



City of Dallas

Draft Short-Term Rental Zoning and Registration Ordinances

Quality of Life, Arts & Culture Committee

March 20, 2023

Julia Ryan, AICP
Director

Planning and Urban Design

Chris Christian, Director
Code Compliance Services

Jeremy Reed, Assistant Director
Code Compliance Services

Presentation Overview



- Presentation Purpose
- Background
- CPC Recommended Zoning Ordinance
- Quality of Life Information Request
- Proposed Registration Ordinance
- Proposed Regulations
- Resource Needs



Purpose



- Provide Quality of Life Committee an update of the Short-Term Rental Zoning Ordinance (Chapter 51A) process and recommendation of the City Plan Commission
- Provide Code Compliance's summary of recommendations regarding the registration ordinance and enforcement process



Timeline (2020-2021)



2020

- June – December meetings of the Quality of Life, Arts and Culture Committee (QLAC) STR Task Force

2021

- January: briefing at QLAC
- February: closed session briefing at QLAC
- March: briefing at QLAC
- May: public comments at City Council
- November – December: QLAC STR Task Force
- **December: City Plan Commission authorized code amendment to define STR's as "Lodging Use"**



Timeline - 2022



2022

- January - February: QLAC Task Force
- May 4, June 1, June 15: City Council briefings
- June 7: memorandum signed by 5 City Council Members to City Manager
- **ZOAC/CPC**
 - June - September: Zoning Ordinance Advisory Committee meetings(ZOAC)
 - October 4: ZOAC recommendation to City Plan Commission (CPC)
 - November: CPC Briefing
 - December 8: CPC Public Hearing and Action



Case DCA212-002



- City Plan Commission **authorized code amendment** on *December 2, 2021*:
 - Consideration of amending Chapters 51 and 51A of the Dallas Development Code, with consideration to be given to amending Section 51-4.216.1, “Lodging Uses” and Section 51A-4.205 “Lodging Uses” to **define a new use called “Short-term rental lodging” and related regulations.**
- City Plan Commission recommendation on *December 8, 2022*: City Plan Commission **voted (9-4) to recommend to City Council** an amendment to Section 51A-4.205. LODGING USES for the following:



CPC Recommended Zoning Ordinance (cont'd)



- **Definition:** A full or partial building containing one or more kitchens, one or more bathrooms, and one or more bedrooms that is rented to occupants for fewer than 30 consecutive days per rental period.
- **Districts permitted:** By right in Mid-Range Office (MO(A)), General Office (GO(A)), central area, mixed use, multiple commercial, and urban corridor districts. ***{Non-residential districts}***
- **Required off-street parking:** One space per full or partial unit rented to occupants.



CPC Recommended Zoning Ordinance (cont'd)



- This use must comply with Chapter 42B, “Short-Term Rentals” of the Dallas City Code.
- The number of short-term rentals in a single unit may not exceed one.
- A short-term rental must not be used as a commercial amusement (inside), commercial amusement (outside), restaurant with drive-in or drive-through service, restaurant without drive-in or drive-through service, or any other use unless located in a zoning district in which the use is permitted and a Certificate of Occupancy is issued for the use.



CPC Recommended Zoning Ordinance (cont'd)



- Short-term rental lodging is prohibited in a multifamily structure or development that has received and utilized a development bonus under Division 51A-4.1100 “Mixed Income Housing.”



CPC/ZOAC Discussion – Accessory Use



- **ZOAC:** Accessory use option requested by ZOAC. Voted to not move item forward.
 - Allow the use of a property as an STR *only* if there is a primary resident that lives at the property (established by homestead exemption, voter registration, etc.)
- **CPC:** Accessory use discussion requested by CPC. Briefed and discussed at December 8, 2022 CPC meeting. No action taken.



CPC Recommended Purpose Statement



To establish regulations to protect the health and safety of occupants of short-term rental properties, to protect the integrity of the districts in which short-term rental properties operate, and to preserve the neighborhood character of residential districts within the city and to minimize adverse impacts to the housing supply caused by the conversion of residential units to transient use.

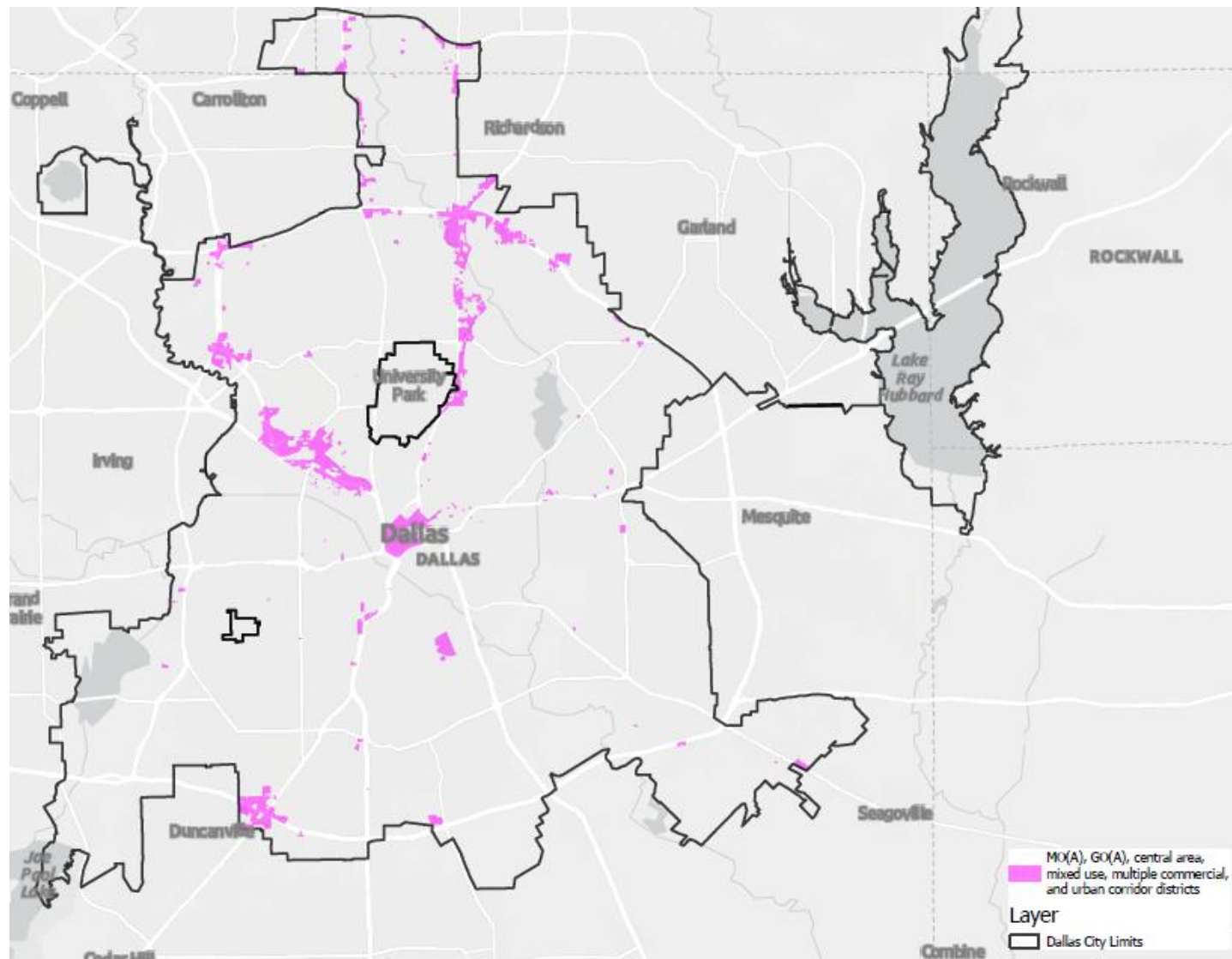
Written by and recommended approval by CPC to include in enacting ordinance, not in Chapter 51A.



CPC Recommended Zoning Districts



- **Districts permitted:** By right in Mid-Range Office (A), General Office(A), central area, mixed use, multiple commercial, and urban corridor districts.
- There may be existing single family or multifamily neighborhoods in these zoning districts.



STRs and Zoning Districts

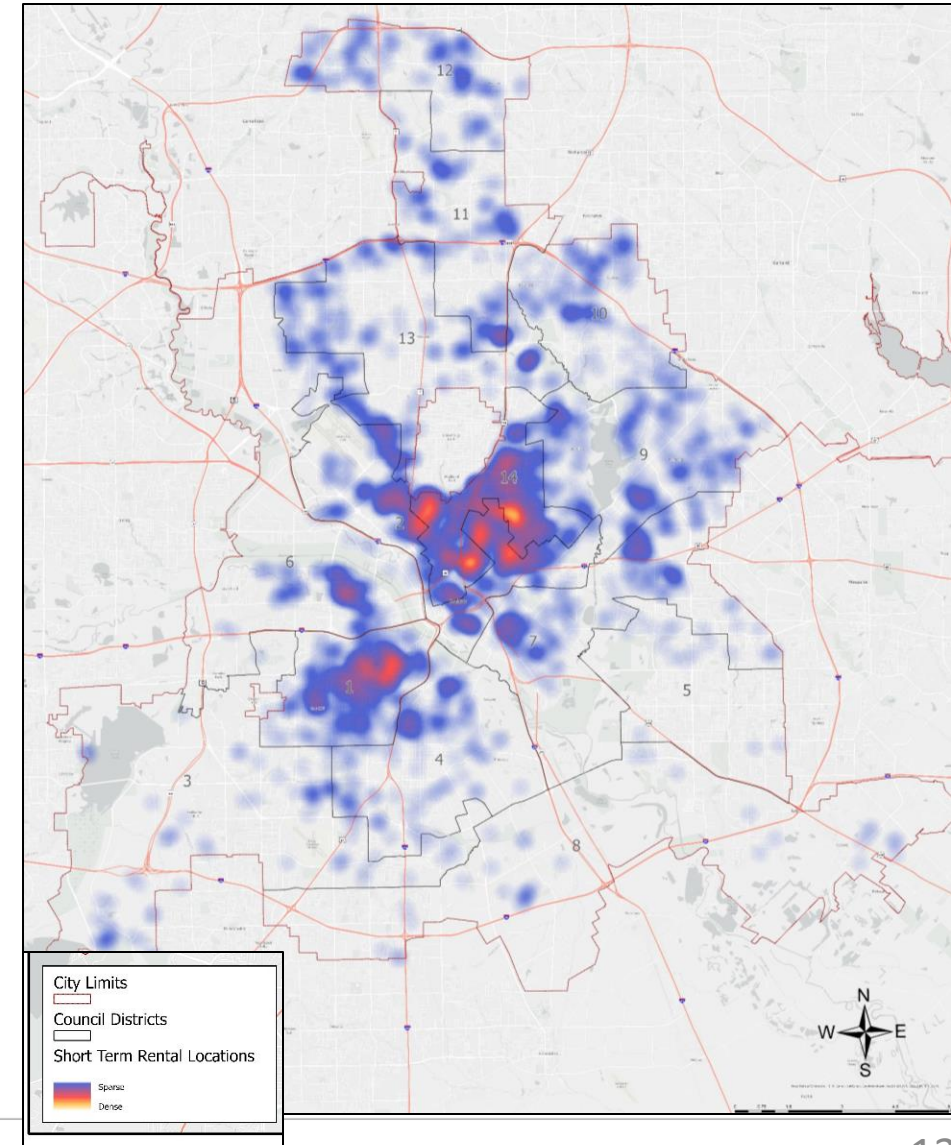


| Short-Term Rentals by Zoning District | | |
|---------------------------------------|---------------------------------|-------------------------------|
| Zoning District | Number of Active / Pending STRs | Zoning District Share of STRs |
| A(A) | 1 | 0% |
| CA-1(A) | 18 | 1% |
| CD | 146 | 6% |
| CH | 1 | 0% |
| CR | 23 | 1% |
| CS | 7 | 0% |
| D(A) | 80 | 3% |
| GO(A) | 1 | 0% |
| IR | 1 | 0% |
| LO-1 | 2 | 0% |
| MF-1(A) | 84 | 3% |
| MF-2(A) | 238 | 9% |
| MF-3(A) | 6 | 0% |
| MU-1 | 7 | 0% |
| MU-2 | 15 | 1% |
| MU-3 | 6 | 0% |
| MU-3(SAH) | 1 | 0% |
| NS(A) | 2 | 0% |
| PD | 919 | 35% |

| Short-Term Rentals by Zoning District | | |
|---------------------------------------|---------------------------------|-------------------------------|
| Zoning District | Number of Active / Pending STRs | Zoning District Share of STRs |
| R-1/2ac(A) | 7 | 0% |
| R-10(A) | 94 | 4% |
| R-13(A) | 4 | 0% |
| R-16(A) | 34 | 1% |
| R-1ac(A) | 4 | 0% |
| R-5(A) | 119 | 5% |
| R-7.5(A) | 711 | 27% |
| RR | 3 | 0% |
| TH-1(A) | 11 | 0% |
| TH-2(A) | 24 | 1% |
| TH-3(A) | 40 | 2% |
| WR-5 | 3 | 0% |
| Total | 2,612 | |

Under CPC's recommendation, approximately 48 (1.8%) operating STRs would be permitted, assuming registration with Code Compliance Services. This calculation does not include PDs.

Data source: Dallas City Controller's Office [STR locations]; Planning & Urban Design [zoning districts]. August 2022.



Public Comment



- ZOAC
 - 209 Registered speakers
 - 298 Emails
- CPC
 - 109 Registered speakers
 - 166 Emails



Quality of Life Request – Opt-In Option



- ADU opt-in option process:
 - Property owners of a majority of the lots in the proposed overlay of sign petition
 - Area with 50+ single family homes or entire original subdivision, if less than 50 homes
 - Follows modified re-zoning hearing procedures: neighborhood meeting, CPC, then Council
- No opt-ins have been requested





Proposed Registration Ordinance (Chapter 42B)

Chris Christian, Director
Code Compliance Services
City of Dallas



Summary of Proposed Registration Ordinance



- Add new Chapter 42B – Short- Term Rentals
- Require all STR owners/hosts to:
 - **Register annually through application**
 - Owner/operator, address, telephone number, property address, owner's driver's license number
 - HOT registration number
 - Acknowledgement of occupancy limits, parking requirements, noise limitations, and revocation process
 - Permission to host if not operated by owner



Summary of Proposed Registration Ordinance



Add new Chapter 42B – Short- Term Rentals

- Require all STR owners/hosts to:
 - **Pay annual registration fee - \$214.00**
 - Registration expires one year after registration date or when ownership changes
 - **Allow initial inspection of property** upon application and for renewal
 - If initial inspection violations exist, **\$124.00 reinspection fee**
 - Property may qualify for the Self Certification program
 - If no code violations within previous 12 months



Summary of Proposed Registration Ordinance



Add new Chapter 42B – Short- Term Rentals

- Require all STR owners/hosts to:
 - **Be a good neighbor**
 - Adhere to occupancy limits of three people per bedroom
 - No amplified sound equipment audible beyond property line between the hours of 10:00 pm – 7:00 am
 - Minimum rental period – two nights
 - Limit maximum number of motor vehicles to the number of available off-street parking spaces
 - Public listings/advertisement must include rental registration number, occupancy limits, noise limits, number of vehicles allowed, and city regulations related to parking on unapproved surfaces and oversized vehicles



Summary of Proposed Registration Ordinance



Add new Chapter 42B – Short- Term Rentals

- Require all STR owners/hosts to:
 - **Provide name of emergency contact**
 - Identify local responsible party
 - May be contacted 24 hours a day, seven days per week in the event of emergency
 - Property owner/host/local responsible party must respond on site within one hour
 - Must notify city within 10 days of any change
 - **Post certificate of registration** in common area of property



Summary of Proposed Registration Ordinance



Add new Chapter 42B – Short- Term Rentals

- Hosting platform to:
 - Promote responsible STR management and ownership
 - We are requesting hosting platforms not collect fees for facilitating transactions of unregistered properties
 - Require hosting platforms to register
 - Require hosting platforms provide a monthly report of active listings within City of Dallas



Summary of Proposed Registration Ordinance



Add new Chapter 42B – Short- Term Rentals

- Denial of registration
 - Noncompliance with all requirements
 - False statements on application
 - Failed inspections/not in compliance with zoning regulations and minimum property standards
 - Three or more citations for violations of Dallas City Code within previous 12 months prior to application
 - Within 2,000 feet from another registered STR
 - Delinquent ad valorem taxes, fees, fines or penalties owed to the city; delinquent HOT
 - Revocation of STR registration within past 12 months



Summary of Proposed Registration Ordinance



Add new Chapter 42B – Short- Term Rentals

- Revocation of Registration
 - Three or more citations for violations of Dallas City Code within 12-month period
 - Occurrence of egregious offense on property (commission of crimes related to drugs, prostitution, or serious breach of peace)
 - Owner to be notified of revocation and right to appeal in writing
 - Owner not permitted to apply for STR registration for one year following date of revocation
 - Revocation is final until Permit License and Appeal Board makes final decision



Registration Process



Revocation Enforcement Tool
May occur after three citations within one year; STR registration may be revoked, and the address barred from applying for renewal of registration for one year

- ❑ Includes but is not limited to parking, noise, litter, destruction of property, disorderly/criminal conduct or failure to pay hotel occupancy taxes
- ❑ Locations with a revoked registration may appeal to the Permit, License and Appeal Board for review





Proposed Regulations and Resource Needs

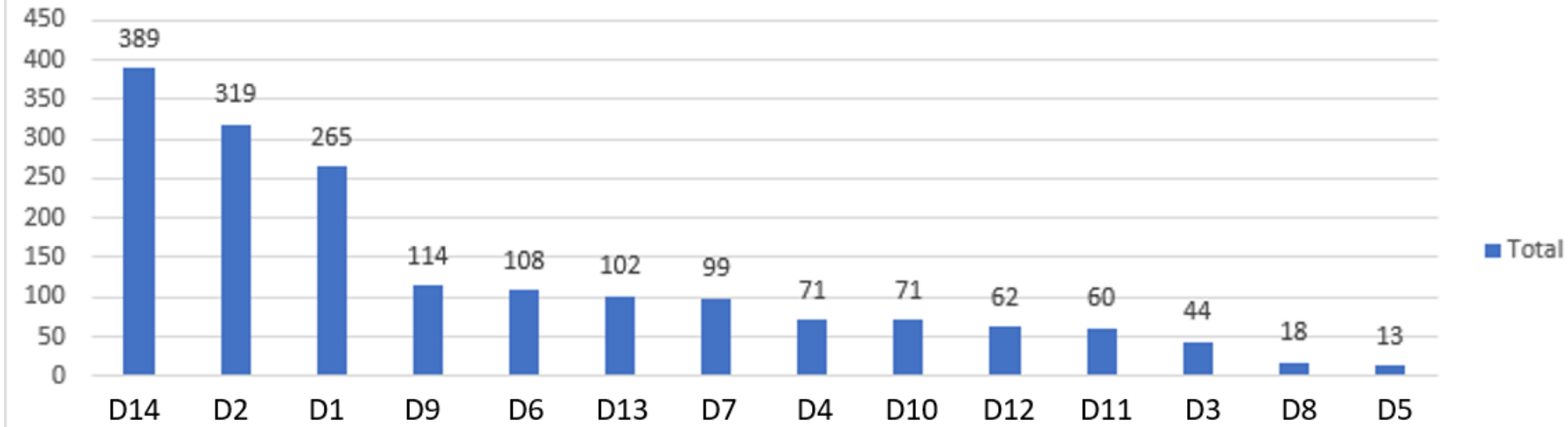
Jeremy Reed, Assistant Director
Code Compliance Services
City of Dallas



Proposed Regulations



Total Number of STR Properties by Council District



Properties operating as short-term rentals and paying HOT as of 3.1.23



Proposed Regulations



Acceptance of CPC Recommendations

- Appx. 95% of properties operating as STRs and paying HOT are within Residential zoned areas
 - 1,735 total HOT-paying STRs as of March 1, 2023
 - These properties will be in violation for illegal land use upon effective date of the ordinance
 - Complaint-based enforcement; proactive enforcement for illegal operators (with approval of compliance and enforcement software)



Proposed Regulations



Acceptance of CPC Recommendations

- Delay effective date of the ordinance to provide property owners in unapproved zones time to transition to allowable uses
- Register and inspect properties in allowed zones
 - Complaint-based and proactive enforcement of registration and operational requirements
 - Set registration and inspection fees to capture program costs for legal operators
- Conduct illegal land use enforcement in unapproved zones
 - Enforcement costs for illegal operators will need to be absorbed in general fund budget



Proposed Regulations



Reject or modify CPC Recommendations

- Proceed with registration ordinance upon adoption of zoning ordinance
- Register and inspect properties in allowed zones
 - Complaint-based and proactive enforcement of registration and operational requirements
 - Set registration and inspection fees to capture program costs for legal operators
- Conduct illegal land use enforcement in unapproved zones
 - Enforcement costs for illegal operators will need to be absorbed in general fund budget



Resources Needed for STR Registration program



Staffing

Accept CPC Recommendation

- **One (1) Supervisor** for scheduling and registration program management
- **One (1) Administrative Specialist II** to serve as clerical support for registration database
- **Seven (7) Code Officer III** to conduct inspections; day shift, Monday - Friday
 - Review enforcement system to locate violations for illegal land use, noise, and other regulations at unregistered/illegal locations
 - Respond to complaints
 - Registered STR Enforcement – Code Compliance will investigate, confirm violation, contact local responsible party, and issue notices/citations as necessary. Revoke registration of repeat offenders.
 - Unregistered STR Enforcement – Code Compliance will investigate, confirm illegal land use violation, issue notices/citations as necessary. Refer loud noise complaints/disorderly conduct to DPD.
 - **Based on an estimated 95% of STRs being in residential zoned areas**



Resources Needed for STR Registration program



Staffing

Reject or modify CPC Recommendations

- **One (1) Manager** to oversee operations of STR Registration program
- **One (1) Supervisor** for scheduling and registration program management
- **One (1) Administrative Specialist II** to serve as clerical support for registration database
- **14 Code Officer III (Based on current STR projections)** will be needed for registration, inspection and enforcement program, based on:
 - One initial annual inspection; reinspection as needed
 - Review enforcement system to locate violations for illegal land use, noise, and other regulations at unregistered/illegal locations
 - Respond to complaints
 - Includes day and evening shifts with coverage until 2:00 am on the weekends



Resources Needed for STR Registration program



Technology

- **Registration software** capable of online application and payment; case and inspection management
 - Created registration database – Anticipated to be operational pending PCI approval
 - Partnering with ITS and current vendor to finalize program
- **Compliance Activity & Enforcement software** to aid CCS staff with platform and host compliance:
 - **Address identification:** Monitoring hosting platforms; produce activity dashboard and map to monitor trends, etc.
 - **Compliance monitoring:** Up-to-date information for each identified rental unit and its compliance status; capable of sending letters to noncompliant properties 24/7; Monitor properties that become compliant after letter of enforcement
 - **Density management:** Track STR locations to ensure compliance with distance requirements



Resources Needed for STR Registration program



Technology

- Compliance Activity & Enforcement Software benefits:
 - Monitoring & Reporting
 - Establish baseline of STRs in Dallas
 - Real-time reporting of all new listings and daily calendar monitoring
 - Identify future bookings as they are made on the rental platform
 - Automatic identification of violations
 - Constituent Portal
 - Public-facing portal linked to CCS website
 - Permit data and responsible party contact information for STR property



Resources Needed for STR Registration program



Funding

| | Accept CPC Recommendation | | Reject CPC Recommendation | |
|--------------------------|--|--------------------|--|--------------------|
| Staffing | -Supervisor -Admin Specialist II -7 Code Officer III | \$663,129 | -Manager, Supervisor -Admin Specialist II -14 Code Officer III | \$1,272,260 |
| Equipment | Vehicles, uniforms, safety equipment | \$370,000 | Vehicles, uniforms, safety equipment | \$671,516 |
| Training | Code Academy, safety training, self-defense | \$11,428 | Code Academy, safety training, self-defense | \$45,836 |
| Technology | Registration Software Enhancement – one time set up cost (\$150K) Enforcement Software – Ongoing (\$192k) | \$342,000 | Registration Software Enhancement – one time set up cost (\$150K) Enforcement Software – Ongoing (\$192k) | \$342,000 |
| Annual Fee | Annual Registration Fee | \$214 | Annual Registration Fee | \$234 |
| Re-Inspection Fee | Re-Inspection Fee | \$124 | Re-Inspection Fee | \$139 |
| Total Expense | | \$1,386,557 | | \$2,331,612 |
| Estimated Revenue | | \$41,450 | | \$910,297 |



Outreach and Engagement



Following adoption of zoning and registration ordinances, Code Compliance will conduct outreach efforts to include:

- Communications team collaboration
- Social media broadcast
- Stakeholder community meetings
- City Council newsletters
- Mailers to currently registered operators
- Advertise on our Code Compliance website





City of Dallas

Draft Short-Term Rental Zoning and Registration Ordinances

Quality of Life, Arts & Culture Committee

March 20, 2023

Julia Ryan, AICP
Director

Planning and Urban Design

Chris Christian, Director
Code Compliance Services

Jeremy Reed, Assistant Director
Code Compliance Services

• **Quality of Life Request – HB 2665**

- Bill prohibits a local government from adopting or enforcing a local law that :
 - Expressly or effectively prohibits the use of a property as an STR,
 - Regulates the duration or frequency of use of a property as an STR, or
 - Limits the number of occupants in an STR.

• **Quality of Life Request – HB 2665 Cont.**

- Bill authorizes a local government to adopt and enforce a local law that requires the owner or operator of an STR to:
 - Register the property as an STR,
 - Obtain all required tax registrations, receipts, or certificates,
 - Update registration information when the information changes,
 - Comply with parking, noise, and solid waste requirements, and
 - Designate and maintain at all times a local responsible party.