

Short Term Rentals Regulations

**Quality of Life, Arts &
Culture Committee
February 18, 2020**



**Kris Sweckard, Director
Sustainable Development
and Construction**

Purpose of briefing

- Update the Committee on current practices and issues relating to short term rentals (STRs) in Dallas
 - (e.g. Airbnb, Vrbo)
- Receive direction from the Committee on:
 - The need for additional enforcement of current STR registration and other city-wide requirements, and
 - The need for additional regulations regarding STRs

Contents

- Background
- Current regulations and actions
- Recent issues
- Other Texas cities
- Other large U.S. cities
- Other considerations
- Next Steps

Background

- In a Dallas Morning News article from 1/10/19, Airbnb reported that, in 2018:
 - \$64 million in supplemental income was generated by Airbnb hosts in North Texas
 - \$37 million was earned by home owners in Dallas County
 - A typical Airbnb host in North Texas earns \$6,800 per year from short-term rentals
 - 466,000 Airbnb guests per year in North Texas
 - 253,000 in Dallas County

Current regulations and actions

- In Dallas, operators of short term rentals are required to:
 - Register the STR with the City of Dallas
 - (City Controller's Office)
 - Pay the Hotel Occupancy Tax (HOT) on the income derived from the rentals

Current regulations and actions

- STR booking platforms (Airbnb, Vrbo) and their websites do not provide exact addresses of individual STRs, making operator notifications of regulations and collections of taxes difficult
- In 2018, City Council approved a contract with MUNIRevs to research and provide ownership and location information for Dallas STRs
 - Reporting went “live” November 1, 2019

Current regulations and actions

- As of 1/31/20, the Controller's Office reported that there are 400 registered STRs in Dallas
- Staff estimates that there are 1,200 STRs in the City of Dallas

Current regulations and actions

- MUNIRevs data is being updated twice per week
- Access to MUNIRevs data is being made available to enforcement departments
 - Code Compliance
 - Dallas Police Department
 - SDC/Building Inspection

Current regulations and actions

- The property owner is ultimately responsible for operations of their STR, and for paying the required taxes
- Not all STRs are located in single family homes
 - Some STRs are located in apartment buildings and condominiums

Recent issues

- The short-term rental of residential properties has generated concerns regarding how they are being operated and regulated.
- “Nightmare stories from Airbnb neighbors have Dallas considering change” WFAA 9/17/19
- “As Airbnbs spread, some wonder if Fort Worth is doing enough to control ‘party houses’” Fort Worth Star-Telegram 5/13/19
- “Arlington will ban Airbnbs and other short-term rentals across most of city” WFAA 4/24/19

Recent issues

- Complaints about some STRs have included:
 - Increased noise (evening hours)
 - Increased demand for parking (on-street and off-street)
 - Trash
 - Overcrowding (bunkbeds)
 - Expansion beyond a traditional STR. Some operate as entertainment-related businesses.
 - e.g.: “party-houses” (similar to “inside commercial amusement” venues, which are not allowed in residentially zoned areas)

Other Texas cities

	Land Use Restrictions	Occupancy Restrictions	Licensing Required	Maximum Stay	Noise Restrictions	Advertising Regulations	Outdoor/Event Restrictions	Pay HOT	Parking Restrictions
Arlington	✓	✓	✓	-	-	-	-	✓	-
Austin	✓	-	✓	✓	✓	✓	✓	✓	-
Dallas	-	-	-	-	-	-	-	✓	-
El Paso	-	-	-	-	-	-	-	-	-
Fort Worth	✓	-	-	-	-	-	-	-	-
Houston	-	-	-	-	-	-	-	-	-
San Antonio	-	✓	✓	-	-	-	-	-	✓

Other Texas cities

- **Arlington, TX:**
 - STRs are prohibited in single family districts, except in the area surrounding their entertainment district (e.g., Six Flags, sports stadiums, water parks)
 - STRs are allowed in other zoning districts subject to certain restrictions
 - **Safety measures** (e.g., smoke detectors, fire extinguisher, multiple exits, railings)
 - **Occupancy restrictions:** maximum 2 people per bedroom, 12 per residence
 - Hotel occupancy tax applies
 - \$500 application fee

Other Texas cities

- **Austin, TX:**
 - Licensing required
 - Distinguishes between owner occupied and non-owner occupied
 - Maximum number of facilities within each census tract
 - Maximum stay: Fewer than 30 days
 - Noise restrictions (no sound equipment, no live music)
 - No outdoor assemblies from 10 p.m. until 7 a.m.
 - Tax: 9%
 - No advertising
 - No large events (e.g.: parties, concerts, weddings)
 - Enforced by Code Department

Other Texas cities

- **El Paso, TX:**
 - No STR regulations

Other Texas cities

- **Fort Worth, TX:**
 - Not allowed in residential areas
 - Allowed in commercial, industrial and mixed use areas
 - No hotel tax
 - No registration required
 - Enforcement by Code Compliance Department

Other Texas cities

- **Houston, TX:**
 - No regulation of short term rentals

Other Texas cities

- **San Antonio, TX:**
 - Maximum 2 persons per room
 - Off-street parking designated for lodgers
 - Must have short term rental license
 - Enforced by Zoning and Code Enforcement
 - Recently appointed special task force to assess impacts of short term rentals on city and neighborhoods

Other large U.S. cities

- Host must keep record of all rentals (Baltimore, MD)
- Must have emergency contact for all guests to use (Baltimore, MD)
- Host must reside within 15 miles of the facility (Baltimore, MD)
- \$200 registration fee (Baltimore, MD)
- Registration number must be listed on all advertising (Boston, MA)
- Monthly rental data reports to City by booking services (Boston, MA)

Other large U.S. cities

- No surveillance equipment unless written notice is given to tenants (Columbus, OH)
- Liability insurance required: \$1 M (Denver, CO)
- Regulations regarding sound equipment, noise and live music (Denver, CO)
- Ban on advertising by non-licensed STRs (Denver, CO)
- Only primary residence may be used (Denver, CO)
- Limit on total number of STRs (Honolulu, HI)

Other large U.S. cities

- Penalties for non-compliance can escalate to \$10 K/day plus confiscation of rental earnings (Honolulu, HI)
- Platforms (Airbnb, Vrbo) are required to report data on hosts (Honolulu, HI)
- Tenants' guests allowed only between 9 a.m. and 12:00 a.m. (Philadelphia, PA)
- No rental of STRs for special events (Phoenix, AZ)
- Owner occupancy required for 270 days per calendar year (Portland, OR)
- Property manager must be present at all times (San Diego, CA)

Other large U.S. cities

- Maximum of 2 lodgers at any one time (San Diego, CA)
- Off-street parking required: 1 space for each 2 lodgers (San Diego, CA)
- Subletting prohibited (San Francisco, CA)
- Maximum occupancy: 3 persons per bedroom (San Francisco, CA)

Other considerations

- American Planning Association advice regarding enacting new STR regulations:
 - Online booking sites are growing in number
 - Enforcement of blanket prohibitions or onerous regulations could be a drain on a community
 - Key to successful regulations:
 - Ensure that regulations are clear
 - Ensure that regulations are clearly enforced
 - Do not unnecessarily “criminalize” residents

Other considerations

- Liability insurance:
 - Purpose:
 - Ensure that STR owners are insured for any guests' claims
 - Property damage, bodily injury, wrongful eviction, violation of privacy
 - Examples:
 - Denver: \$1 M
 - San Francisco: \$500 K

Other considerations

- License and permit bond:
 - Can be required by a municipality as a condition for granting a permit or license
 - Purpose:
 - To encourage compliance with local regulations
 - Indemnify the municipality from liability in the event of non-compliance by the owner

Next step

- Receive direction from the Committee on the need for enhanced enforcement of current regulations
 - STR-specific requirements
 - Registration, fee collection
 - City-wide regulations
 - Noise, parking, litter, overcrowding

Next step

- Receive direction from the Committee on the need for additional regulations relating to the location and operation of Short Term Rentals
 - If needed, should they be similar to STR regulations in other cities?
 - Are there specific issues that need to be addressed?

Short Term Rentals Regulations

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Appendix



Airbnb: web page



English (US)
\$ USD
[Become a host](#)
[Help](#)
[Sign up](#)
[Log in](#)

Dec 20 - 23

Guests


Work trip

Type of place


Price

Instant Book

More filters


186 people are looking for a place around Dallas They searched for the same dates as you over the last week.

300+ places to stay



Entire apartment

Downtown Dallas

2 guests · 1 bedroom · 1 bed · 1 bath


Wi-Fi · Air conditioning · Kitchen

New lower price

~~\$73~~ **\$54 / night**

\$257 total

★ 4.48 (27)



PLUS Entire apartment

Hip Loft in the Heart of Downtown Dallas

4 guests · 1 bedroom · 1 bed · 1 bath


Wi-Fi · Air conditioning · Kitchen

Rare find

\$91 / night

\$394 total

★ 4.83 (35)



SUPERHOST Entire condominium

Downtown Getaway Gem

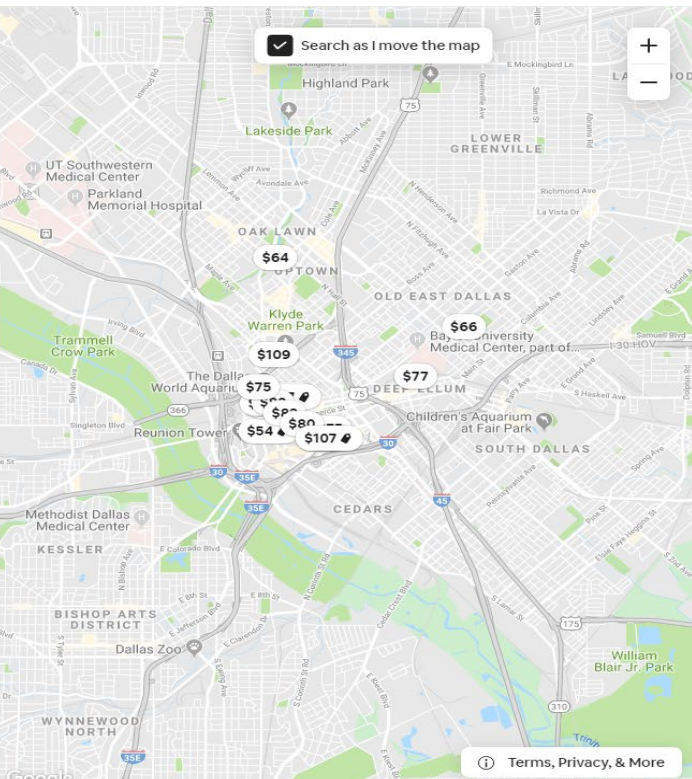
4 guests · 1 bedroom · 2 beds · 1 bath

Wi-Fi · Air conditioning · Kitchen

\$83 \$62 / night

★ 4.80 (5)

Search as I move the map



Terms, Privacy, & More

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Vrbo: web page

Vrbo Trip Boards Login Help Feedback USD (\$) EN List your Property

Where: Dallas, TX, USA | 12/20/19 | 12/23/19 | Guests: 2 guests

Price Bedrooms Instant Confirmation More Filters

1 - 50 of 300+ Sort

Map of Dallas showing property locations.

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Index cities

- **Texas cities:**
 - Houston
 - San Antonio
 - El Paso
 - Austin
 - Fort Worth
- **Other US cities:**
 - Philadelphia
 - San Diego
 - Phoenix
 - San Jose
 - Baltimore
 - Columbus
 - Boston

Index cities contact information

	<u>Population</u>	<u>Form of Government</u>	<u>Contact Dept.</u>	<u>Phone</u>
<u>Texas</u>				
Houston	2,313,000	Strong Mayor	Building Inspection Div.	832-394-9000
San Antonio	1,530,000	Council Manager	Zoning Division	210-207-1111
El Paso	683,577	Strong Mayor	Planning & Inspection	915-212-0104
Austin	964,254	Council Manager	Code Department	512-499-2855
Fort Worth	895,008	Council Manager	Planning & Development	817-392-1234
<u>Other US</u>				
Philadelphia	1,572,000	Strong Mayor	Permit /License Center	215-686-8656
Phoenix	1,660,000	Council Manager	Planning & Zoning	602-262-7131
San Jose	1,000,000	Council Manager	Planning Building/Code	408-535-3555
Baltimore	609,841	Strong Mayor	Dept. of Housing/Dev.	410-984-5757
Columbus	892,533	Strong Mayor	Director Public Safety	216-664-2210
Boston	694,583	Strong Mayor	Inspectional Services	617-635-5300
San Diego	1,456,000	Council Manager	Planning & Zoning	602-262-7131

Other U.S. cities

- **Baltimore, MD:**
 - Host must keep record of all rentals
 - Must have emergency contact for all guests
 - Host must reside within 15 miles of the facility
 - Licensing required
 - \$200 registration fee
 - Enforcement by Housing Commissioner

Other U.S. cities

- **Boston, MA:**
 - Registration required
 - Maximum stay: Fewer than 28 days
 - Registration number must be listed on all advertising
 - Monthly rental data reports to City required of booking services
 - Enforcement by Inspectional Services Department

Other U.S. cities

- **Columbus, OH:**
 - No surveillance equipment unless written notice given to tenants
 - 24 hour emergency contact number required for property manager
 - No permit required
 - Enforced by Director of Public Safety

Other U.S. cities

- **Denver, CO:**
 - Liability insurance required (\$1 M)
 - Regulations regarding sound equipment, noise and live music
 - Ban on advertising by non-licensed STRs
 - Adhere to zoning code requirements
 - Licenses required
 - Only primary residence may be used
 - City lodgers' tax and state sales tax
 - Enforced by Department of Excise and Licenses

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Other U.S. cities

- **Honolulu, HI:**

- Limits STRs to 1,700 units. Structure must be owner-occupied.
 - Estimate 800 legal STRs, plus 10,000 STRs operating illegally
 - New “whole home” (un-hosted) rentals are not allowed
- Must provide a telephone number for complaints to all neighbors within 250 feet of the STR
- Permits required from city and county; Registration required with state
 - Transient accommodations tax; general excise tax
- Penalties for non-compliance can escalate to \$10K/day plus confiscation of rental earnings
- Platforms (Airbnb, Vrbo) are required to report data on hosts (names, addresses, tax ID numbers, length of stay, amount paid), and remove listings that do not include permit numbers
- Enforcement by Department of Planning and Permitting

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Other U.S. cities

- **Philadelphia, PA:**
 - Commercial Activity license required
 - Excessive noise prohibited
 - Manager contact info must be provided to tenants
 - Hotel tax: 8.5%
 - Tenants' guests allowed only between 8 a.m. and 12:00 a.m.
 - Enforcement by Zoning Division and Code Enforcement Department

Other U.S. cities

- **Phoenix, AZ:**
 - License required
 - Must pay hotel/motel tax
 - Contact information required
 - No rentals in STRs for special events
 - Enforced by Zoning Division and Code Enforcement

Other U.S. cities

- **Portland, OR:**
 - Licensing required
 - Maximum stay: Fewer than 30 days
 - Tax: 11.5% on rental income
 - Owner occupancy required for 270 days per calendar year

Other U.S. cities

- **San Diego, CA:**

- Property manager must be present at all times (to prevent nuisance activity)
- Maximum of 2 lodgers at any time
- Off-street parking required (1 space for each two lodgers)
- Noise regulations
- Neighborhood use permit required
- Enforcement by Zoning Division and Code Enforcement Department
- More regulations are currently being considered in response to additional concerns expressed from neighborhoods

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Other U.S. cities

- **San Francisco, CA:**
 - Licensing required
 - Maximum stay: Fewer than 30 days
 - Tax: 14% of rental income received
 - Subletting prohibited
 - Owner occupancy required for 270 days per calendar year
 - Liability insurance required: \$500,000
 - Maximum occupancies
 - Studio: 2 persons
 - 1 bedroom: 3 persons
 - 2 bedroom: 6 persons
 - Enforced by Director of the Planning Department

Other U.S. cities

- **San Jose, CA:**

- Limit on number of guests at one time
- 180 day annual limit on rentals when owner not present
- Contact person contact information is required
- Operator must keep records of all rentals
- Enforced by Department of Planning, Building and Code Enforcement

State of Texas legislation

- During the 85th session (2017), the Texas Senate passed SB 451 (Senator Hancock, North Richland Hills) which would have prevented cities from imposing outright bans on short term rentals
 - The bill died in the Texas House of Representatives
- During the 86th Texas Legislature (2019) bills were filed in the House (Rep. Chen Button) identifying appropriate types of STR regulations
 - Hearings were held by Urban Affairs Committee
 - Nothing was passed out of Committee

Texas Senate Bill 451 (2017)

Summary (not adopted)



FOR IMMEDIATE RELEASE
April 18, 2017

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Short-Term Rental Legislation Passes Texas Senate, Heads to House

Hancock: "In Texas, we still believe property rights are a foundational freedom worth protecting"

AUSTIN - The Texas Senate today passed SB 451 authored by Senator Kelly Hancock (R-North Richland Hills). This legislation would prevent cities from imposing an outright ban on short-term rentals, which are commonly marketed on popular travel apps like HomeAway and Airbnb.

"Since short-term renting became mainstream, thousands of Texas homeowners have chosen to use their private property as a source of income to help make ends meet," said Hancock. "Nonetheless, a number of cities have banned the practice or are heading in that direction. In Texas, we still believe property rights are a foundational freedom worth protecting, and that's what this bill does."

Under SB 451, cities maintain their ability to set residential zoning restrictions, such as density or occupancy limits, and enforce traditional city ordinances. For instance, if a neighbor is too loud, they are subject to a municipal nuisance code violation and can be ticketed. The legislation does not inhibit a city's ability to regulate short-term rentals, but does prevent them from being banned outright.

The high demand for short-term rentals has contributed significantly to the Texas travel and tourism industry in recent years. In 2015 alone, short-term renting in Texas was associated with \$1.5 billion in economic activity. That number includes the economic impact of 16,000 permanent jobs, more than \$240 million in direct spending on lodging by short-term rental guests, and millions of dollars in additional spending on retail sales, ground transportation, food and beverage, and entertainment.

Having passed the Senate, SB 451 must now pass the Texas House of Representatives to become state law. To read the full text of the bill or follow its progress, visit [Texas Legislature Online](#).

###

Sen. Hancock represents [District 9](#), which includes portions of Dallas and Tarrant Counties. He currently serves as Chairman of the Texas Senate Committee on Business & Commerce.

License and Permit Bond

Purpose

License and Permit Bond — required by a municipality or other public body as a condition to granting a license or permit to engage in a specified activity, this bond guarantees that the party seeking the license or permit (the obligor) will comply with applicable laws or regulations. These bonds can also be structured to provide indemnity guarantees to third parties who sustain injury or damage as a result of the obligor's activities as described in the license or permit when such a guarantee is required. For example, businesses that hang signs over public sidewalks may be required to provide indemnity guarantees for injuries to pedestrians.

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