



**City of Dallas**

# Options to Regulate Short-Term Rentals

**Quality of Life, Arts, and Culture**

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# Purpose



- The short-term rental (STR) task force met from June to December, 2020 to discuss possible ways to regulate STRs to mitigate impacts to neighborhood quality of life.
- The Quality of Life, Arts, and Culture Committee was briefed on February 18, 2020; received updates on STR Task Force work; and was briefed on STR Task Force input on January 19, 2021.
- CMO and CAO surveyed several councilmembers affected by STRs regarding possible regulations.
- This briefing represents multiple options for regulating STRs.



# Option 1 - Registration



Amend Chapter 27 to require STRs to register with city and be subject to inspections in the same manner as other rental properties.

- Chapter 27 imposes minimum housing standards for residential rental units.
- Single-family, duplex, and multifamily rental units are required to be registered and undergo inspections.
- Chapter 27 currently provides a defense to prosecution for STR properties that are current on their hotel occupancy taxes.
- Failure to register is punishable by a fine of up to \$2,000.



# Option 2 – 31-Day Rentals



Amend Chapter 27 to require all rentals to be 31 consecutive days or more.

- Would effectively prohibit STRs from operating in the city.



# Option 3 – Separate Registration for STRs



Create a new chapter in the Dallas Code Code to regulate STRs separately from the Chapter 27 rental registration program.

- STR registration program could require annual registration, inspections, posting of house rules, registration number on advertisements, fees, and 24-hour contact person.
- Registration program would allow for suspension or revocation of a registration, as well as fines.
- Inspection could include fire marshal to establish occupancy limits per state law.
- Operating without a current registration could result in a fine of up to \$2,000.





# Option 4 – New Land Use

Amend Chapter 51A to create a new land use, such as **short-term residential use**.

- Specify zoning districts where the use is permitted by right or SUP, along with parking and loading requirements.
- For example: The use could be prohibited in single-family, duplex, and agricultural districts but allowed in certain other districts.
- Provides enforcement tools, such as \$2,000 a day fine, lawsuit to stop operation of an illegal land use, or denying renewal of an SUP.



# Option 5 – Opt-In Overlay



Amend Chapter 51A to create an opt-in STR overlay district.

- Would allow STRs in specified zoning districts through an overlay district similar to accessory dwelling unit overlays and neighborhood stabilization overlays.
- Requires either creation of a new land use or adding a requirement that specified residential uses cannot be rented for less than 31 days unless they are located in an STR overlay district.
- Council/CPC may initiate for appropriate areas.
- Neighborhood may initiate.
- Establish minimum size for overlay district and minimum percentage of signatures for petition to start process/final approval.





# Option 6 – Opt-Out Overlay

Amend Chapter 51A to create an opt-out STR overlay district.

- Requires new land use.
- Would allow STRs by right in specified zoning districts unless an overlay district is established prohibiting that use.
- Council/CPC may initiate for appropriate areas.
- Neighborhood may initiate.
- Establish minimum size for overlay district and minimum percentage of signatures for petition to start process/final approval.





# Option 7 – Board of Adjustment

Amend Chapter 51A to establish a board of adjustment process to allow STRs by special exception.

- Add a requirement that specified residential uses cannot be rented for less than 31 days without obtaining a special exception.
- The board would decide on a case-by-case basis based on specific criteria and any evidence presented at the hearing.
- This option does not work with the new land use option or the opt-out overlay option as the BDA cannot grant a use variance.



# Option 8 – Status Quo



- Continue current activities to increase STR registration and compliance with HOT taxes.



# Additional Considerations



- Some of the options presented may be combined.
- Other considerations:
  - Owner-occupied vs. non-owner-occupied.
  - Density restrictions (i.e., spacing).
  - Sunset date for registration program.
  - Cost of enforceability of proposed regulations.



# Next Steps



- Members of the City Council will host a virtual public hearing in April 2021.
- Staff will return to Quality of Life, Arts and Culture Committee with feedback from public hearings to receive Committee's recommendations in May 2021.



# QUESTIONS

