Short-Term Rental
DRAFT Registration Regulations and Zoning Options

July 5, 2022
Outline

• Current Short-Term Rental (STR) regulations
• Goals for addressing STRs
• Proposed registration/operating standards for legal STRs
• Zoning regulations in other cities
• Zoning options for addressing illegal STRs
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

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
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 Regulations 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)
  - Advertising for STR requires registration
  - Registration placed on probation or revoked based on violations
Additional Regulations for STRs

- Require **advertising platforms** (Airbnb, VRBO, etc.) to only allow advertising for STRs registered with the City.

- 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>
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<tbody>
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<tr>
<td>El Paso, TX</td>
<td>Neither allowed in residential districts</td>
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* 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