Memorandum

TO Honorable Mayor and Members of the City Council

SUBJECT **Update on Short-term rentals – Staff Recommendations**

Background

This serves as a follow up memorandum from the City Council briefing on June 7, 2023, on the Proposed Short-Term Rental (STR) Registration and Zoning Ordinances. The intent of the memorandum is to provide an overview of staff's recommendations discussed during the City Council briefing.

Planning and Urban Design Staff Recommendation

Prior to the June 7, 2023, Council briefing, Planning and Urban Design (PUD) staff did not prepare a professional recommendation on the code amendment City Plan Commission (CPC) authorized December 2, 2021, which included specific direction to create a new use within the Lodging Use category. The staff recommendation has now been incorporated into the zoning staff report and included via memorandum as requested by members of the City Council. Please note that staff's recommendation differs from the recommendation of the CPC.

PUD staff recommendation is to address STRs entirely through the registration process and not through amendments to the zoning code. This recommendation is based on the assertion that the major concerns related to STRs are operational and would be best managed through a registration ordinance enforced by Code Compliance Services. This is consistent with the Dallas Development Code's administration of the operational considerations of residential properties within the zoning ordinance. The Dallas Development Code is silent on the tenancy or ownership status of the occupants of a residential property (e.g., there is no difference in land use standards based on if a property is owned fee simple, leased, rented, mortgaged, shared ownership with condominium regime, etc.). Chapter 27 of the Dallas City Code contains standards for rental properties and the proposed Chapter 42B contains standards for STRs that address the concerns voiced and is better suited to enforce operational standards.

If land use category in the zoning code is preferred, a new main use (short-term rental lodging) could be created within the Lodging Use category, as defined by the CPC but permitting the use by right in all zoning districts, and deferring all operational concerns to the registration ordinance, managed, and enforced by Code Compliance Services. A draft of staff's recommended zoning ordinance in comparison with City Plan Commission recommendations is attached to this memorandum.

<u>Planned Development Districts and Conservation Districts</u>
It is important to note that approximately 40 percent of existing STRs are located in Planned Development Districts (PDs) and Conservation Districts (CDs). PDs and CDs often include a reference to a base zoning district for permitted uses. **If the City Council approves a zoning code amendment that creates "short-term rental lodging" as a new main use in the Development Code (regardless of the permitted districts or the use category), each PD and CD would need to be examined to determine if STRs are permitted in that district.** In PDs and CDs that refer to a base zoning district (e.g., R-7.5) in which STRs are permitted without further exclusion of uses or provisions that otherwise prohibit lodging uses, STRs would be permitted and regulated by the registration ordinance, consistent with base zoning districts. Most PDs and CDs operate in this manner. However, several large PDs include a list of permitted uses. STRs would not be permitted in these PDs because they do not refer back to a base Chapter 51A zoning district for permitted uses. Below is a non-exhaustive list of PDs that follow this pattern.

- PD 193 Oak Lawn Special Purpose District
- PD 269 Deep Ellum / Near Eastside
- PD 317 Cedars Area Special Purpose District
- PD 621 Old Trinity and Design District Special Purpose District
- PD 830 Bishop Arts

Code Compliance Staff Recommendation
The recommendation of Code Compliance Services is to allow STR's by right in all zoning districts to be registered and regulated under proposed Ch. 42B Short-Term Rentals of the Dallas City Code. Additionally, we CCS encourage the approval of requested resource needs that align with rejecting CPC's recommendation (presumed 3,000 STR's).

Should you have any questions or need additional information at this time, please contact Julia Ryan, Director of the Department of Planning and Urban Design, at (214) 670-5404 or julia.ryan@dallas.gov; Christopher Christian, Director of Code Compliance at (214) 670-3118 or Chris.Christian@dallas.gov.

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    Kimberly Bizor Tolbert, Deputy City Manager   Directors and Assistant Director
    Jon Fortune, Deputy City Manager

Proposed Amendments

SEC 51A-4.205. LODGING USES

(3)   Short-term rental lodging. [Reserved]

        (A)   Definition: A full or partial building 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 per rental period.

CPC Recommendation
(B)   Districts permitted: By right in MO(A), GO(A), central area, mixed use, multiple commercial, and urban corridor districts.

Alternate to CPC Recommendation
(B)   Districts permitted: By right in MF-1(A), MF-1(SAH), MF-2(A), MF-2(SAH), MF-3(A), MF-4(A), MO(A), GO(A), central area, mixed use, multiple commercial, and urban corridor districts

Staff Recommendation (if zoning solution is preferred)
(B)   Districts permitted: By right in all districts except the P(A) district.

CPC Recommendation
(C)   Required off-street parking: One space per full or partial unit rented to occupants.

Staff Recommendation (if zoning solution is preferred)
(C)   Required off-street parking: none

        (D)   Required off-street loading: none

        (E)   Additional provisions:

CPC Recommendation
(i)   This use must comply with Chapter 42B, "Short-Term Rentals," of the Dallas City Code. (ii)   The number of short-term rentals in a single unit may not exceed one. (iii)   A short-term rental must not be used as a commercial amusement (inside), commercial amusement (outside), restaurant with drive-in or drive-through service, restaurant without drive-in or drive-through service, or any other use unless located in a zoning district in which the use is permitted and a Certificate of Occupancy is issued for the use.

(iv)   Short-term rental lodging is prohibited in a multifamily structure that has received a development bonus under Division 51A-4.1100.

> **Staff Recommendation (if zoning solution is preferred)**
>
>   (i)   This use must comply with Chapter 42B, "Short-Term Rentals," of the Dallas City Code.
>
>   (ii)   Short-term rental lodging is prohibited in a multifamily structure that has received a development bonus under Division 51A-4.1100.

Appendix 1 – Use Tables

The intent of this table is for informational purposes and comparison on districts where the uses are allowable.

P: Use permitted by right
S: Use permitted by Specific Use Permit
S*: Use permitted by Specific Use Permit if fewer than 60 guest rooms
P**: Use permitted with RAR if 60 or more guest rooms
For informational purposes only

	4.205 Lodging Uses	Hotel or motel	Extended stay hotel or motel	Lodging or boarding house	*Short-term rental lodging [CPC rec.]*	*Short-term rental lodging [Alt to CPC rec.]*	*Short-term rental lodging [Staff rec.]*
Residential Districts	A(A)						*P*
	R						*P*
	D(A)						*P*
	TH-1-3(A)						*P*
	CH						*P*
	MF-1(A)					*P*	*P*
	MF-1(SAH)					*P*	*P*
	MF-2(A)			P		*P*	*P*
	MF-2(SAH)			P		*P*	*P*
	MF-3(A)			P		*P*	*P*
	MF-4(A)			P		*P*	*P*
	MH(A)						*P*
Nonresidential Districts	NO(A)						*P*
	LO(A)						*P*
	MO(A)	S*; P**;	S		*P*	*P*	*P*
	GO(A)	S*; P**	S		*P*	*P*	*P*
	NS(A)						*P*
	CR	S		S			*P*
	RR	S*; P**	S	P			*P*
	CS	S*; P**	S	P			*P*
	LI	S*; P**	S	P			*P*
	IR	S*; P**	S	P			*P*
	IM	S*; P**	S	S			*P*
	CA-1(A)	P; S*	S	P	*P*	*P*	*P*
	CA-2(A)	P; S*	S	P	*P*	*P*	*P*
	MU-1	S*; P**	S		*P*	*P*	*P*
	MU-1(SAH)	S*; P**	S		*P*	*P*	*P*

MU-2	S*; P**	S		*P*	*P*	*P*
MU-2(SAH)	S*; P**	S		*P*	*P*	*P*
MU-3	S*; P**	S		*P*	*P*	*P*
MU-3(SAH)	S*; P**	S		*P*	*P*	*P*
MC-1	S*; P**	S		*P*	*P*	*P*
MC-2	S*; P**	S		*P*	*P*	*P*
MC-3	S*; P**	S		*P*	*P*	*P*
MC-4	S*; P**	S		*P*	*P*	*P*
UC-1				*P*	*P*	*P*
UC-2				*P*	*P*	*P*
UC-3				*P*	*P*	*P*
P(A)						