Short-Term Rentals

Presented to City Council
August 16, 2022
Outline

• Current STR regulations and locations
• Goals and policy options
• Summary of public feedback

• Policy questions for City Council
  • Registration and operating standards
  • Zoning options
  • Code enforcement
What is a short-term rental (STR)?

Short-term rentals are residential properties available for rent for guest lodging for a period ranging from 1 to 29 days.
Current STR Regulations and Locations
Current STR Regulations

Zoning

• Allowed in all mixed-use and most form-based districts, commercial and industrial districts with a Certificate of Occupancy from Development Services Department

• Not allowed in residential districts: A-#, AR, B, R1, R2, CR, C, D, UR

• See map on next page

Zoning Enforcement

• Code Compliance Department investigates on a complaint basis

• When violations are observed, warnings/citations are issued to property owners

• City cannot currently issue citations based on STR advertisements or online bookings alone

• Cases in FY2021: 71 cases requiring 278 inspections
Zoning Districts

STRs are **allowed** in mixed-use, commercial, and industrial zoning districts.

STRs are **not allowed** in residential districts.

Click [here](#) for interactive Zoning Portal to learn where STRs are allowed.

Click [here](#) for interactive zoning map with other map layers.
Hotel Occupancy Tax (HOT)

- State and City ordinances require STRs to pay HOT
- State levies 6% and City levies 9% for Culture and Tourism Fund
- HOT revenues may only be used to promote tourism, convention, and hotel industries

HOT Collection Enforcement

- HOT is self-reported on City’s HOT Online Reporting Tool (“Hotel App”)
- STRs report on a voluntary basis and are not monitored by Finance Department
Code Compliance:
Reported Zoning Violations

Short-Term Rental Cases
(STR tracking started June 14, 2019)

- 2022 YTD (147 cases/710 inspections)
- 2021 (71 cases/278 inspections)
- 2020 (52 cases/258 inspections)
- 2019 (23 cases/59 inspections)

Data Source: Code Ops, CFW GIS
Short-Term Rental Reports

Overview

We have completed initial identification of Short-Term Rental properties in Fort Worth. Difficult listings not identifiable initially will receive further attention and new listings will come into the market regularly.

Focus for these reports will be on the 633 currently operating identified STRs, out of the 814 that operated as a STR some time within the past 12 months.

To date we have address identified 2453 of the 2738 current STR listings in Fort Worth representing 89% of these listings.
OVERVIEW REPORT - CURRENT STRs

Allowed vs Not Allowed STRs

- 68 Short-Term Rentals in Allowed Zones
- 565 Short-Term Rentals in Not Allowed Zones
Past 12 Months Nights Booked

- 42% of properties were booked 30 nights or fewer over the course of the year.
- Almost 8% were booked for over 150 nights.
Goals, Policy Options and Public Feedback
Goals for Addressing STRs

1. Preserve residential quality of neighborhoods and protect from commercial lodging encroachment
2. Ensure health and safety of guests and residents
3. Support tourism in a balanced way
4. Preserve residential housing supply
5. Collect Hotel Occupancy Tax (HOT) from legal STRs
6. Minimize impact on staff and recover costs for code enforcement
Policies from National League of Cities to Achieve Common Goals for STRs

• Require annual permit/registration and have process to revoke permits
• Require host residency in residential areas (most complaints come from non-owner-occupied units)
• Restrict density of STRs (number or percentage) in a particular neighborhood or geographic area
• Dedicate resources to enforcement
DRAFT Registration/Operating Standards for Legal STRs

• Require registration for all legal STR use through third-party platform:
  – Annual fee to cover City costs (platform and enforcement)
  – HOT collection (cannot be used for administration or enforcement)
  – Property owner registers/consents; registration non-transferrable
  – 24/7 local contact and liability insurance
  – Affidavit for safety protocols (smoke/CO2 detectors, fire sprinkler, etc)
  – One guest/group at a time
  – Limited to 3 people/bedroom, max of 9 people
  – On-site parking only with parking plan required
  – No events/parties; no outdoor gatherings or music after 10pm
  – Require Good Neighbor Guide (comply with noise, trash, parking ordinances)
  – Registration placed on probation or revoked based on violations
Additional Regulations for STRs

• Require **registration** for properties that **advertise** for STR, enabling Code to more easily address illegal STR activity

• Require **advertising platforms** (Airbnb, VRBO, etc.) to only allow advertising for STRs registered with the City (“platform accountability”)

• Require **Certificate of Occupancy** when STR is not a primary residence (commercial lodging)
  – Apply Bed & Breakfast building and fire code requirements
Zoning Regulations in Other Cities

- Most cities differentiate primary residence STRs from investor-owned STRs and

- Require zoning changes or conditional use permits for investor-owned STRs to operate in single-family districts

- This is consistent with National League of Cities guidance:
  - Require host residency in residential areas (most complaints come from non-owner-occupied units)
## Zoning Regulations in Other Cities (cont.)

<table>
<thead>
<tr>
<th>City</th>
<th>Differentiate Primary Residence vs. Investor-Owned</th>
<th>Require Zoning Change or CUP for Investor-Owned in Single Family</th>
<th>Limit Density</th>
<th>Limit Geographic Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington, TX</td>
<td>Yes</td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Austin, TX</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Dallas, TX*</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Paso, TX</td>
<td>Neither allowed in residential districts</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fredericksburg, TX</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Antonio, TX</td>
<td>Yes</td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charlotte, NC**</td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Columbus, OH</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denver, CO</td>
<td>Yes</td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

* Proposed ordinance change to differentiate

** Ordinance on hold due to North Carolina Supreme Court case

AZ, FL, IN: Municipal authority preempted
Zoning Options for Addressing Illegal STRs in Residential Zoning

- City staff has identified four zoning options for City Council consideration, including retaining the current Zoning Ordinance regulations for STRs.
- None of the options would allow STR as the main use of residential property by right within residential zoning districts.
- Zoning changes and conditional use permits require public hearings and votes by Zoning Commission and City Council.

Option 1: Current Ordinance
- Continue to require zoning change for STRs in residential zoning to PD Planned Development, mixed-use, or commercial zoning
Zoning Options for Addressing Illegal STRs in Residential Zoning (cont.)

Option 2

- Treat **owner-occupied** STRs as Bed and Breakfast Homes
  - Require **conditional use permit** (CUP) with five-year time limit
  - Not allowed in single-family zoning; only allowed with CUP in two-family and multifamily zoning with 400-foot separation

- Treat **investor-owned** STRs similar to Bed and Breakfast Inns
  - Require **conditional use permit** (CUP) with five-year time limit
  - Not allowed in single-family zoning; only allowed with CUP in high-density multifamily

- Continue to require **zoning change** for all STRs in single-family zoning
Zoning Options for Addressing **Illegal STRs** in Residential Zoning (cont.)

**Option 3**
- Allow *owner-occupied* STRs by *conditional use permit* in *all* residential districts, up to *5-10%* of block or multifamily building
- Allow *investor-owned* STRs by *conditional use permit* in *multifamily* districts, up to *5-10%* of block or multifamily building
- Continue to require zoning change for all others

**Option 4**
- Allow *owner-occupied* STRs *by right* in certain neighborhoods or citywide
  - Up to *5-10%* of block or multifamily building
  - Fewer than 30 booking nights per year
- Require conditional use permit or zoning change for all others
Public Engagement

• City website FortWorthTexas.gov/STR has received 12,282 page views

• Online feedback form received 3,664 responses with mix of opinions

• Strong support for zoning Option 1 keeping the current ordinance

• ThoughtExchange: 391 participants submitted 646 ideas or thoughts, which were then rated 29,680 times by participants

• Two public meetings with 44 speakers and 70 questions submitted and answered
Policy Questions
Policy Questions for City Council

• Should we require legal STRs to **register** and pay HOT?

• Should we require the proposed **operating standards** as a condition of registration for STRs, with advertising platform accountability?

• Should we consider any of the **zoning options** or other options for addressing illegal STRs?

• Should Code continue to **enforce** only **nuisance** violations in response to STR complaints? **Or….**

  Should they address **all** illegal STRs for zoning violations in response to complaints?
Questions?
Comments?