

Memorandum



CITY OF DALLAS

DATE March 11, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Response to Questions on Short Term Rentals from the February 28, 2022
Government Performance and Financial Management Committee Meeting**

During the Government Performance and Financial Management committee meeting on Monday, February 28, several questions were asked about Short-Term Rentals (STR).

1. What is the process utilized by MUNIREvs to discover and identify potential Short-Term Rentals that are not registered with the City of Dallas?

A copy of the identification process is attached.

2. How many letters were mailed to the potential unregistered STRs identified during the discovery and identification process?

During the month of February 2022, we mailed the following notification letters to the unregistered STRs.

Type of Letter	Quantity
1st notification	280
2nd notification	114
3rd notification	276
Reminder letter	532
Total letters mailed	1,202

The types of letters are identified beginning with the first time we send the potential unregistered STR a letter. If that property is still not registered when we send out the next set of letters, the letter will indicate it is the second notification. We continue this process until the owner/manager registers the property, or we determine the property is not a STR.

3. What is the total number of STRs currently registered with the City of Dallas and how much Hotel Occupancy Tax (HOT) has been collected from those registered STRs?

The information is in the chart below.

Fiscal Year	Total # of STRs Registered	Total HOT Collected from STRs
FY 2018-19	109	\$ 651,508.79
FY 2019-20	650	\$ 1,186,976.27
FY 2020-21	1,057	\$ 1,679,489.91

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The compliance rate for registration and the HOT collected has steadily increased since utilizing the discovery and investigation process provided by MUNIREvs. As of February 28, 2022, we had 1,340 registered STRs and have collected approximately \$750,000 in HOT from STRs this fiscal year. During the month of February 2022, we sent out 1,202 notification letters to unregistered STRs.

If you have any questions, please contact me or Sheri Kowalski, City Controller.


M. Elizabeth Reich
Chief Financial Officer

[Attachment]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Interim Assistant City Manager
Carl Simpson, Interim Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



Dallas Identification Process Overview

Discover

LOGGINGRevs searches vacation rental websites for listings located in or around the City of Dallas. The new listings populate in the Dallas LOGGINGRevs dashboard in the Uncertain Status. New listings in this status signify to our property review team that there are new ads to review.

It is important to note the “in and around” Dallas distinction – we are looking at Dallas and the surrounding area to make sure we do not miss any listings that say they are located in Irving but are really within the Dallas city limits.

Identification

LOGGINGRevs uses a mix of automated and manual review to match listings to a property record. All listings have human eyes on them at one point to ensure that the listing is matched to the correct property record. This greatly reduces errors in incorrect matches.

The first step in the identification process is the automated review. LOGGINGRevs has image recognition technology that matches duplicate advertisements together using the advertisement images. The matched advertisements are presented to our property review team in our Photo Match View so that the team can review and confirm the advertisements are indeed for the same property. The image match recognition technology greatly improves the efficiency of our property review team which also reduces the possibility for error because the team reviews all listings for the property at one time (and therefore we do not have risk of one of the listings erroneously being matched incorrectly to a different property record).

As the next step, our property review team reviews each listing to match it to a property record.

We start with the listings matched by our image matching, and then review the listings that were not matched to a duplicate listing. The property review team uses numerous record sources to validate the property address and assign the listing to the correct parcel.

The property review team frequently leaves a note on the advertisement record in LOGGINGRevs with detail on how they located the property (sentence describing process, link to the website address from the list above of the photo matching the ad and name matching the parcel record, etc.).

The reviewer searches for the identified address in MUNIRevs. We then double check to determine if the ownership has changed. If the ownership has changed, the reviewer edits or creates a new account with the updated owner’s information to reflect the current County property record. Next, we take the unique account number for that property record and attach it to the advertisement in MUNIRevs. We have now joined the property/taxpayer account to the advertisement.

The final step in the identification process is to assign a compliance status to the property. Here are a few of the main statuses used in the City of Dallas:

1. **Compliant:** These taxpayers have logged into MUNIRevs, completed their registration, and are ready to remit Hotel Occupancy Tax.
2. **Registration Required aka “HOT Only Taxpayer”:** These are newly identified properties that need to be notified to login to MUNIRevs.
3. **Send multiple letters:** These properties have yet to register and pay taxes. They need to be addressed by City of Dallas management.
4. **Send to Complex Master:** In the CAD, some apartment and condo complexes do not have a property record for each unit. They only have one record that represents all the units in the complex. So, the LODGINGRevs property review team cannot match a listing to the exact unit because it does not exist in the CAD data. We match the listing to the “master” parcel available and move the advertisement to this compliance status.
5. **Needs More Research:** These are the super tricky advertisements. We need more information or photos posted on the advertisement in order to match the listing to a property record. Our team goes back through these listings periodically to check if more information has been added.

Notification

The final step in the process is to notify the taxpayers in the HOT Only Taxpayer compliance status that they need to login to MUNIRevs, complete their registration, and remit hotel occupancy tax. The City of Dallas has an ongoing notification process. The notification template sent to the taxpayer depends on how many notifications they have received previously.

Finally, the Dallas Account Manager moves the listings registered and remitting HOT in MUNIRevs to a Compliant status in LODGINGRevs.