. The property affected by the request is not located in an area within 500 feet of a commercial district and multiple STRs are located in the vicinity. Additional STRs within the area may not be appropriate.

5. The property affected by the request is not located in an area within 500 feet of a commercial district but the majority of properties within the vicinity are STRs. Additional STRs within the area may be appropriate.

6. The property affected by the request is not within 500 feet of a commercial district and no other STRs are located in the vicinity. Additional STRs within the area would not be appropriate.
STR REGULATIONS – OTHER CITIES

Bar Harbor, Maine


Telluride, Colorado

Citizens proposed 400 per year, distributed by a yearly lottery system. Council set a maximum of three separate rentals (an occasion of a party renting a property for a period of time) per 12-month period in the residential district. [https://www.telluridenews.com/news/article_3519af14-eff7-11eb-a78a-4f0c48e65a10.html](https://www.telluridenews.com/news/article_3519af14-eff7-11eb-a78a-4f0c48e65a10.html) [https://www.telluridenews.com/the_watch/news/article_69392753-b6d4-5fd8-800b-cb03de834f5f.html](https://www.telluridenews.com/the_watch/news/article_69392753-b6d4-5fd8-800b-cb03de834f5f.html)


Jackson Hole, Wyoming

There are approved areas for STRs but holes in the county’s regulations are being exploited by STRs. There were two court cases brought against the city for its regulation of STRs. [https://www.jhnewsandguide.com/news/town_county/airbnb-vrbo-banned-or-permitted-in-jackson-hole-it-depends/article_c474e264-cf62-5b65-8f1a-976fd431353f.html](https://www.jhnewsandguide.com/news/town_county/airbnb-vrbo-banned-or-permitted-in-jackson-hole-it-depends/article_c474e264-cf62-5b65-8f1a-976fd431353f.html)

Lake Tahoe, Nevada


The city of South Lake Tahoe, California, has passed a new law allowing hosted short-term rentals in the city. The new ordinance, which went into effect December 17, allows hosts to rent out part of their home while they remain on-site. Hosts must obtain a city permit and include the permit number in advertisements and have a designated contact who can respond to problems. Unhosted short-term rentals will be phased out in South Lake Tahoe by the end of 2021 due to a referendum that was passed in 2018.

Nearby Truckee will also begin new short-term rental rules starting January 1, 2021. Truckee short-term rental hosts will be required to register with the town and designate a contact who can respond to issues within 30 minutes. Meanwhile, El Dorado County has capped the number of short-term rentals,
limiting them to 900 in unincorporated parts of the Lake Tahoe Basin. Currently, 726 permitted vacation rentals are operating in the Lake Tahoe area. If the number of permit applications exceeds the cap, the county will establish a waiting list. Renewals of existing vacation rentals that have received or applied for a permit as of November 1, 2020, will not be subject to the cap.

Sedona, Arizona

The Governor signed a law ([SB 1350](https://azpbs.org/horizon/2021/05/law-preventing-regulating-short-term-rentals-affects-sedona/)) that preventing local control of STRs in 2017. As a result, property values jumped 40% in one year due to STRs. [This video interview](https://www.azleg.gov/legtext/SSleg/1R/summary/H.HB2481_021021_CAUCUSCOW.DOCK.htm) describes the terrible effect on local society.

The link below shows legislation that was filed in 2021 but [not passed](https://www.azleg.gov/legtext/SSleg/1R/summary/H.HB2481_021021_CAUCUSCOW.DOCK.htm).

St. Augustine, Florida

In 2011, the Florida legislature (as a result from STR lobbying groups) passed a law prohibiting local regulation of STRs. In 2014, there was some weak modification of this total prohibition. [http://faca.fl-counties.com/sites/default/files/2018-11/A.Hadeed.Presentation%20Short%20Term%20Vacation%20Rentals.pdf](http://faca.fl-counties.com/sites/default/files/2018-11/A.Hadeed.Presentation%20Short%20Term%20Vacation%20Rentals.pdf)

Moab, Utah

The Utah state legislature has made regulation and enforcement of STRs difficult, resulting in familiar consequences. [https://www.sltrib.com/news/homeprices/2021/07/12/renters-are-losing-out/](https://www.sltrib.com/news/homeprices/2021/07/12/renters-are-losing-out/)

To address concerns about overnight lodging, Moab has prohibited new Airbnbs in residential areas, although short-term rentals that predated these rules are allowed to stay in place, according to Nora Shepard, city planning director. New Airbnbs can exist in only commercial zones — and even these have been barred indefinitely since 2019 because of a moratorium that Moab officials placed on new tourist accommodations.

Some property owners have come up with creative solutions to get around the regulations, she said. McGann has heard of some cases in which temporary visitors who stay only for a week or two have been asked to sign a “lease” for a month, for example. [https://www.sltrib.com/news/politics/2021/07/19/whats-driving-moabs/](https://www.sltrib.com/news/politics/2021/07/19/whats-driving-moabs/)

Steamboat Springs, Colorado

**Cannon Beach, Oregon**


**Sonoma, California**

[https://www.sonomacity.org/vacation-rental-regulation/](https://www.sonomacity.org/vacation-rental-regulation/) The City Council adopted regulations prohibiting new vacation rentals on December 4, 2017, and the effective date of the new ordinance was thirty days after adoption.

Vacation rentals are no longer a conditionally-permitted use in the Mixed Use and Commercial zones (new vacation rentals were already prohibited in residential zones). An exception provides for new applications for vacation rentals involving the adaptive re-use of a historic structure. Existing, licensed vacation rentals are allowed to continue, provided they meet the updated operating standards.

**Monterey, California**

In the inland areas of the County, short term rentals may be allowed by obtaining an administrative permit for transient occupancy. These permits allow short term rentals for not fewer than seven days and not longer than 30 days. These permits cost approximately $6,000.

In the coastal areas of the County, short term rentals may be allowed by obtaining a coastal development permit under the category of similar use. These permits cost approximately $10,000. [https://www.sonomacity.org/vacation-rental-regulation/](https://www.sonomacity.org/vacation-rental-regulation/)

**Breckenridge, Colorado**


Taos, New Mexico


Williamsburg, Virginia

02/2019 At its regular monthly meeting at the Stryker Center Thursday, Williamsburg City Council voted 4-1 to approve short-term rentals in the city. Homeowners can rent out one room in their home to two adults for up to 104 nights annually under the new ordinance — but must occupy the home during the rental. Short-term rentals previously have not been permitted in the city except for hotels and motels, City Attorney Christina Shelton said at the meeting. State code gives localities the ability to regulate short-term rentals, versus creating regulations on the statewide level. https://wydaily.com/local-news/2019/02/14/airbnb-short-term-rentals-approved-in-williamsburg/

Gatlinburg, Tennessee

Application fee is $200 for a 2 or less bedroom unit. Each bedroom over two is an additional $75 per bedroom. These fees are to provide the fire and building inspection of the property. These inspections help certify to City visitors that rental properties have been verified safe and sound for their stay. https://www.gatlinburgtn.gov/i want to apply for a tourist residency permit.php

08/2021 In Henderson, Tennessee, a judge ruled that a ban on STRs was unconstitutional, which could cause problems across the state. https://www.wsmv.com/news/judge-rules-short-term-rental-law-unconstitutional/article_6a5217c6-09dc-11ec-bf21-7bcf9be1c8c3.html

Helen, Georgia

I couldn’t find much information. There is a headline from the local news that said an audit by the city council found that one-third of STRs aren’t properly paying taxes. https://www.whitecountynews.net/local-newsletter/helen-eyes-unpaid-tax-rentals
County’s Guidebook for STR owners [https://www.hallcounty.org/DocumentCenter/View/5738/Short-Term-Rental-Owner-Guidebook](https://www.hallcounty.org/DocumentCenter/View/5738/Short-Term-Rental-Owner-Guidebook)

**Martha’s Vineyard, Massachusetts**

State law implemented in 2019, which adds additional taxes and requires registration with the state. [https://malegislature.gov/Laws/SessionLaws/Acts/2018/Chapter337](https://malegislature.gov/Laws/SessionLaws/Acts/2018/Chapter337)


**Stowe, Vermont**


**Sanibel Island, Florida**

The Florida state legislature prohibits most forms of local control of STRs.

**Sun Valley, Colorado**


- A citizen petition in Frisco would ban short-term rental properties with non-resident owners.
- Three Telluride residents last week submitted a petition for a vote in November that would slash the number of short-term rentals in town.
- Steamboat Springs’ city council last month suspended new short-term rental applications for 90 days.
- Crested Butte, which in 2017 capped short-term rentals at 30% of all the homes in town, this week approved a 12-month suspension of all vacation rental permits.
- Breckenridge town leaders are considering a significant increase in fees for the town’s 3,800 vacation rentals.
- Buena Vista’s board of trustees are weighing a plan to cap short-term rentals, which make up about 7% of the town’s housing stock. Neighboring Salida last week approved a three-month moratorium on new short-term rental permits.
• Vail, which has more than 2,100 short-term rental permits, also is mulling increased regulation.

Kennebunkport, Maine


Hood River, Oregon

City's STR regulations. [https://cityofhoodriver.gov/planning/short-term-rentals/](https://cityofhoodriver.gov/planning/short-term-rentals/) It has moderate fees and taxes

In 2016, the city council voted to permit only permanent residents to operate STRs. [https://katu.com/news/local/hood-river-votes-to-limit-short-term-rental-listings-to-permanent-residents](https://katu.com/news/local/hood-river-votes-to-limit-short-term-rental-listings-to-permanent-residents) Hood River modeled this ordinance after Portland. In the past, homeowners could rent their home for an unlimited number of days. Now, only folks who can prove they live permanently in Hood River are allowed to rent out their homes; they can only rent for 90 days per year. One report shows that 68 percent of short-term rentals are owned by people outside of Hood River. For vacation homeowners who currently rent, they have seven years to continue under a grandfather clause. The ordinance is only applicable to homes in residential zones, commercial zones, like those downtown, are not included.


Juneau, Alaska


Destin, Florida

The Florida state legislature prohibits most forms of local control of STRs.

Salem, Massachusetts

Breckenridge

FAQ and Update regarding STRS:

637661777497070000 (townofbreckenridge.com)

STR Webpage:

[Short Term Rentals | Breckenridge, CO (townofbreckenridge.com)](townofbreckenridge.com)

STR Ordinances:

636749365219930000 (townofbreckenridge.com)

[DRAFT January 19, 2009 DRAFT (townofbreckenridge.com)](townofbreckenridge.com)

636529859657670000 (townofbreckenridge.com)