

To the Mayor and Members of the City Council**June 7, 2022**

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**SUBJECT: UPDATE ON SHORT-TERM RENTALS**

In an Informal Report dated March 1, 2022, staff provided general information on the Hotel Occupancy Tax (HOT) collection process for STRs and outlined a phased approach to identify STRs in Fort Worth and their operating characteristics and to develop recommendations and options for STR regulation. This report provides an update on those efforts.

DATA COLLECTION

In the first step of the phased approach, an inter-departmental team led by Financial Management Services developed a scope of work and issued a Request for Qualifications (RFQ) for STR identification and data mining services on March 15, 2022. The team received six proposals in April and interviewed three firms in May. The team selected Deckard Technologies Inc. to complete the initial STR identification work and is finalizing the contract with Law. Deckard will likely have 30 days from the contract execution date to submit preliminary findings and 60 days to submit a final report to the City.

POLICY GOALS

In parallel, the team has continued to work on potential goals and regulation options for City Council discussion after receiving the data mining report. The following draft goals have been developed based on benchmarking with similar cities in Texas and the U.S. and on the [National League of Cities STR guide](#):

1. Preserve residential quality of neighborhoods and protect from commercial 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

REGISTRATION

The next phase of this project will involve the issuance of a Request for Proposals (RFP) later in June for a third-party service to support the registration and administration of legal STRs. The scope of services will include but not be limited to ongoing identification, registration, compliance monitoring, HOT collection, customer service, and possibly auditing of STRs. In order to maximize efficiency and economies of scale, the third-party service may be scaled up to incorporate the City's 200+ traditional hotels and potentially other significant self-reported revenue sources. The team anticipates that the registration component would become effective in early FY23, with fees sufficient to cover the cost of the registration platform and code enforcement.



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OPERATING STANDARDS AND ZONING OPTIONS

After receiving and analyzing the STR data, staff intends to brief the City Council in August on proposed operating standards for legal STRs and on potential zoning options for STRs illegally operating in residential zoning districts.

If you have any questions, please contact Daniel Leal, Assistant Director, Development Services Department 817-392-6214, or Kiphani Allen, Financial Services Manager, Financial Services Management 817-392-8980.

David Cooke
City Manager