

**MINUTES OF THE SHORT TERM RENTAL AD HOC COMMITTEE
OF THE CITY OF GALVESTON
REGULAR MEETING - APRIL 7, 2025**

4/7/2025 - Short Term Rental Ad Hoc Committee Minutes

1. Declaration of a quorum and call meeting to order

Chairperson Sheila Lidstone declared a quorum and called the meeting to order at 4:00 p.m.

2. Roll Call

Present: Committee Members Dominique Brown, Sheila Lidstone, David Bloom, Joseph Spencer, Ted Shook, Claire Reiswerg, and Debra Burkley (4:03 pm); Stakeholder Members, Liz Overton(GARM), Robert Zahn (GAR), and Chris Wren (STROAG); Tim Tietjens (City Staff); and Bob Brown (CityCouncil).

Others present: Mayor Pro Tem Marie Robb.

Absent: Stakeholder Member Christine Bryant (Vision Galveston).

3. Public Comment

Members of the public may address the Committee. Speakers will be limited to three minutes.

- **Mary Branum, Chair of Arts and Historic Advisory Board - Galveston already has rules for noise, trash, and parking, so instead of making new ones, the City should fine tune the existing ones. There is a need to balance tourism and residents' concerns.**
- **Mike Tatoche, Board Member Sea Isla HOA - reported on guidelines for short term rentals created by their HOA. Enforcement of ordinances on the books is needed.**
- **Curtis Wrenner, STR owner in Sea Isle - reporting that he is committed to responsible property management. He is asking the committee to consider protecting responsible STR owners in their decisions.**
- **Jennifer Riggs, resident in Seal Isle - addressed concerns about living next door to a short term rental which has had disruptive behavior. She requested better enforcement of the rules.**

4. Consider Approval of Meeting Minutes

4.A Kickoff Meeting Minutes - March 17, 2025

Vice Chairperson Claire Reiswerg made a motion to approve the March 17, 2025 meeting minutes, with David Bloom seconding the motion. Unanimously approved.

5. Discussion and Action Items

5.A Discuss and consider appointment of chair/co-chair for the committee

Chairperson Lidstone advised that no action is needed at this time.

5.B Presentation/overview of the short-term rental industry in Galveston by Bryson Frazier (Park Board Chief Financial Officer)

Chairperson Lidstone reported that this item is being moved to the next agenda.

5.C Discuss current City of Galveston short term rental ordinances and samples from other cities

Development Services Director Tim Tietjens reported on current ordinances and land development regulations related to short term rentals.

(1) Zoning Table (Table 2.201) describes what land uses are allowed in different zones (RO, R-1, R-2, R-3, etc.).

(2) Short-Term Rental (STR) dwellings are: Prohibited in R-0; Permitted by right (P) in most zones; Limited (L) in R-3 (East End Historic District).

(3) In the R-3 Zone (Limited Use Standards), STRs must: be registered; pay hotel occupancy tax; not cause nuisance (noise, smoke, etc.); provide 1 parking space per guest room, and up to 2 on-street spaces can count; and not have signage.

(4) Parking Clarification: For example, a 3-bedroom STR would need 3 parking spaces; 2 can be on-street; Definitions and requirements vary slightly between building code and LDRs; Clarification needed on what qualifies as a "guest room."

(5) Definitions of STRs: A short-term rental is a residential dwelling or accessory building rented for less than 30 days; Some inconsistency in definitions between code sections: One allows STRs in accessory buildings (like garage apartments), another does not specify.

(6) Enforcement & Consistency - Need to reconcile differences in: Zoning code; Municipal code; STR permitting and registration; Should consider more precise language (e.g., max occupancy, parking based on room size, etc.).

(7) R0 Zones: R0 Zones that voluntarily comply with STR rules (opt-in by neighborhood); May include grandfathered STR properties; Clarification needed on how "grandfathering" works in relation to current code.

Suggestions Raised:

- **Expand limited use standards to R-1 and R-2.**
- **Clarify and standardize STR requirements across all relevant codes.**
- **Revisit accessory dwelling unit (ADU) eligibility for STR use.**
- **Improve parking enforcement and capacity considerations, especially during high-traffic events (like prom weekend).**

Planning Manager Pete Milburn reported on the city's R-0 zoning designation, the city's most restrictive residential zoning, and the process for neighborhoods to become an R-0.

Process for Requesting R-0 Zoning

- 1. Neighborhood contacts the city with intent to rezone.**
- 2. Neighborhood submits a map of the area they wish to rezone.**
- 3. City analyzes whether 75% of parcels are owner-occupied:**

4. If 75% threshold is met: the City issues individual petition forms (not a group petition) for each parcel owner to sign; the Petition includes a map and property info for clarity.
5. Once the petition is signed by 75% of parcel owners, City checks the following: Short-term rentals (STRs) that are present; Neighborhood has cohesive design/character; No dilapidated structures in the boundary area.
6. City prepares a case for the Planning Commission, which then makes a recommendation to City Council for final approval.

What Happens to Existing STRs in a New R-0 Zone?

- Existing STRs are “grandfathered in” as legal non-conforming uses.
- They can continue operating as long as they remain registered annually.
- If they fail to renew registration for 365 days or stop operating, they lose the grandfathered status.
- Registration is property-based, not owner-based—it transfers with the sale of the property but must be re-registered by the new owner.

Other Key Points

- No minimum size for a zoning change request, but must be contiguous (no skipping blocks).
- Spot zoning is avoided by adhering to zoning standards and state laws.
- The city's zoning approach is seen as reasonable and neighborhood-driven, which has helped avoid state-level legal challenges.
- Enforcement is partly reactive—often triggered by citizen reports.
- Software tracking helps monitor STR activity, though city access is limited.
- Around 10–20 R-0 zoning applications have been processed so far, all STR-motivated.

Discussion of the legal uses of HOT (Hotel Occupancy Tax):

- It is governed by Texas Tax Code Chapter 351 and is very specific—mainly for tourism promotion, advertising, and conventions—not enforcement or administrative salaries.
- Legislative change would be required to broaden its use.

Registration Fees:

- Questions were raised about where registration fee money goes and how it supports STR operations.
- It was suggested this is a question for the Park Board.
- There's concern about needing more city staff once new STR regulations take effect.

5.D Update on proposed statewide legislation related to the short-term rental industry -
Claire Reiswerg/Xochitl Vandiver-Gaskin (Asst. City Attorney)

Assistant City Attorney Xochitl Vandiver-Gaskin reported that no state statute expressly authorizes or preempts a city to regulate STRs, and although there is some guidance from case law, the Texas Supreme Court has so far declined to weigh in.

Cities rely on general statutory authority to adopt ordinances that are:

- For the good government, peace, or order of the municipality or for the trade and commerce of the municipality; and necessary or proper for carrying out a power granted by law to the municipality or to an office or department of the municipality - Texas Local Government Code §51.001.
- Home Rule Cities (like Galveston) probably have broader authority to regulate STRs - Home rule cities have broad general authority to adopt ordinances necessary to protect health, life,

and property and to preserve the good government, order and security of the municipality and its inhabitants - Texas Local Government Code §51.004.

- Both home and general rule cities have authority to regulate STRs pursuant to the city's zoning power.

What can a City do to regulate STRs?

- **CAN:** Require a permit or license and may adopt reasonable rules regulating the issuance of a permit or license - *Hignell-Stark v City of New Orleans*, 46 F.4th 317 (5th Circuit)
- **CANNOT:** Ban STRs that are not owner-occupied - *Hignell-Stark*.
- **MAYBE:** Ban parties or other events at STRs based on how many attendees are present.. Conflicting case law exists. The difference was in one case (*Zataari* out of Austin) the court said there was no evidence of a compelling government interest in restricting a Constitutional right of assembly. In *Draper*, out of Ft. Worth, the court held similar restrictions on outdoor assemblies, citing the City's extensive evidentiary support for its compelling government interest.
- **PROBABLY NOT:** restrict the number of guests staying at an STR based on whether the guests are related - *Zataari v City of Austin*, 615 S.W.3d 172 holding that the restriction was unconstitutional.
- **IT DEPENDS:** Zoning regulations may be applied retroactively if they don't interfere with a vested property right - Texas Local Government Code § 211.019
BUT a regulation that prohibits the use of a property as an STR retroactively may be unconstitutional because leasing one's property has been found to be a fundamental and vested right
City of Grapevine v Muns, 651 S.W.3d 317 and *Zataari*
As of 2023, State law now provides that if a city zoning regulation change causes the existing use of a property to become a nonconforming use, in most circumstances the City will have to allow the nonconforming use or compensate the owner for the diminution of the value of the property

The future - SB 1648/HB 2767:

- Proposes to amend the Texas Business and Commerce Code
- Prohibits municipalities from regulating only global platform
- What does that mean for Galveston if it passes?

Vice Chair Claire Reiswerg reported that Galveston currently requires all Short-Term Rental (STR) operators to register and obtain a GBR (Galveston Vacation Rental) number. This number must appear on all advertising platforms (e.g., Airbnb, social media) and is tied to compliance measures like hotel tax collection. The GBR number allows the city and park board to monitor STRs and request platforms like Airbnb to remove non-compliant or illegal listings—such as the ~1,200 unregistered for 2025. The concern is that House Bill 2767 would eliminate the city's ability to require platforms to take down illegal STR listings. If passed, it would significantly weaken local enforcement and tax collection related to STRs. The speaker recently testified against this bill in Austin and expects it to pass committee. If it advances, they plan to rally further opposition by encouraging public action.

5.E Discuss and consider options for hosting state STR experts to an upcoming meeting

The committee discussed bringing in outside STR experts to a future meeting. Jeff Goodman was suggested. San Antonio was also mentioned as a good model. Their program is well-staffed and efficiently run. They reportedly have a similar number of STR properties as your city but far more

administrative support.

6. Suggested Future Agenda Items by Committee Members

Next Steps:

- Bryson Frasier will attend the next meeting for a 45-minute discussion.
- Continued coordination with Jeff Goodman and San Antonio contact.
- Documents related to San Antonio's STR system and a national STR expert will be shared with the committee.
- If the San Antonio rep agrees to come, accommodations will be arranged so they aren't paying out of pocket.

7. Adjournment

The meeting was adjourned at 5:35 p.m.



Janelle Williams, City Secretary

Date Approved: May 7, 2025