

ORDINANCE NO. \_\_\_32473\_\_\_\_\_

An ordinance amending Chapter 27, “Minimum Property Standards,” by amending Section 27-30; adding Chapter 42B, “Short-Term Rentals,” to the Dallas City Code; providing a defense to prosecution from the Chapter 27 rental property registration requirements if a short-term rental is registered under Chapter 42B; providing registration and operational requirements for short-term rentals; providing a penalty not to exceed \$500; providing a saving clause; providing a severability clause; and providing an effective date.

WHEREAS, short-term rentals have never been a recognized land use in the Dallas Development Code and do not fit within the definition of any other land use in the Dallas Development Code; and

WHEREAS, the City of Dallas began examining the impact of short-term rentals in 2019; and

WHEREAS, the city council quality of life, arts, and culture committee was first briefed on short-term rentals on February 18, 2020; and

WHEREAS, the city council quality of life, arts, and culture committee appointed a task force to examine the impact of short-term rentals and to explore effective means of regulating them, with the task force holding its first meeting on June 12, 2020; and

WHEREAS, the city council quality of life, arts, and culture committee was briefed by memo on the progress of the short-term rental task force on September 21, 2020, October 19, 2020, and November 16, 2020; and

WHEREAS, the city council quality of life, arts, and culture committee was presented recommendations from the short-term rental task force on January 19, 2021; and

WHEREAS, the city council quality of life, arts, and culture committee was briefed on options for regulating short-term rentals on March 23, 2021; and

WHEREAS, city council held a public hearing to gather input on regulating short-term rentals on May 5, 2021; and

WHEREAS, city staff sought guidance from the city council quality of life, arts, and culture committee on options for regulating short-term rentals on May 17, 2021; and

WHEREAS, the quality of life, arts, and culture short-term rental task force was restructured in November 2021 to include representation from community stakeholders, short-term rental operators, and short-term rental platforms; and

WHEREAS, the restructured short-term rental task force met on November 15, 2021, November 29, 2021, and January 3, 2022; and

WHEREAS, the city plan commission authorized a public hearing to determine the proper zoning regulations for short-term rentals on December 2, 2021; and

WHEREAS, the city council quality of life, arts, and culture committee held a public hearing to gather input on the impact and effective regulation of short-term rentals on January 31, 2022; and

WHEREAS, city council was briefed on short-term rental regulation options on May 4, 2022; June 1, 2022, and June 15, 2022; and

WHEREAS, the city plan commission's zoning ordinance advisory committee held meetings on June 23, 2022, July 7, 2022, August 2, 2022, August 16, 2022, August 30, 2022, and October 4, 2022, where the committee examined numerous options for appropriate zoning regulations for short-term rentals; and

WHEREAS, the city plan commission was briefed on the recommendation from the zoning ordinance advisory committee on November 17, 2022; and

WHEREAS, the city plan commission held a public hearing to determine proper zoning regulations for short-term rentals on December 8, 2022, where, after hearing from numerous speakers, the commission recommended defining short-term rentals as a lodging use and prohibiting short-term rental lodging in residential zoning districts; and

WHEREAS, the city council quality of life, arts, and culture committee was briefed on the city plan commission's zoning recommendation and staff's recommendation for a short-term rental registration ordinance on March 20, 2023; and

WHEREAS, the city council was briefed on the city plan commission's zoning recommendation and staff's recommendation for a short-term rental registration ordinance on April 4, 2023 and June 7, 2023; and

WHEREAS, the city plan commission and city council received input from hundreds of speakers both in favor of, and in opposition to, regulation of short-term rentals through zoning and registration ordinances; and

WHEREAS, the city council finds that continued operation of short-term rentals in single-family neighborhoods is detrimental to the peaceful enjoyment of residents living in their homes due to the transient nature of short-term rentals and associated nuisances like increased noise and overparking on city streets; and

WHEREAS, the city council finds that the transient nature of short-term rentals renders them a non-residential use that is not compatible with uses generally found in single-family zoning districts; and

WHEREAS, the city council finds that short-term rentals should be regulated through registration and operational requirements in multifamily and non-residential zoning districts; and

WHEREAS, the city council finds that the city of Dallas is experiencing a housing crisis and that continued operation of short-term rentals in single-family neighborhoods removes needed housing stock from potential Dallas renters and homeowners; Now, Therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That Subsection (g) of Section 27-30, “Registration and Posting Requirements; Defenses,” of Article VII, “Registration and Inspection of Rental Properties and Condominiums,” of Chapter 27, “Minimum Property Standards,” of the Dallas City Code is amended to read as follows:

“(g) It is a defense to prosecution under this section that:

(1) at the time of notice of violation, no dwelling units in the rental property are leased or offered for lease and the owner of the rental property has filed with the director an exemption affidavit on a form provided by the director;

(2) at the time of notice of violation, the owner of the single dwelling unit rental property had rented the property to tenants for a total of no more than 30 consecutive days during the preceding 12 months;

(3) at the time of the notice of violation, the only tenants living in the single dwelling unit rental property are individuals related to the owner by consanguinity or affinity;

(4) at the time of the notice of violation, the owner of a single dwelling unit rental property had a homestead exemption for the property on file with the county appraisal district in which the rental property is located; or

(5) at the time of the notice of violation:

(A) the property was registered as a short-term rental in accordance with Chapter 42B; and

(B) applicable hotel occupancy taxes levied on the property under Articles V and VII of Chapter 44 [~~of the city code, as amended,~~] had been collected and remitted in full.”

SECTION 2. That the Dallas City Code is amended by adding a new Chapter 42B, “Short-Term Rentals,” to read as follows:

## **“CHAPTER 42B**

### **SHORT-TERM RENTALS**

#### **SEC. 42B-1. DEFINITIONS.**

In this chapter:

(1) **BEDROOM** means any room in a short-term rental other than a kitchen, dining room, living room, bathroom, or closet.

(2) **BOOKING TRANSACTION** means any reservation or payment service provided by a person who facilitates a short-term rental transaction between a prospective visitor and a host.

(3) **DEPARTMENT** means the department designated by the city manager to enforce and administer this chapter.

(4) **DIRECTOR** means the director of the department designated by the city manager to enforce and administer this chapter and includes representatives, agents, or department employees designated by the director.

(5) **EGREGIOUS OFFENSE** means an offense that caused or could cause a serious threat to public health and safety, including but not limited to, commission of crimes that are related to drugs, prostitution, or a serious breach of the peace.

(6) **EMERGENCY CONDITION** means any fire, natural disaster, collapse hazard, burst pipe, lack of operable utilities, serious police incident, noise violation, or other condition that requires an immediate response to prevent harm to the property, the occupants of the property, or the public.

(7) **HOST** means a person who operates a short-term rental and includes representatives, agents, and employees of the host.

(8) **HOSTING PLATFORM** means a person who participates in the short-term rental business by collecting or receiving a fee, directly or indirectly through an agent or intermediary, for conducting a booking transaction using any medium of facilitation.

(9) **LOCAL RESPONSIBLE PARTY** means a natural person who represents the owner or host who may be contacted 24 hours a day, seven days a week, in the event of an emergency condition at a short-term rental.

(10) **MULTITENANT STRUCTURE** means a structure with three or more rentable units.

(11) **OWNER** means a person who owns property used as a short-term rental and includes representatives, agents, and employees of the owner.

(12) **RENTABLE UNIT** means one or more rooms designed to accommodate tenants containing one or more kitchens, one or more bathrooms, and one or more bedrooms.

(13) **SHORT-TERM RENTAL** means a full or partial rentable unit containing one or more kitchens, one or more bathrooms, and one or more bedrooms that is rented to occupants for fewer than 30 consecutive days or one month, whichever is less, per rental period.

#### **SEC. 42B-2. AUTHORITY OF DIRECTOR.**

The director shall implement and enforce this chapter and may by written order establish such rules, regulations, or procedures, not inconsistent with this chapter or other city ordinances, and state or federal law, as the director determines are necessary to discharge any duty under or to affect the policy of this chapter.

#### **SEC. 42B-3. ESTABLISHMENT OF RULES AND REGULATIONS.**

(a) Before adopting, amending, or abolishing a rule, the director shall hold a public hearing on the proposal.

(b) The director shall fix the time and place of the hearing and, in addition to the notice required under the Open Meetings Act (Chapter 551, Texas Government Code), as amended, shall notify each owner, host, hosting platform, and such other persons as the director determines are interested in the subject matter of the hearing.

(c) After the public hearing, the director shall notify all owners, hosts, hosting platforms, and other interested persons of the director's action and shall post an order adopting, amending, or abolishing a rule on the official bulletin board in city hall for a period of not fewer than 10 days. The order becomes effective immediately upon expiration of the posting period.

**SEC. 42B-4. SHORT-TERM RENTAL REGISTRATION AND POSTING REQUIREMENTS.**

(a) A person commits an offense if he owns or operates a short-term rental without a valid short-term rental registration issued under this chapter.

(b) A person other than a hosting platform commits an offense if the person advertises a property for rent as a short-term rental without a valid short-term rental registration issued under this chapter.

(c) The owner and host of a short-term rental commits an offense if he fails to post the following in a conspicuous place in a common area of the property or as otherwise approved by the director:

- (1) the short-term rental certificate of occupancy; and
- (2) the certificate of registration for short-term rental.

**SEC. 42B-5. SHORT-TERM RENTAL REGISTRATION; FEES; RENEWAL.**

(a) Each short-term rental lodging use must be separately registered.

(b) A short-term rental registration expires on the earlier of:

- (1) one year after the registration date, or
- (2) when ownership of the property changes.

(c) The annual registration fee for a short-term rental is \$404.00.

(d) The registration fee is nonrefundable. The registration fee may not be prorated or applied to another property.

(e) The initial inspection fee is included in the annual registration fee. If a property must be reinspected, the reinspection fee is \$234.00.

(f) A host shall keep the information contained in its registration application current and accurate. If there is any change in the application information, the host shall notify the director in writing within 10 days of the changes of information.

(g) A registration may be renewed by making application for a renewal in accordance with this chapter on a form provided by the director. In the application for renewal, the host shall certify that all information in the then-current registration application is still accurate as of the date of the renewal application or otherwise correct any information that is not accurate as of the date of the renewal application.

**SEC. 42B-6. SHORT-TERM RENTAL REGISTRATION APPLICATION.**

To obtain a registration to operate a short-term rental, a person must submit a complete application to the director on a form provided for that purpose. If the applicant is not an individual, an authorized officer or agent of the applicant must file the form. The application must contain the following information and be accompanied by the annual registration fee required under Section 42B-5 before it is considered complete:

- (1) The name, mailing address, and telephone number for:
  - (A) the owner;
  - (B) the host;
  - (C) the local responsible party;
  - (D) if the owner of the short-term rental is not a natural person, then an agent, employee, or officer of the owner authorized to receive legal notices and service of legal process on behalf of the owner, and in the case of an entity required to be registered with the State of Texas, the registered agent for service of process for the entity;
  - (E) if the host is not a natural person, then an agent, employee, or officer of the host authorized to receive legal notices and service of legal process on behalf of the host, and in the case of an entity required to be registered with the State of Texas, the registered agent for service of process for the entity;
  - (F) the holder of any deed of trust or mortgage lien on the short-term rental property being registered; and
  - (G) any agent, employee, officer, property manager, and other persons in control of, managing, or operating the short-term rental property on behalf of the owner or host;
- (2) the property address;
- (3) if the property being registered is part of a multitenant property or a condominium:
  - (A) the name of the property, all legal addresses comprising the property, and the main telephone number, if any, of the property;
  - (B) the apartment or unit number of the short-term rental unit being registered; and



(C) an affidavit signed by the owner acknowledging that the owner is responsible for ensuring that no unregistered short-term rentals operates on the property and that the owner may be liable for code violations committed by hosts or short-term rental guests, such as being declared a habitual nuisance property under Chapter 27 of this code;

(4) if the owner is not a natural person, the form of the entity, including, but not limited to, a corporation, general partnership, limited partnership, trust, or limited liability company, and the state or foreign jurisdiction of organization and registration, if other than the State of Texas, as well as the name and mailing address for each principal officer, director, general partner, trustee, manager, member, or other person charged with the operation, control, or management of the entity;

(5) if the host is not a natural person, the form of the entity, including, but not limited to, a corporation, general partnership, limited partnership, trust, or limited liability company, and the state or foreign jurisdiction of organization and registration, if other than the State of Texas, as well as the name and mailing address for each principal officer, director, general partner, trustee, manager, member, or other person charged with the operation, control, or management of the entity;

(6) a copy of the host's current driver's license or other government-issued personal identification card containing a photograph of the host, if the host is a natural person;

(7) the hotel occupancy tax registration number issued in accordance with Chapter 44 of this code;

(8) any additional information the host desires to include or that the director deems necessary to aid in the determination of whether the application will be deemed complete;

(9) an acknowledgement by the host of the following:

(A) occupancy limits;

(B) parking requirements;

(C) noise limits;

(D) revocation process; and

(E) advertisement and signage limitations; and

(10) if the host is not the owner, a statement that is signed and acknowledged by the owner giving the host permission to operate the short-term rental.

**SEC. 42B-7. REVIEW AND ACCEPTANCE OF REGISTRATION APPLICATION.**

(a) An application will not be processed until the annual registration fee required by Section 42B-5 has been paid.

(b) The director shall review an application within 10 business days of receipt to determine completeness.

(c) If the director finds that the applicant has failed to submit a complete application or that any of the information on the application is materially incorrect or misleading, the director shall promptly notify the applicant by United States or electronic mail that the application is defective or incomplete and the director shall list the defects and missing items.

(d) An application shall expire and be void *ab initio* if by the 10<sup>th</sup> business day after the applicant is notified that the application is defective or incomplete, the applicant fails to provide documents or other information necessary to comply with the requirements of this chapter.

(e) If the director finds that the applicant submitted a complete application and all criteria have been met, the director shall promptly notify the applicant that the application has been received and found to be complete.

**SEC. 42B-8. PROPERTY INSPECTIONS.**

(a) After the director deems an application complete, but before an application is approved, the director shall conduct an inspection of the property to determine if there are any code violations. If the inspection reveals any violations of the Dallas City Code, the director shall issue a notice of violation to the owner, operator, or person in control to remedy the violations. The director shall not approve the registration until the identified code violations at the property have been abated.

(b) The director may conduct inspections of short-term rental properties at any time the director deems necessary when determined to be in the interest of the public health, safety, and welfare.

(c) Except as provided in this section, the director shall conduct a property inspection of each short-term rental upon application for renewal of a registration.

(d) For a registration renewal, no inspection is required if code violations were not found on the property in the previous 12 calendar months.

(e) The director may conduct inspections at the property if any complaint is received alleging violations occurring at the property including, but not limited to, violations of noise or parking regulations.

**SEC. 42B-9. ISSUANCE AND DENIAL OF REGISTRATION.**

(a) Upon the submission of a complete application, the director shall issue a registration to operate a short-term rental if the director determines:

(1) the applicant has complied with all requirements for issuance of the registration;

(2) the applicant has not made a false statement as to a material matter in the application;

(3) the property being registered has passed all inspections and the condition and use of the short-term rental comply with the zoning regulations in the Dallas Development Code and the minimum property standards in Chapter 27;

(4) there have not been two or more citations for violations of the Dallas City Code found on the property being registered within the preceding 12 calendar months prior to the registration application;

(5) if the property is a multitenant property, registration of the rentable unit will not exceed the density requirements in Section 42B-12;

(6) the owner and host are not delinquent in any ad valorem taxes, fees, fines, or penalties owed to the city in relation to the property where the short-term rental is located;

(7) the owner and host are not delinquent in any hotel occupancy taxes owed to the city; and

(8) the owner and host have not had a short-term rental registration revoked within the past 12 months.

(b) If the director determines that the requirements of Subsection (a) have not been met, the director shall deny the registration.

(c) If the director determines that the applicant should be denied a registration, the director shall notify the applicant in writing, by certified mail, return receipt requested, that the application is denied and include in the notice the reason for denial and a statement informing the applicant of the right to appeal.

**SEC. 42B-10. REVOCATION OF SHORT-TERM RENTAL REGISTRATION.**

(a) The director may revoke a short-term rental registration if the property registered as a short-term rental is the site of two or more citations for violations of the Dallas City Code or state or federal law two or more times in the preceding year. Violations considered under this provision include, but are not limited to, parking on unapproved surfaces, failure to maintain the property free of litter, exceeding noise limitations, disorderly or criminal conduct, failure to pay hotel occupancy tax, or any of the provisions of this chapter.

(b) A short-term rental registration issued under this chapter may be revoked at the director's discretion if an egregious offense occurs at the property.

(c) The director may revoke all registrations associated with a single owner or host upon revocation of any registration.

(d) If the director determines that a registration should be revoked, the director shall notify the owner and host in writing, by certified mail, return receipt requested, that the registration is revoked and include in the notice the reason for revocation and a statement informing the owner and host of the right to appeal.

(e) An owner or host that has had a registration revoked under this section shall not be permitted to apply for a short-term rental registration for a period of one year following the date of the revocation.

(f) A revocation under this section is final unless the owner or host files an appeal with the permit and license appeal board in accordance with Section 2-96.

(g) The filing of an appeal stays the action of the director in revoking a registration until the permit and license appeal board makes a final decision.

(h) The permit and license appeal board shall consider the facts as they existed at the time of the registration denial, suspension, or revocation in making its decision.

**SEC. 42B-11. REQUIRED EMERGENCY RESPONSE.**

(a) A host shall provide the director with the name, address, and telephone number of a local responsible party. This designation shall be provided on a notarized form designated by the director that is signed by the local responsible party.

(b) A host shall notify the director immediately of any change in the emergency response information on a notarized form designated by the director.

(c) The local responsible party shall arrive at the property within one hour after being notified by the city or emergency response personnel that an emergency condition has occurred on the property.

(d) Upon arrival at the short-term rental when requested as provided above, the local responsible party shall notify the requesting city personnel of his arrival and shall take reasonable actions to resolve the emergency condition.

(e) A local responsible party must be authorized to make decisions regarding the premises and its occupants. A local responsible party may be required to, and shall not refuse to, accept service of citation for any violations on the premises. Acceptance of service shall not act to release owner of any liability under this chapter.

## **SEC. 42B-12. OPERATION OF SHORT-TERM RENTAL.**

(a) Maximum occupancy for a short-term rental is three people per bedroom with a total occupancy of 12.

(b) The number of short-term rentals in a single rentable unit may not exceed one.

(c) The maximum density for short-term rentals located in a multifamily structure is:

(1) three percent of rentable units if the multitenant structure has more than 20 rentable units and is located in a multifamily or multiple-family zoning district or a planned development district or conservation district whose base zoning is multifamily or multiple-family;

(2) 20 percent of rentable units if the multitenant structure has more than 20 rentable units and is located in a nonresidential zoning district;

(3) zero rentable units if the multitenant structure has 20 rentable units or less.

(d) The use of amplified sound equipment that produces a sound audible beyond the property line of the premises between the hours of 10:00 p.m. and 7:00 a.m. is prohibited.

(e) The host shall limit the number of guest vehicles to the number of available off-street parking spaces available at the short-term rental property.

(f) The minimum allowable rental period is two nights.

(g) Any public listing or advertisement for a property as a short-term rental must include:

(1) the City of Dallas short-term rental registration number;

(2) occupancy limitations;

(3) limitations on the use of amplified sound equipment;

(4) the number of vehicles allowed;

(5) city regulations related to parking on unapproved surfaces and oversized vehicles; and

(6) a minimum allowable rental period of two nights.

(g) A short-term rental may not be used as a commercial amusement, restaurant, or similar business unless the property has a valid certificate of occupancy for the use.

#### **SEC. 42B-13. HOSTING PLATFORM REGISTRATION; REVOCATION.**

(a) To obtain a registration to operate as a hosting platform, a person shall submit a complete application to the director on a form provided for that purpose. If the applicant is not an individual, an authorized officer or agent of the applicant must file the form. The application must contain the following information before it is considered complete:

(1) the name, telephone number, and email address of a contact person at the hosting platform; and

(2) any other information the director deems necessary.

(b) A registration issued under this section is valid for one year.

(c) The director may revoke the registration of a hosting platform if the hosting platform collects a fee or fails to submit a report in violation of Section 42B-14.

(d) If the director determines that a registration should be revoked, the director shall notify the hosting platform in writing, by certified mail, return receipt requested, that the registration is revoked and include in the notice the reason for revocation and a statement informing the owner and host of the right to appeal.

(e) A hosting platform that has had a registration revoked under this section shall not be permitted to apply for a hosting platform registration for a period of one year following the date of the revocation.

(f) A revocation under this section is final unless the hosting platform files an appeal with the permit and license appeal board in accordance with Section 2-96.

(g) The filing of an appeal stays the action of the director in revoking a registration until the permit and license appeal board makes a final decision.

(h) The permit and license appeal board shall consider the facts as they existed at the time of the revocation in making its decision.

**SEC. 42B-14. HOSTING PLATFORM OPERATIONS.**

(a) Hosting platforms shall not collect or receive a fee, directly or indirectly, through an agent or intermediary, for completing a booking transaction for a short-term rental unless the hosting platform has registered with the city in compliance with this Section 42B-13 and the short-term rental has a valid registration number issued by the director in accordance with Section 42B-9.

(b) Hosting platforms shall not collect or receive a fee, directly or indirectly, through an agent or intermediary, for facilitating or providing services ancillary to an unregistered short-term rental, including, but not limited to, insurance, concierge services, catering, restaurant bookings, tours, guide services, entertainment, cleaning, property management, or maintenance.

(c) A hosting platform registered under this chapter shall provide the director, on a monthly basis, an electronic report, in a format determined by the director, of the listings maintained, authorized, facilitated, or advertised by the hosting platform within the city for the applicable reporting period. The report must include a breakdown of where the listings are located and whether the listing is for a room or a whole rentable unit.

**SEC. 42B-15. CRIMINAL OFFENSES.**

A person commits an offense if he violates or attempts to violate a provision of this chapter, or a rule or regulation established by the director under this article, that is applicable to a person. A culpable mental state is not required for an offense under this chapter unless the provision defining the conduct expressly requires a culpable mental state. A separate offense is committed each day in which an offense occurs.

**SEC. 42B-16. REVIEW OF CHAPTER.**

The regulations in this chapter must be reviewed by a city council committee by June 14, 2025.”

SECTION 3. That a person violating a provision of this ordinance, upon conviction, is punishable by a fine not to exceed \$500.

SECTION 4. That Chapters 27 and 42B of the Dallas City Code shall remain in full force and effect, save and except as amended by this ordinance.

SECTION 5. That any act done or right vested or accrued, or any proceeding, suit, or prosecution had or commenced in any action before the amendment or repeal of any ordinance, or part thereof, shall not be affected or impaired by amendment or repeal of any ordinance, or part thereof, and shall be treated as still remaining in full force and effect for all intents and purposes as if the amended or repealed ordinance, or part thereof, had remained in force.

SECTION 6. That the terms and provisions of this ordinance are severable and are governed by Section 1-4 of Chapter 1 of the Dallas City Code, as amended.

SECTION 7. That this ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas with enforcement action being taken no earlier than six months from and after the passage of this ordinance, and it is accordingly so ordained.

APPROVED AS TO FORM:

TAMMY L. PALOMINO, Interim City Attorney

By \_\_\_\_\_  
Assistant City Attorney

Passed \_\_\_\_\_