

Short-Term Rental Regulations



City of Dallas

Dallas City Council
May 4, 2022

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Presentation Overview



- What is a Short-Term Rental
- History and Prior Action
- Where We Are Today
- 2021-22 Short-Term Rental Task Force
- STR Task Force Recommendations and Options
- Staff Proposed Supplemental Recommendations (3 Choices)
- Next Steps



Presentation Purpose



- Provide a briefing on the Short-Term Rental Task Force Recommendations
- Summarize the process for a Zoning Code Amendment



What is a Short-Term Rental?



Include rooms or whole houses, condominiums and apartments that rent daily or weekly and are a growing alternative to hotels (less than 30 days).



What is a Short-Term Rental – in Dallas?

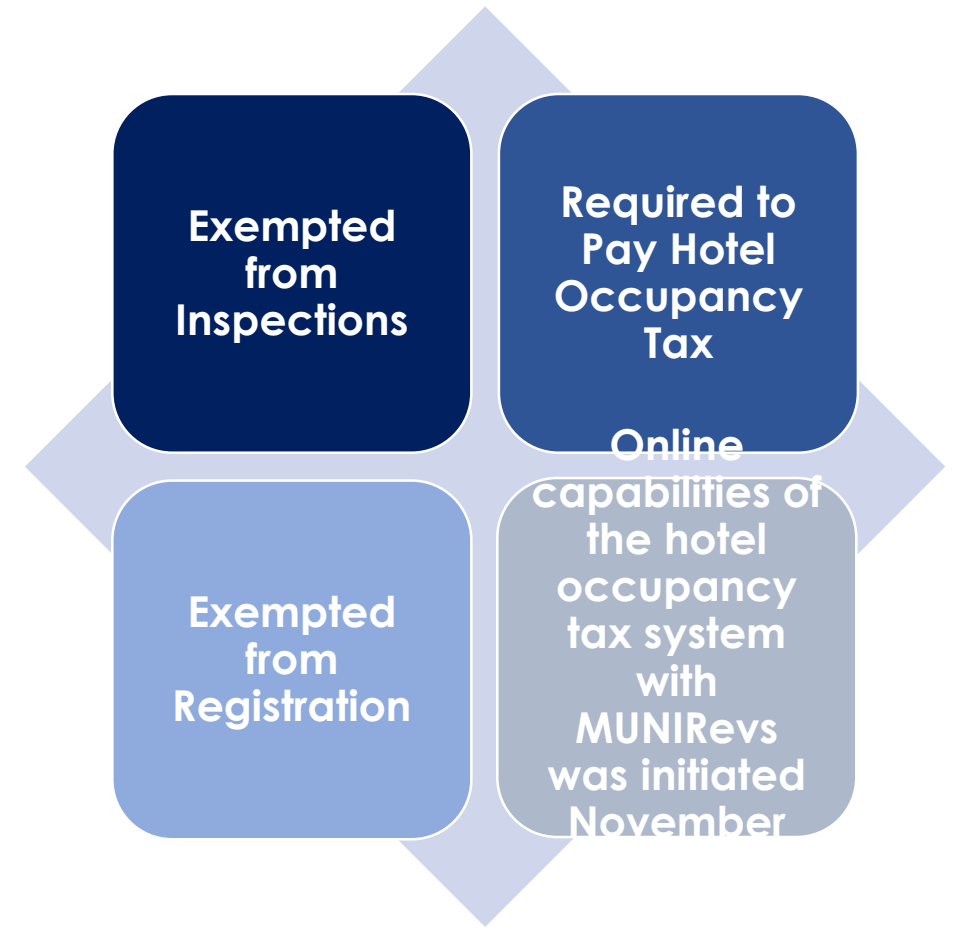


Per Dallas City Code, short-term rental has the definition given that term in Section 156.001 (b) of the Texas Tax Code, as amended.

Chapter 156 Hotel Occupancy Tax

156.001(b) For purposes of the imposition of a hotel occupancy tax under this chapter, Chapter 351 or 352, or other law, “hotel” includes a short-term rental. In this subsection, “*short-term rental*” means the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.

Exempted from the current Single Family Rental Registration Program



History and Prior Action



- City staff briefed Quality of Life, Arts & Culture committee on Short Term Rental Regulations on February 18, 2020 to:
 - ❑ Update the committee on current practices relating to STRs in Dallas
 - ❑ Receive direction from Committee on:
 - The need for additional enforcement of current STR registration and other city-wide requirements and
 - The need for additional regulations



History and Prior Action



- Committee chaired by Councilmember Arnold requested a STR Task Force make initial recommendations on the regulation of STR properties
- Councilmembers with the most STRs were asked to appoint 2-3 people each with Chair appointed by Councilmember Arnold (**not staff lead**)
 - ❑ Task Force members included representatives from Council Districts 1, 2, 10, 13, and 14; Councilmembers Blackmon and Blewett attended Task Force meetings
- STR Task Force began meeting monthly in June 2020
 - ❑ Developed recommendations December 2020



History and Prior Action



- Staff briefed STR Task Force's recommendations to Committee on January 19, 2021
- Briefed committee in closed executive session on legal issues regarding regulation of STRs on February 23, 2021
- Briefed committee on options to regulate STRs on March 23, 2021
- Received 534 responses to online web survey initiated April 16 – May 5, 2021



History and Prior Action



- Provided white paper analysis of the impact of STRs on surrounding neighborhoods by memorandum on May 3, 2021
- Held public hearing at City Council meeting on May 5, 2021



Prior Action



- On December 2, 2021, City Plan Commission voted to authorize public hearing to consider 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.**
 - CPC process pending Council Directions-
Department of Planning & Urban Design



Where We Are Today



Purpose is to seek direction on the following:

- Task Force recommendations
- Strategically solve nuisance related issues associated with STRs (noise, parking, litter, crime, etc.)
- Policy guidelines related Zoning
- Approved Zoning locations for STRs
- 3 Council considerations



Where We Are Today



- Short-Term Rentals have grown in popularity, leading to:
 - ❑ Additional “potential” city revenue
 - ❑ Reinforcement as a place to visit
 - ❑ Nuisance, enforcement and city resource challenges
- Dallas does not have a Short-Term Rental Ordinance
- There are 1,174 active STRs currently paying HOT with Controller’s Office as of April 14, 2022



Where We Are Today



- Challenge to identify STRs
- Process to fairly monitor responsible operators/owners while holding accountable all STR operators/owners.
- Define where they will be allowed and how to operate



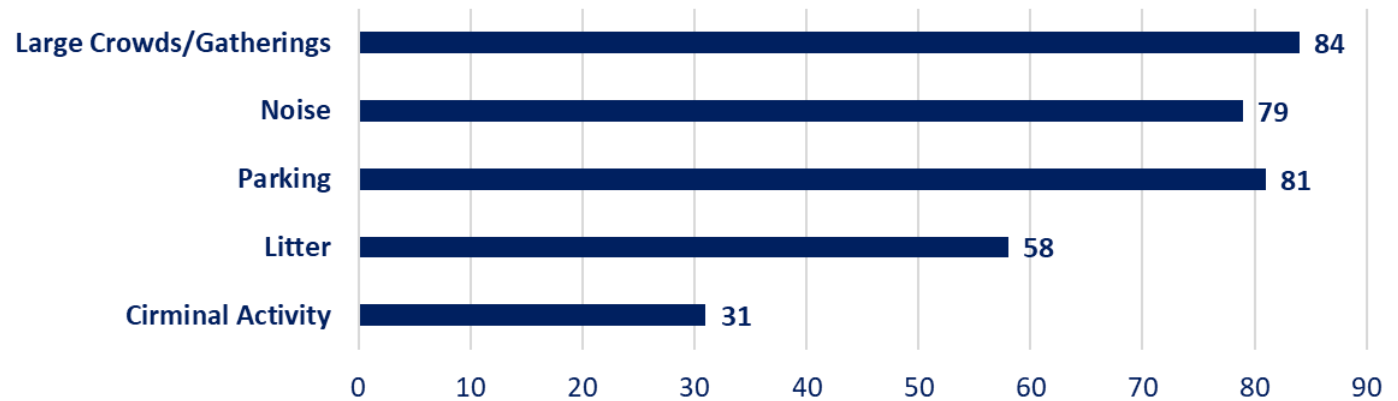
Where We Are Today – 311/911



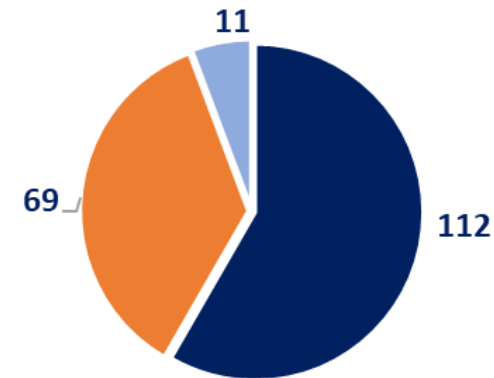
STR Service Request Tracking Tool

- 112 complaints for 69 locations received since October 2020
- Code and DPD respond to concerns

311 STR Concerns by Type



STR Complaints by Address Location



■ Total Complaints ■ Total Addresses ■ Addresses >1

Note: Complaints are not inclusive of total number of complaints that may have resulted from Short-Term rental disturbances



2021-22 Short-Term Rental Task Force



- New STR Taskforce formed in 2021
 - ❑ MPT West, Chairman Bazaldua Co-Chairs
 - ❑ 1 STR Owner Occupied
 - ❑ 1 STR Commercial Owner
 - ❑ 1 STR Platform
 - ❑ 4 Community Stakeholders (Residents/Business Owners)
- Purpose: Outline registration requirements, condition of the property, protect/health/safety of guests and community and develop enforcement regulations



2021-22 Short-Term Rental Task Force



- Seven (7) meetings Nov. 2021-Feb. 2022, including public discussion and taskforce recommendations
(add link)

Responsible owners not the problem
Support Regulations
Supplemental income
Majority do what's right
Guests are vetted and properties (cameras and noise meters) monitored
Fair/balanced regulations

Favor of STR Regulation

Opposed and did not want STR's in Single Family Zones

Noise, parking, trash, parties, crime/safety concerns, absentee owners/platforms, property damage
Desire for zoning solution
Drives up property sales costs
Investor profit at expense of community, enforcement falls on neighbors/City



STR Task Force Recommendations



Task Force Proposed Recommendations

Initial Proposals	Yes/No	Task Force Recommendations
License/Registration – 100% cost recovery. Required for all STRs in order to operate.	✓	Task Force voted unanimously in favor of a licensing and registration program for a fee at 100% cost recovery.
Maximum Occupancy – Propose max 2 adults per bedroom, 10 people per home	✓	Task Force voted in favor of permitting 3 adults per bedroom per State Code 92.010 - 6 members voting in favor and 2 against
Advertising - No outdoor advertising or signage on the property as a short-term rental	✓	Task Force unanimously voted in favor of prohibiting on-premise advertising as a short-term rental. CAO to follow up with additional information regarding off-premise advertising as a short-term rental only



STR Task Force Recommendations – Cont.



Task Force Proposed Recommendations

Initial Proposals	Yes/No	Task Force Recommendations
Noise/Sound Equipment - No amplified sound equipment or noise outside	✓	Addressed through Chapter 30 Noise of the Dallas City Code
Emergency Contact - Must have emergency contact located in the City of Dallas for guests to contact, with contact information displayed in the property and on file with the city	✓	Task Force voted in favor of STR owner posting emergency contact information inside the STR for guests. Neighbors within 100 feet will be provided emergency contact of STR owner and instructed to direct complaints to 311 - passed with 5 members voting in favor and 2 members voting against
Off Street Parking Requirement - One space per two adults	✓	Task Force did not adopt any parking requirements in single family neighborhoods; STRs in <u>non-single-family areas</u> would be subject to established requirements of existing PD passed with 4 members voting in favor and 3 members voting against



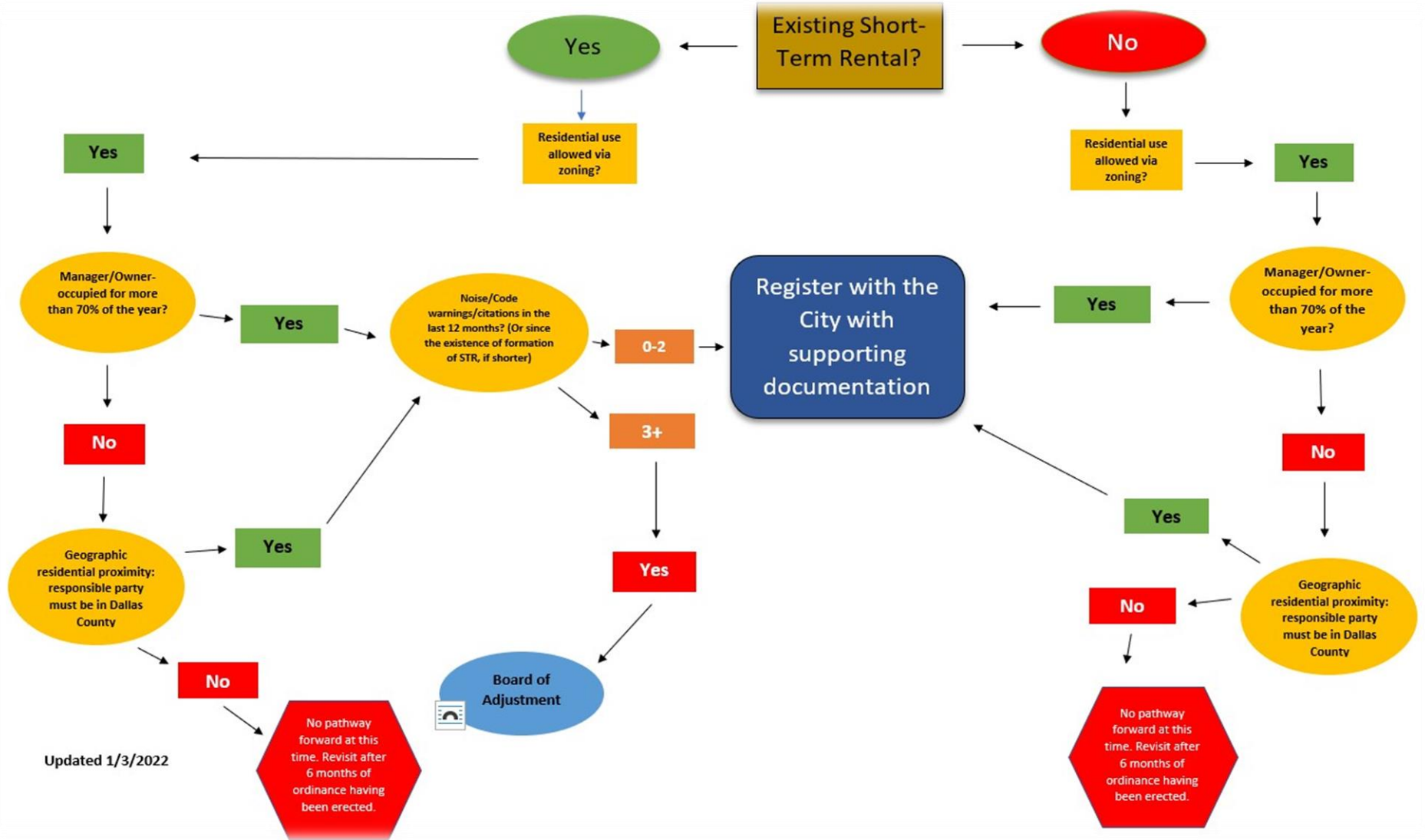
STR Task Force Recommendations – Cont.



- Task Force Recommendations were advanced to the Quality of Life, Arts and Culture Committee January 2022.



Short-Term Rental Flow Chart



Proposed Ordinance Amendments in Response to STR Task Force Recommendations



Amend Article VII, Chapter 27 “Registration and Inspection of Rental Properties and Condominiums”

Identify a contact person that can respond to location within one hour to contact occupants about the complaints

Provide guests with local contact person; safety plan and good neighbor requirements; life safety measures and insurance

Require annual notification to property owners within 100 feet of STR property with 24/7 contact information of STR property or host

Establish online annual permit fee and require registration prior to advertisement on STR platform.

Require permit number in all ads and posted publicly in the rental unit and occupancy limits enforced according to advertised limits

Set occupancy limits to no more than 3 people per bedroom



Proposed Ordinance Amendments in Response to STR Task Force Recommendations



Amend Article VII, Chapter 27 “Registration and Inspection of Rental Properties and Condominiums”

Distinguish between owner or non-owner occupied including Accessory Dwelling Units (ADU) – occupied for 70% of the year

Responsible party/owner must reside in Dallas County

Set strict noise limits after 10 pm and prohibit amplified sound at any hour

Prohibit events, e.g., parties, weddings, catered events, etc.

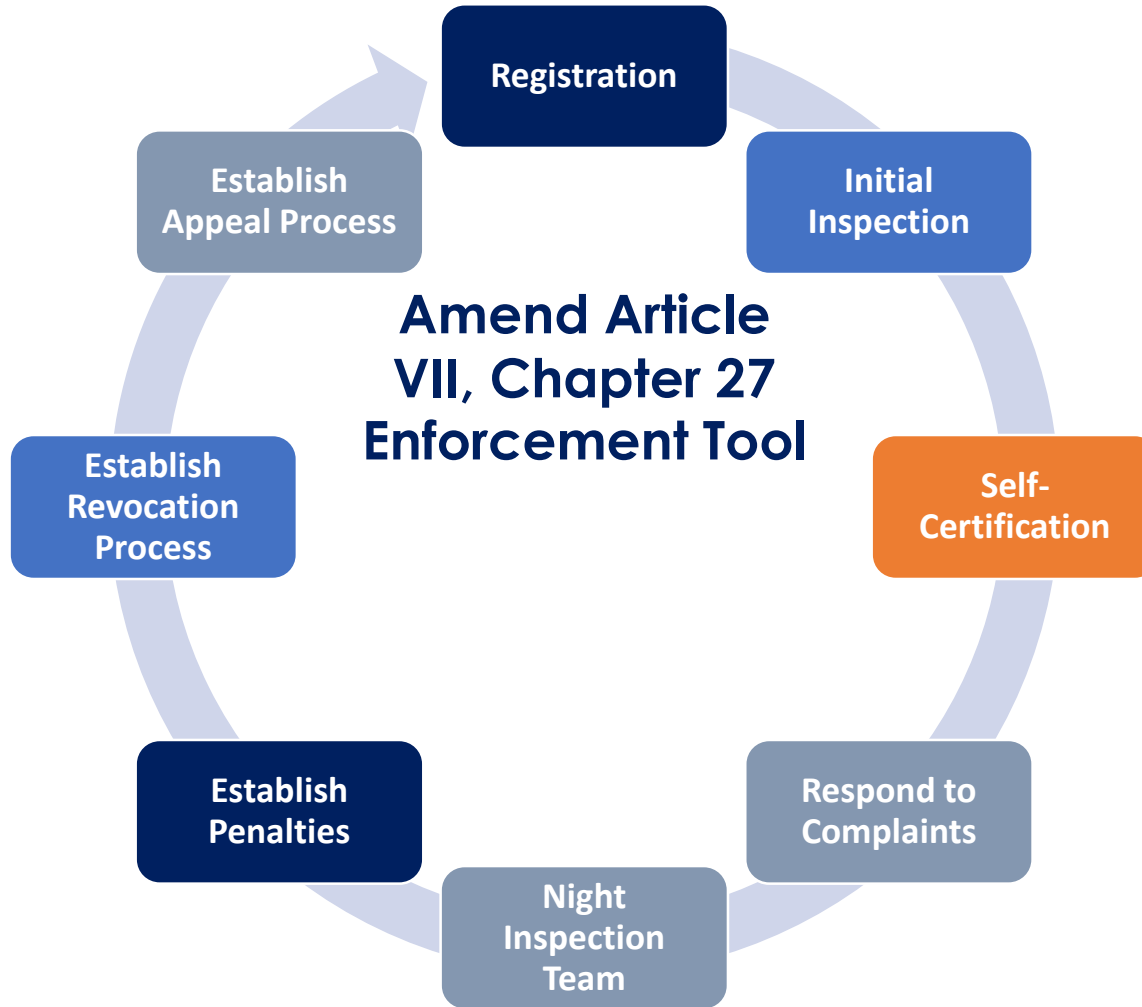
Apply the “habitual” nuisance Ordinance standards(occupancy, noise and other code violations)for problem property's

Seek agreements with major STR listing platforms, must comply with HOT requirements, streamline collection of HOT payments and require valid City permit number prior to listing

Prohibit on premise advertising as a STR



Proposed Enforcement



“Revocation” Enforcement Tool
May occur after three substantiated disturbances within one year; STR permit will be revoked, and the address barred from applying for new permit for one year

- ❑ Includes but is not limited to parking, noise, litter, destruction of property, disorderly conduct or failure to pay hotel occupancy taxes
- ❑ Locations with three or more substantiated complaints prior to establishment of regulations are referred to Board of Adjustment for review



Options for Council Consideration



No Change

- Collect HOT from registered STRs
- Continued nuisance issues in established neighborhoods – noise, litter, parking, crime
- Limited ability for City to intervene
- Continued City resources utilized in response to complaints
- Difficult to enforce
- Difficulty collection of HOT payments
- Unfair competitive advantage to those who do not pay HOT
- Potential loss of long-term affordable housing inventory



Options for Council Consideration



Create Short-Term Rental Ordinance and Registration Program

- Ability to notify owner/operator property conditions when needed to get a faster response
- Partner with major STR platforms to prevent unregistered STRs from advertising
- Collect additional HOT
- Initial inspection will ensure minimum requirements
- City can require owner/operator notify guests of local codes
- Registration fee to cover cost of program
- Owner, neighborhood, City partnerships
- Overnight response/monitoring required
- Additional resources will be needed to respond overnight
- Ordinance amendment required – can take up to 6 months





Zoning Code Amendments

Processes and Procedure

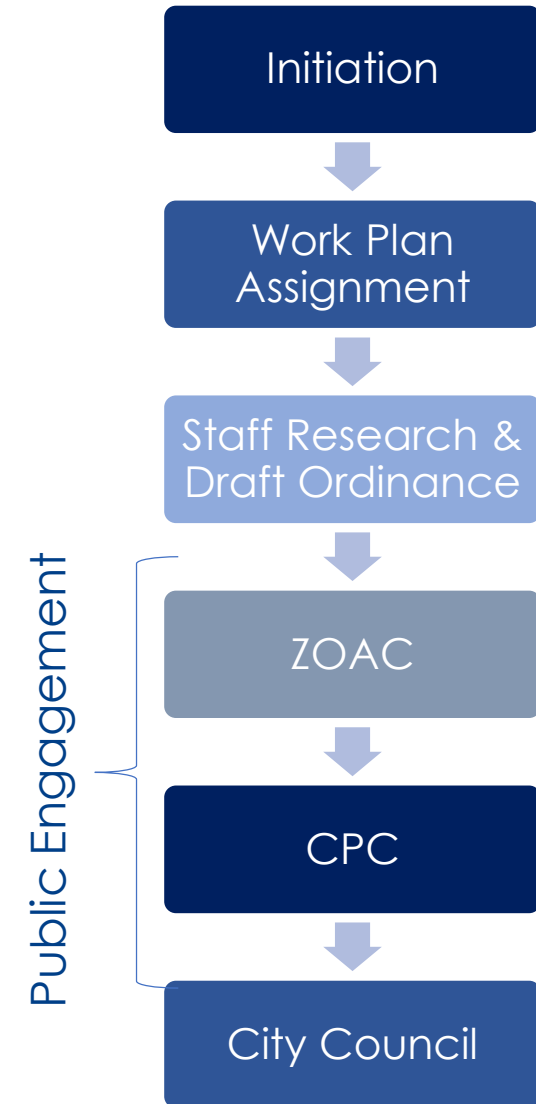
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What Would a Zoning Option Look Like?



- Consider City Council policy objectives
- Several roles involved – from City Council to CPC
- Minimum 4 months to 2 years for a single amendment (ZOAC-City Council)
- Timeline is dependent on scope, complexity, public interest, and legal considerations
- Engagement may include public and neighborhood meetings, industry coordination, and public hearings



Texas Zoning Ordinance Summary



Houston: Nothing

San Antonio: Permit

Austin: Varies, tiers based on owner occupancy and zoning; permit

Arlington: Defined as temporary use; allowed in all districts with supplementary standards; permit

Waco: Permit

Fort Worth: Not allowed in residential; no permit

Corpus Christi: Permit

El Paso: Nothing



Considerations



- Considerations policy guideline for the zoning code amendment:
 - Definition of an STR
 - Housing (housing supply for a certain category of housing; or a tool to stabilize neighborhood)
 - Tourism (type of tourism that are affected – weekend, long-term, support areas or activities in the city, for residents, for visitors)
 - Economic development tool (effect on local-based initiatives, support business, shared economy)
 - Location (cluster or dispersion)
 - Types of STR (by room, by entire house, by multifamily unit;)



What Are Your Policy Objectives?



- Managing an authorized hearing without clear direction can delay the process.
- When undertaking a zoning amendment, **consider**:
 - Where should STRs be allowed or disallowed?
 - How will enforcement be addressed?
 - Will this be in tandem with a complimentary registration ordinance?



Zoning Options for Council Consideration



“Zoning Amendment Option” – Ordinance/Registration with Zoning

- Prescribe where a use is allowed/not allowed
- Any change in zoning is a public process
- Works in tandem with associated registration ordinance in other cities
- Possible length of time to establish a zoning ordinance
- Land use category can regulate land use, not operational regulations
- Zoning runs with the land
 - Potential inconsistent outcome of areas already zoned PD
 - Opens the door for PD rezonings



Next Steps



- Receive direction from City Council on regulatory program for owners of residential properties used as Short-Term Rentals
- Begin drafting appropriate ordinance amendments based on feedback
- Seek Council approval for proposed ordinance amendments



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Appendix: STR Task Force Meetings 2021 - 2022



Meeting Date	Summary of Discussion
November 15, 2021	Introduced Task Force members, discussed meeting schedule, City Attorney's provided law update on regulation, began discussion of flow chart on proposal to register short term rentals with the City.
November 29, 2021	Further review and modification to the flow chart; CAO to evaluate proposal for legal challenges.
December 17, 2021	Finalized Process Flow Chart, began discussion of proposed recommendations, STR violations and enforcement.
January 3, 2022	Continued discussion on proposed recommendations and enforcement.
January 18, 2022	Completed discussion of proposed recommendations, enforcement strategy, department resource needs and estimated fees.
January 31, 2022	Public hearing at Special Called Quality of Life, Arts and Culture Committee meeting to receive stakeholder input.
February 22, 2022	Presented stakeholder input to Quality of Life, Arts and Culture Committee.



Appendix: Why Change the Zoning Code?



- Outdated Zoning Code: Last comprehensive update March 1, 1987
- Process improvements: to keep up to date with changing processes, technologies, and building standards
- Updated City priorities: to implement adopted city plans, policies, and procedures such as CECAP, ForwardDallas, Housing Policy, etc.



Mayor and City Council Role



Authority:

- Sets policy
- Establish the vision for Dallas' future development through comprehensive planning/zoning implementation
- Authorize a review of a zoning code amendment

Role:

- Hold a public hearing and hear/consider public feedback.
- Vote to establish policy



City Staff Role



Authority:

- Initiate an amendment for a code correction or adopted City policy implementation measure

Role:

- Use adopted policy as a guide to develop, research, write, and shepherd code amendments through the adoption process
- Manage code amendments in coordination with adopted plans/policies and affected departments





Authority:

- Reviewing potential amendments to the City's Development Code with direction from adopted policy and City staff

Role:

- Review staff reports and make recommendations to the City Plan Commission





Authority:

- Act as an advisory body to the city council in relation to any changes...in the zoning ordinances and regulations to be enforced therein.
- Authorize a review of a zoning code amendment for City Council adoption

Role:

- Hold a public hearing and hear/consider public feedback.
- Vote to make a recommendation to the City Council

