



City of Dallas

Short-Term Rentals Update

**Economic Development
Council Committee**

November 4, 2024

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City of Dallas

Presentation Overview



- Introduction
- Active Short-term Rentals
- Initial Cost
- Ongoing Annual Costs
- Staff Activity During Injunction
- Fee Recovery
- Hotel Occupancy Tax (HOT)
- Conclusion



Introduction



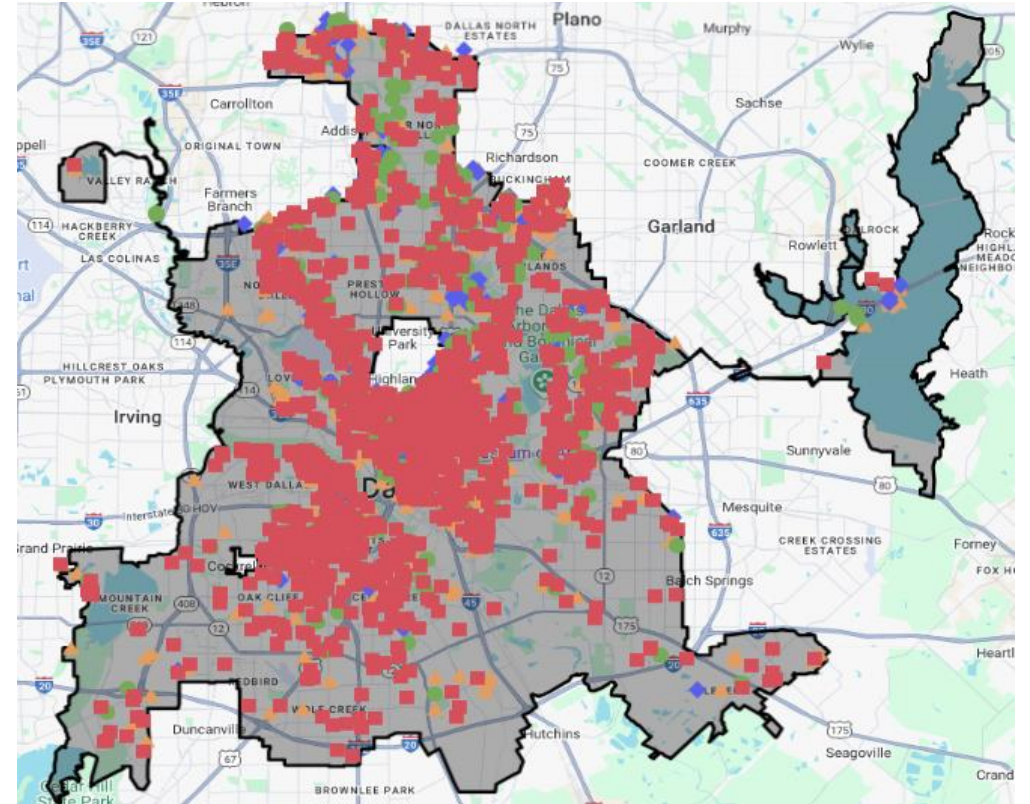
- This presentation serves to provide an update on active short-term rentals, HOT collection, Initial and ongoing annual costs, fee recovery, and staff activity during injunction.



Active Short-Term Rentals



- As of September 30, 2024, we have detected a total of 3495 active short-term rental properties within the City of Dallas, via GovOS software.



Initial Cost



Initial Costs: The program's initial cost was \$1,375,057. The following table provides a line-item breakdown of start-up costs.

Description	Expense	Comments
Salaries & Benefits	\$507,984	Salaries for nine positions (7 Inspectors III, 1 Admin Spec II, 1 Supervisor).
Supplies	\$44,916	Uniforms, office supplies, postage, and devices.
Contractual/other services	\$369,737	\$342K for software updates & Granicus annual subscription and \$28K for training, printing, and data charges.
Vehicles	\$452,420.00	One-time expenses for purchasing vehicles for inspectors.
Total	\$ 1,375,057	



Ongoing Annual Costs



Ongoing Annual Costs:

The annual cost projections of running the Short-Term Rental (STR) enforcement unit year-over-year, through FY 27.

Description	FY25 Expense	FY26 Expense	FY27 Projected	Comments
Salaries & Benefits	\$674,702	\$702,048	\$729,503	Salaries for nine positions (7 Inspectors III, 1 Admin Spec II, 1 Supervisor).
Supplies	\$42,416	\$43,688	\$44,999	Uniforms, office supplies, postage, and devices.
Contractual/other services	\$214,057	\$218,338	\$224,888	Software Granicus annual subscription and training, printing, and data charges.
Total	\$931,175	\$964,074	\$999,391	



Staff Activity During Injunction



- Nine (9) dedicated FTEs were allocated for STR enforcement
 - One (1) Supervisor
 - One (1) Administrative Specialist
 - Seven (7) Code Inspectors
- During the injunction, staff members have been fanned out across other high-priority Rental Units (e.g. Multi-Family, Single-Family, Boarding Home Facilities, and the Consumer Protection Licensing/Inspection Program).
- Collectively these individuals have conducted **13,575** inspections among them, during FY 23-24, improving the health, safety, and Quality of Life for Dallas residents.



Fee Recovery



Fee Recovery

Registration Fees	\$248.00	The annual registration fee, which includes an initial inspection.
Re-inspection Fees	\$144.00	Upon initial inspection, if the property requires a re-inspection, a \$144 fee is applied.

- The fee study initially determined the revenue of \$745K, assuming all 3,000 potential STR units register and pay a registration fee.
- However, based on the implementation of similar new programs, we have seen that only between 50% and 42% of potential units will register during the program's initial implementation phase.
- Therefore, the revenue is adjusted to reflect that an estimated half of potential STR units will register during the first year.
- Also, the revenue can decrease depending on the month of the FY this program is launched.



Hotel Occupancy Tax (HOT)



- Per Chapter 351 of the Texas Tax Code and Chapter 334 of the Texas Local Government Code, every person (entity) owning, operating, managing, or controlling a short-term rental (STR) in the City of Dallas (City) is required to collect Hotel Occupancy Tax (HOT) in the amount of 9% of net room receipts from their guests and report the collections and pay the HOT to the City. Guests who stay 30 or more consecutive nights are exempt from paying HOT.
- HOT collected from STRs for the periods of June 2023 through August 2024: **\$4,106,348.97**
- HOT collected from STRs during FY 2023: **\$3,824,201.93**
- HOT collected from STRs during FY 2024 YTD August: **\$2,849,521.69**
- Estimated total HOT revenue from STRs during FY 2024: **\$3,108,569.12**

STR Counts		
	7/3/2023	9/30/2024
STRs-Active Count	1,921	2,033
STRs-Potential Count	1,329	1,462
Total STR Count	3,250	3,495

- Key Challenges in Collection: The City Controller's Office (CCO) mails monthly notifications to properties identified as potential STRs. The challenge is that not all property owners/managers respond to the CCO's request to register their property to file and pay HOT.



Conclusion



- The Dallas Short-Term Rental program is currently under legal injunction that has halted registration requirements, zoning restrictions, and penalties for noncompliance enforcement.
- We await release of injunction prohibiting enforcement.





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