

Galveston's long vacation rental debate shifts to a deeper question

- By KERI HEATH The Daily News
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GALVESTON

Debate about the short-term rental industry has shifted in the 2022 election from how to manage nuisance-driven complaints about trash and noise to one more fundamental: how the rentals should coexist in residential neighborhoods.

Council candidates have seized the issue and proposed a range of actions, including forming task forces, enacting high annual fees and even putting caps on the number of rentals allowed to operate in Galveston.

At two separate forums this week — one hosted by the Galveston Regional Chamber of Commerce and another by the Short Term Rental Owners Association of Galveston — candidates addressed questions related to short-term rentals.

There has been a shift in community conversation, Mayor Craig Brown said.

Brown is running for reelection and opposed by Roger “Bo” Quiroga, a former mayor, and Benjamin Herndon.

What regulations Galveston needs won't be clear until results come back from a program newly implemented under the Galveston Park Board of Trustees, which collects vacation rental fees, Brown said.

“I have always been vocal that we need to collect data,” Brown said.

Herndon wants to leave density issues up to the residents, he said.

“I think the best way would be to have a referendum of the people to see how much of the housing stock they'd want in general to be allocated to short-term rentals,” Herndon said.

Quiroga seeks higher annual fees for short-term rentals but wants to preserve the industry for local owners, he said.

“We should try to come up with an ironclad ordinance that will really have some teeth in it,” Quiroga said.

THE RENTAL SITUATION

The debate about vacation rentals has evolved perhaps because the city has a better understanding than ever of how many units are in Galveston.

The city Jan. 1 implemented new rules requiring owners to register their rental properties annually and prohibited listings on popular sites like Airbnb and Vrbo without a registration number.

The city has now identified about 4,000 short-term rentals, according to the Galveston Park Board of Trustees, which collects vacation rental fees.

About half of the island's vacation rentals are in District 6 and nearly another quarter are in District 2, which runs just north of the seawall from about Fourth Street to about 40th Street, according to the park board.

Short-term rentals have become a major player in the island's lodging market since the pandemic.

In 2018, short-term rentals accounted for only 28 percent of hotel occupancy tax revenue, according to park board data. Last year, vacation rental revenues accounted for 45 percent of total collections.

The occupancy tax on overnight stays pays for beach cleaning, Galveston Island Beach Patrol and historic preservation, among other uses.

FINDING BALANCE

It's tough to find that balance between residents and tourism, Joseph Robinson said.

Robinson, an island resident, owns three vacation rentals and just purchased a fourth this week.

"We're bringing the property value up in the neighborhood," Robinson said. "It could be a good thing or a bad thing."

Robinson is amazed by the number of short-term rentals that have cropped up in the past couple of years and he understands residents' concerns about the sheer number of rentals, he said.

"It's a Catch-22," Robinson said.

WHAT THEY THINK

Many council candidates see value in the short-term rental industry and want to wait for more data from the park board before taking a position about whether and how to regulate them.

Vacation rentals are an important part of the island economy and regulating them requires good data, said David Collins, incumbent to District 3.

John Paul Listowski, who is running for reelection in District 5, sees short-term rentals as a vital part of island revitalization, though the city needs to find a balance between regulation and business, he said.

In District 6, incumbent Marie Robb and challenger Marty Fluke note short-term rentals are a more accepted part of life than they are in the island's urban core. The district includes the island's West End, where numerous vacation rentals have operated for decades.

Both advocate for some fees and ordinances over the industry.

Michael "Mikey" Bouvier, District 4 candidate views short-term rentals as a vital part of the small-business community. Alexander Nelson, who also is running for District 4, wants to make sure there are fees and regulations on short-term rentals.

Some candidates want to see more fees placed on the industry.

Frank Maceo, who is running in District 3, is in favor of high fees for short-term rentals that could be redirected to neighborhood projects.

Michael Niebuhr, a District 5 candidate, could see a cap on short-term rentals, he said.

"It seems to have worked in other cities," Niebuhr said. "Let's look at what works."

THE INDUSTRY

The debate about vacation rentals once was about litter, parking and noise, but those issues have shifted, said Randall Kopfer, president of the short-term rental owners association.

"We're strong proponents of moderate fees," Kopfer said. "We think we should have strong, substantial fines for people who don't comply with the rules."

Limits on the number of short-term rentals in a city could be tricky, he said.

"I'm a big property rights proponent," Kopfer said. "They have unintended consequences."

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