

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

5/7/2025 - Short Term Rental Ad Hoc Committee Minutes

1. Declaration of a quorum and call meeting to order

Sheila Lidstone declared a quorum and called the meeting to order at 10:00 a.m.

2. Roll Call

Present: Committee Members Dominique Brown, Sheila Lidstone (Chair), David Bloom, Joseph Spencer, Ted Shook, and Claire Reiswerg (Vice Chair); Stakeholder Members Christine Bryant (Vision Galveston), Liz Overton (GARM), Robert Zahn (GAR), and Chris Wren (STROAG); Tim Tietjens (City Staff); and Bob Brown (City Council).

Absent: Committee Member Debra Burkley.

3. Public Comment

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

- **Lauren Kinney commented on agenda item 5B that hiring a consultant is not necessary. We have a system already in place that only needs minor adjustments.**
- **Council Member Alex Porretto commented that he has a commitment to the residents to work on nuisance issues at STR's. He suggested that the committee members review the draft STR ordinance that Council will be discussing at their May 22nd meeting.**
- **Rhonda Hamlin commented on issues with STR in Terramar Beach on the West End, including parking and party houses with large crowds.**
- **Mary Miller commented on issues with STR's in Terramar Beach on the West End, including cars parked in her circle street, blocking traffic and emergency vehicles, and renters having excessive parties. She reported that the rental management company was not responsive so she called GPD.**
- **Carlson Brenner commented on his good standing as a STR host on the East End, and other STR's operating on Airbnb with old or expired licenses. He commented that hiring a consultant is not needed.**

4. Consider Approval Of Meeting Minutes

4.A April 7, 2025

Liz Overton made a motion to approve the April 7, 2025 meeting minutes, with Joseph Spencer seconding the motion. Unanimously approved by the voting members present.

5. Discussion and Action Items

5.A Receive comprehensive presentation from Bryson Frazier, Chief Financial Officer, Park Board of Trustees, on the Short-Term Rental industry in Galveston, followed by discussion by STR members with Frazier.

Here's a summary of the discussion and presentation by Bryson Frazier, CFO of the Park Board of Trustees, regarding the short-term rental (STR) industry in Galveston:

Overview:

- **Frazier presented data on Hotel Occupancy Tax (HOT) collections, STR registrations, and trends affecting STRs.**
- **The Park Board has overseen STR registration since 2015, with a new software system implemented in recent years.**
- **STR registration responsibilities will soon transfer to the City of Galveston for improved enforcement.**

Key Data & Trends:

- **FY 2023 was a peak year:**
- **STRs contributed \$15.7M (52% of HOT collections), surpassing hotels.**
- **FY 2024 saw declines due to Hurricane Beryl and decreased STR activity.**
- **STR HOT collections dropped to \$12.4M, now only 46% of total HOT.**
- **FY 2025 projections: continued decline, with STRs contributing \$12.3M–\$13.7M, about 42–46% of HOT.**

Market Dynamics:

- **STRs became popular during COVID but are now losing share to hotels.**
- **Hotels offer better economy of scale (e.g., cleaning, services).**
- **Guests staying only 1–2 days often prefer full-service hotels.**

Registration & Compliance:

- **Annual registration involves a 7-step process using RentalScape software.**

- There are challenges with outdated or false contact info and expired registration numbers.
- STR registrations dropped from ~4,974 in 2023 to ~3,700 in 2025 (YTD).
- Enforcement strategy includes Compliance letters, platform and takedown requests; VRBO is more cooperative than Airbnb.

Complaint Handling:

- A hotline triages complaints (noise, trash, parking) but lacks resolution tracking.
- Total complaints: 432 since July 2023 (most common: noise).
- Weaknesses include No enforcement authority by Park Board; Inadequate or outdated property contact info hinders response; and moving STR oversight to the city should improve this.

Financials:

- About \$2.6M in registration fees collected since the ordinance (Dec 2022).
- \$1M retained by Park Board to cover costs.
- \$1.6M transferred to the city.

Conclusion:

- STR activity and registrations are declining post-COVID.
- Market preferences are shifting toward hotels.
- Better enforcement, registration compliance, and property contact tracking are needed.
- The transfer of STR oversight to the city is expected to improve management and accountability.

Hotel and Short-Term Rental Landscape:

- Hotels: 10 full-service hotels; 48 limited-service hotels.
- Management Companies: 34 registered entities.
- Multi-property Independents: 68.
- Short-Term Rentals (STRs): 4,600 active listings, with 1,000 operating unregistered (not compliant with city ordinance). Many are self-managed through platforms like Airbnb and VRBO.

Audit Program - the City Auditor's Office began managing audits in 2022:

- 2022: 33 STR audits, \$75K in assessed tax.

- **2023: 48 audits (41 STR, 7 hotel), \$414K assessed.**
- **2024: 32 audits (29 STR, 3 hotel), \$254K assessed.**
- **2025 (YTD): 29 audits (25 STR, 4 hotel), \$171K assessed.**
- **Total assessments since 2022: \$915K.**
- **Audit Costs: \$600–\$1,000 for STRs; \$1,500–\$2,000 for hotels.**
- **Annual contract: ~\$65K to City Auditor’s Office.**
- **Return on Investment: High, with >90% of audits resulting in assessments.**

Compliance & Enforcement:

- **STRs must register and submit Hotel Occupancy Tax (HOT) reports.**
- **Airbnb and VRBO withhold taxes but don't share granular data.**
- **Compliance letters (2 rounds) are sent before listings are flagged for takedown.**
- **Enforcement hampered by: Limited staff/resources; Incomplete property contact info; and Unregistered properties often go unnoticed until reported.**
- **Efforts underway to better enforce registration deadlines and consider penalties for late renewals.**

Technology & Reporting:

- **Software System: Deckard used to monitor STRs, but user interface and functionality have limitations.**
- **Public-facing portal shows only registered STRs (3,621), not the full count.**
- **Interest in improving transparency and public accessibility (like San Antonio’s STR map).**

Policy Recommendations & Observations:

- **Consider stricter re-registration enforcement with fees.**
- **Improve property contact data for faster compliance.**
- **Allocate more resources or transition oversight from Park Board to City.**
- **Add public-facing tools to increase visibility and accountability.**

5.B Discuss engaging a national STR planning consultant to facilitate a strategic planning session to help plan and guide the work of the committee, including funding and date of meeting.

David Bloom made a motion to table agenda item 5B, with Ted Shook seconding the motion.

The committee discussed whether to hire an outside planning consultant to facilitate a strategic planning session focused on defining goals, guiding the committee’s work, and addressing enforcement issues related to short-term rentals.

Key Points:

Opposition to consultant:

- * Some members felt hiring a consultant was premature, arguing the committee hadn't yet defined its own goals.
- * Some members cited a lack of enforcement mechanisms as a higher priority.
- * Concerns were raised about using taxpayer money or accepting external funding, which legally requires City Council approval.
- * Several believed the committee already had the expertise necessary.

Support for Consultant:

- * Proponents viewed the consultant not as a decision-maker but a neutral facilitator to help organize priorities and share insights from other cities.
- * A previous example of successful strategic planning with a facilitator was cited.
- * The facilitator's proposed role was to gather input, share best practices, and help develop a structured roadmap.

Legal and Procedural Concerns:

- * City legal counsel clarified that the committee cannot accept donations or allocate funds, making the proposed hiring procedurally invalid.
- * It was recommended that the committee stop discussion and vote on the motion to table the item.

Committee members in favor of the motion to table: David Bloom, Joseph Spencer, and Ted Shook.

Committee members in opposition of the motion to table: Sheila Lidstone, Claire Reiswerg, and Dominique Brown.

The motion failed.

6. Suggested future agenda items by Committee Members

Future Agenda: Scope of the committee, review of the STR ordinance, community engagement, donation issue, and San Antonio's STR program.

7. Adjournment

The meeting was adjourned at 11:38 a.m.



Janelle Williams, City Secretary

Date Approved: May 28, 2025

