



City of Dallas

Task Force Recommendations for Regulation of Short-Term Rental (STR)

**Quality of Life, Arts & Culture Committee
January 20, 2021**

Joey Zapata, City Manager's Office
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City of Dallas



Outline

- Background
- Purpose
- Summary of Task Force Recommendations
- Regulation challenges and options for consideration
- Requested Input/Action
- Next Steps
- Appendix: Task Force Members and Recommendations





Background

- Short-Term Rental (STR) properties include rooms or whole houses, condos and apartments that rent daily or weekly and are a growing alternative to hotels
- STRs are currently exempted from the City's existing Rental Home Registration & Inspection Program but are required to register/pay Hotel Occupancy Taxes (HOT)
 - City has contracted with a vendor, MUNIRevs, to research and provide ownership and location information for Dallas STRs
 - Reporting went "live" November 1, 2019 and data is being updated twice per week and shared with enforcement departments





Background

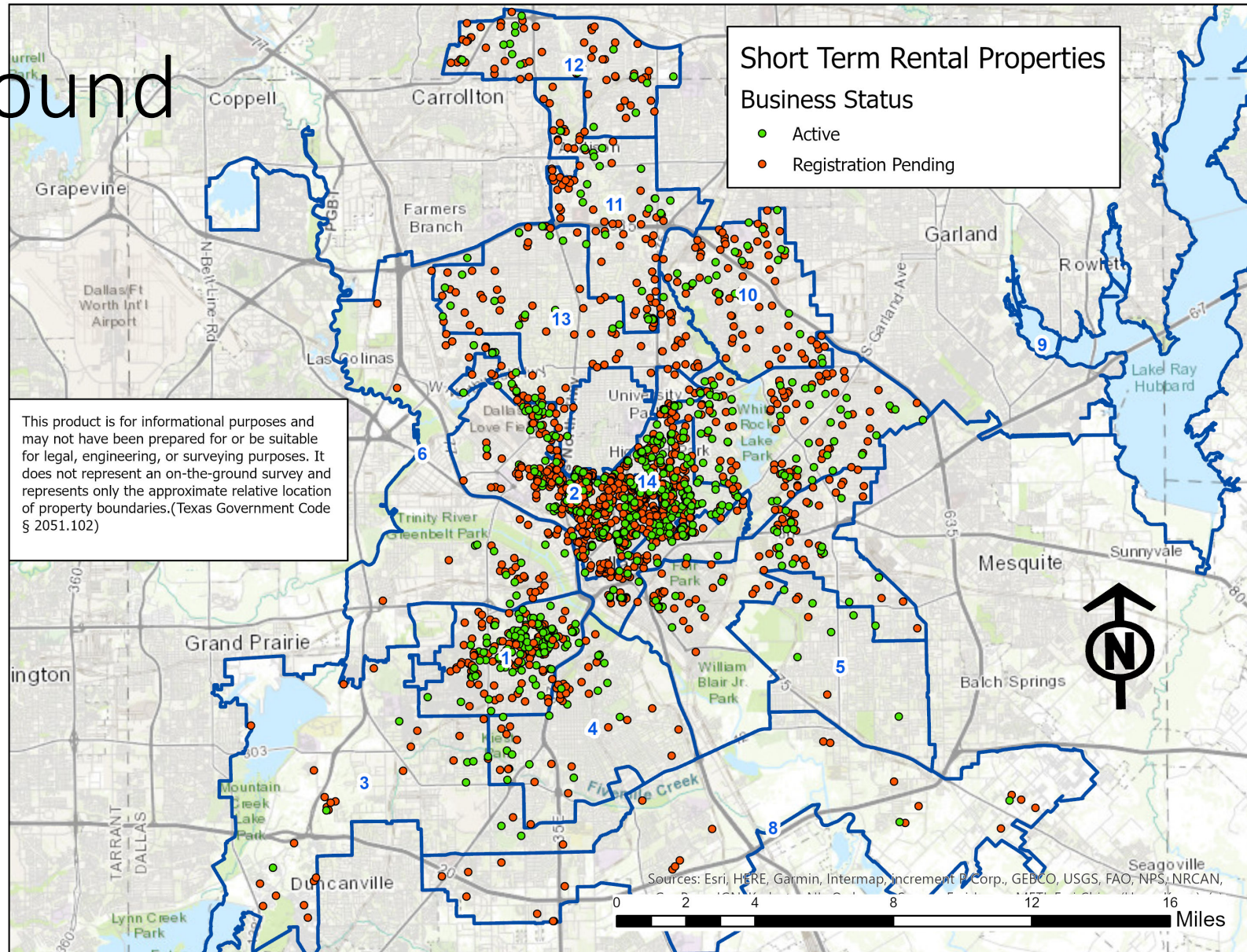
- HOTA Registration and Payments
 - FY20 Hotel Occupancy Tax (HOT) revenue: \$41,601,458.65
 - 250 Hotels as of 30-Sep-2020: \$40,441,238.00 (97.2%)
 - 698 of 2,036 STRs as of 30-Sep-2020: \$1,160,220.65 (2.7%)

	30-Sep-2020	31-Dec-2020	%
Number of registered Hotels	250	259	10.70%
Number of STR properties	2,036	2,161	89.30%
Registered STR properties	698	736	34.06%
Potential STRs that have yet to register	1,338	1,425	65.94%





Background





Background

- In February 2020, QOLAC requested a task force to develop recommendations on new regulations to mitigate impacts to neighborhood quality of life
- Task force composition and role
 - Members (listed in the appendix) were chosen by Councilmembers with most STRs: 1, 2, 13, 14, and 10, and the Chair was designated by the Committee Chairwoman
 - Task Force was advisory and not an official City board/commission
 - Additional public input was not included in making recommendations
 - Councilmembers Blackmon and Blewett also participated in meetings and met with their own working groups for D9/D14





Background

- The task force met monthly between June-December 2020 to review and discuss the following items:
 - STR regulations in other cities
 - Zoning and accessory dwelling unit regulations
 - Housing Policy and goals
 - Presentations by AirBnb and VRBO representatives
 - STR, 311, HOT data
[<https://dallasgis.maps.arcgis.com/apps/MapJournal/index.html?appid=da1255bf41a8466da539b8bc8875fd16>]
- Task Force recommendations are summarized in this presentation and all items (including those not recommended) are in the appendix





Purpose

- Review and discuss the Task Force recommendations, additional opportunities for public input and options for regulation
- Provide input on ordinance changes and regulatory program





Summary of Task Force Recommendations

- Require that STR properties meet the same minimum standards for other rental properties and applicable city codes/regulations
 - Use best practices from model STR regulations
 - Make distinctions between STR properties that are either owner- or non-owner-occupied (including those with accessory dwelling units [ADU])
 - Set limits for occupancy
 - Define strict noise limits after 10 pm and a complete prohibition of amplified sound at any hour
 - Prohibit rentals for events, e.g., parties, weddings, catered events, etc. and only one rental contract may be allowed at a time in any STR





Summary of Task Force Recommendations

- Focus on compliance
 - Offer simple and convenient online permitting with an annual permit fee that sufficiently funds a registration program
 - Require registration for HOT compliance prior to being listed on a platform and require license number in all ads and posted publicly in the rental unit
 - Seek agreements with major STR technology platforms to streamline HOT payment for STR owners and support the City's enforcement
 - Require STR owners to provide guests with local contact, safety plan and good-neighbor requirements; life safety measures and insurance
 - Develop a comprehensive budget for education/ marketing of new STR Ordinance and consider alternative taxing authority (e.g., sales tax)
 - Establish roles of Board of Adjustment and Code Compliance in approval and compliance and Controllers' office for HOT collection and vendor performance





Summary of Task Force Recommendations

- Target enforcement and specific penalties on those who do not comply
 - Provide for compliance inspections by City as needed
 - Establish penalties for unlicensed STRs
 - Three Strikes Program
 - After three substantiated disturbances within a given time frame, STR permit to be revoked and the address barred from applying for a new permit for one year
 - Appeals process to be developed to mediate
 - Filing of knowingly false claims against STRs should also carry administrative fines for repeat offending false claimants





Summary of Task Force Recommendations

- Before adopting zoning restrictions, the City should measure and study the benefits and negative impacts of STR units
 - Allow for restrictions for STR properties by historic, conservation, and planned development districts
 - Require that STR owners annually notify property owners within 200 feet of STR property with 24/7 contact information of STR property owner or host
 - Require Local Contact (Host) to respond to concern within two hours of notification and phone/email information provided to all properties within 100 feet of STR at contact's expense and include penalties





Regulation Challenges

- Difficulty in identifying STR properties
 - Platforms' (e.g., AirBnb, VRBO) websites do not provide exact addresses, making operator notifications of regulations and collections of taxes difficult
- HOT compliance must be improved
 - Existing registration/collection process needs escalating enforcement and greater convenience to streamline compliance
- Disruptions in neighborhoods from “party house” violations, nuisances, and crime
 - Overcrowding, noise, parking, trash
- Potential impacts to housing prices and availability
 - Various reports and studies in other cities but not yet quantified in Dallas





Regulation Options

- Registration for HOT Payment

- Current Process:

- City has contracted with a third party to identify potential active STR properties
 - CCO sends all unregistered STR owners up to 3 letters informing them of their responsibility to collect, report, and remit HOT

- Next Steps:

- Send a 4th notice to unregistered STR owners from the City Attorney's Office requesting compliance with HOT requirement
 - Prioritize collection efforts on properties causing nuisances and crime, and properties identified as having high STR activity





Regulation Options

- Coordinated enforcement
 - In October 2020, 311 developed and implemented a new service request type titled “Short Term/Vacation Rental (STR) Survey” to capture complaints of suspected violations of STR/Vacation homes
 - Information provided by residents via the STR/Vacation Survey SR will be used by the City for tracking; Controllers, Code Compliance and Community Prosecution staff will also assess for compliance and further enforcement through additional actions





Regulation Options

- STR Registration & Inspection Program
 - Not currently in place for STRs; adopt new ordinance or amend existing Rental Home Registration & Inspection Program
- Agreements with major platform/technology companies
 - Not currently in place; new agreements could enhance convenience for STR owners, improve collections and support enforcement





Requested Action

- Committee discussion on task force recommendations, additional public input and regulation options





Next Steps

- With Committee input, staff will seek additional public input and develop recommended options for City Council consideration





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Appendix

	Short-Term Rental Task Force
D4/Chair	Steven Bradley
D1	Jim Shade
D1	Kyle Wick
D1	David Preziosi
D2	Scott Lamberty
D2	Jon Hetzel
D9	Councilwoman Paula Blackmon
D10	Scott Jones
D10	Greg Johnson
D13	Claire Dewar
D13	Sean Ray
D14	Norma Minnis
D14	David Krause
D14	Councilman David Blewett

Appendix

Recommendations	Total Yes
10 The permitting process should be online, simple to understand and easy to navigate. Minimally it should list ordinance specifics, assign a "Responsible Party" and require owner signature.	100%
12 Require STRs to meet the same minimum standards as other rental properties, including a registration number, the name of a contact person 24/7, limits on occupancy, noise, trash, parking, maximum occupancy (set by fire marshal)	100%
17 License numbers must be required in all ads of the property and must be posted publicly in the rental unit.	100%
31 Focus on compliance and hold owners responsible for non-compliance	100%
32 Enforcement actions should be targeted towards non-compliant STR owners	100%

Appendix

Recommendations	Total Yes
8 The City should seek agreements with major STR platform companies to streamline HOT payment for STR owners and support the City's enforcement efforts	91%
18 Require STR owner/ host to provide an "Information Packet" to renters that contains local contact, occupancy, noise, music, amplified sound, parking, trash collection, type of assembly restrictions, safety plan, good neighbor agreement. Must conform to all applicable city, adopted codes, regulations and ordinances.	91%
23 The Annual Permitting Fee should be sufficient to fund administration and enforcement costs.	91%

Appendix

Recommendations	Total Yes
6 Create an ordinance that defines a Short-Term Rental (STR) as “a rental or offer for rental of any portion of a residence or Accessory Dwelling Unit (ADU) for the purpose of overnight lodging for a period of not less than one night and no more than 30 days”	82%
7 The City of Dallas should adopt a permitting process to identify location and operation of each STR, and use best practices, e.g., Austin, San Antonio models	82%
11 Require every STR owner to get licensed by the City of Dallas and setup for payment for collection of HOT taxes BEFORE they can be listed on a platform	82%
15 Define strict noise limits after 10 pm and a complete prohibition of amplified sound at any hour	82%
25 Establish penalties for unlicensed STRs: Any person, firm or corporation, who violates, disobeys, omits, neglects or refuses to comply with or who resists the enforcement of any of the provisions of this ordinance shall be fined up to \$2,000 for each offense. Each day that a violation exists shall constitute a separate offense.	82%

Appendix

Recommendations	Total Yes
28 Three Strikes Program - After three substantiated disturbances within a given time frame, STR permit to be revoked and the address barred from applying for a new permit for one year. Appeals process to be developed to mediate. Filing of knowingly false claims against STRs should also carry administrative fines for repeat offending false claimants.	82%
29 Establish roles of Board of Adjustment and Code Compliance in approval and compliance processes, and Controllers' office for HOT collection and review of MUNIRevs performance	82%
33 The City's regulations should make distinctions between STR properties (including those that include accessory dwelling units [ADU]) that are either owner- or non-owner-occupied	82%
35 The City should set limits for occupancy in STR properties	82%
39 The City should use a required or voluntary good neighbor agreement and safety plan with elements such as owner training, video doorbells, noise monitoring devices, insurance, etc.	82%

Appendix

Recommendations	Total Yes
2 Allow STRs in entertainment and commercial districts only if in compliance with Hotel Occupancy Tax (HOT) registration and payment	73%
5 Before adopting zoning restrictions for STR properties, the City should measure and study the benefits and negative impacts of STR units, e.g., affordability, availability, property values, Dallas Housing Policy goals, growth in accessory dwelling units [ADU], impacts on zoning (including higher uses)	73%
14 Require non-owner occupied STRs to post a City-issued decal or sticker identifying it as a short-term rental with 24/7 contact info, etc.	73%
16 Licensees must certify under penalty of perjury that their STR has a functioning fire extinguisher, carbon monoxide detector, smoke alarm, and liability insurance to cover bodily and property damage. Inspection must be allowed if the City has reason for concern that the licensed premises of the STR may not be compliant with Fire, Building, or Zoning requirements.	73%
30 Separately, in the current rental home ordinance: Remove current loophole for STRs that exempts them from the city's rental program if they're current on taxes	73%

Appendix

Recommendations	Total Yes
4 Allow for restrictions for STR properties by historic, conservation, and planned development districts	64%
13 Owners of STRs must annually notify property owners within 200 feet of STR property with 24/7 contact information of STR property owner or host.	64%
19 Require Local Contact (Host) to respond to concern within two hours of notification and phone/email information provided to all properties within 100 feet of STR at contact's expense. Include penalties.	64%
22 The City should prepare a comprehensive budget for education/ marketing of new STR Ordinance to property owners, neighborhoods and STR platforms	64%
24 The City should consider alternative taxing authority (e.g., sales tax) for STR properties to support its compliance and enforcement efforts	64%
34 The City should prohibit the rental of a dwelling unit for prohibited “commercial amusement” usages, such as parties, weddings, catered events, etc. and only one rental contract may be allowed at a time in any STR (Multiple rental contracts to separate parties in an STR are prohibited).	64%

Appendix

Not Recommended	Total Yes
26 Establish a collection procedure for HOT payments in arrears.	55%
38 The City ordinance should establish density limits per block face or number of units (in a multifamily) if the property is not occupied by either the owner or operator. There is no density limit if the owner or operator resides on the property and it is their primary residence.	55%

Appendix

Not Recommended	Total Yes
3 Allow STRs in Duplex, Town Home and Multi-Family districts only if permitted by Special Exception (Board of Adjustment process), required doorway signage for DPD and Code for after-hours enforcement, and HOT compliance	45%
9 The City of Dallas should demand the platforms provide a list of all locations and contact information for owners and operators of all current, pending and future STRs located within the city limits to ensure revenue and compliance citywide	45%
27 Two-strike rule: two verified complaints in a 12-month period, license is revoked for at least a year. (see Austin ordinance) If property is the subject of repeated substantiated violations of City Code of state law during a 12-month period prior to applying for a license or renewing a license to operate a STR, the city may deny the STR license. Establish an appeals process.	45%

Appendix

Not Recommended	Total Yes
20 Require Local Contact (Host) and/or owner to respond by phone to neighbor complaints within 30 minutes of receiving the initial complaint/ complaints of the neighbor (s). And the responsible person -- defined as either the owner, host, manager or the platform representative – must send someone to the site within 2 hours to respond to the neighbor’s complaint. Neighbors should report complaints to 311 or 911. STR respondent should self-report resolution of the issue. All of this is at the expense of the host, owner, or platform	36%
21 No licenses shall be issued to an LLC. They must be in the name of the property owner.	36%

Appendix

Not Recommended	Total Yes
36 The City should set a strict limit of 2 people per bedroom for STR properties	27%
37 The City should limit the total rental nights per year/period for STR properties	27%
1 Ban all STRs from residential areas zoned for single-family homes	18%



Single-Family Rental Registration and Inspection Program, Chapter 27, Dallas City Code

- Initiated on January 1, 2017, the program requires owners of rental properties (single-family homes, duplexes, and condo units) in the City of Dallas to register their properties annually by submitting an online registration application, a non-refundable fee of \$43.00 and an annual Owner's Self Inspection Checklist with the affidavit for each dwelling or unit.
- The program also requires a comprehensive inspection by a code inspector at least once every five years but does not limit the number of complaint-based inspections that can be conducted. All the inspections include the interior, exterior, and premise.
- Documents required to have before you begin your online registration process:
 - Government Issued Photo ID (ex: passport, driver's license, photo ID card)
 - Single-Family Rental Owner Inspection Checklist
 - Affidavit of Single Dwelling Unit Rental
 - Affidavit of Exemption - Rental Registration
 - Single Family Crime Prevention Lease Addendum (to be included with tenant's lease agreement)
 - Insurance contact details
 - Lien Holder Information
 - Helpful Tool: Step by Step Guide on How To Complete Your Rental Registration E-Application on VGOV





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