

**To: Chairman Shidid and City Plan Commissioners**

**From: The Dallas Neighborhood Coalition**

*The Dallas Neighborhood Coalition is a voluntary, grassroots organization of residents across the city. For three years, we've provided testimony and data to document how Short-Term Rentals (STRs) harm, disrupt the quality of life, increase crime and public safety concerns in neighborhoods, and worsen the city's housing shortage.*

In the spirit of CPC and Council's recent actions to protect Elm Thicket, West Oak Cliff and other neighborhoods in Southern Dallas, neighborhoods citywide need clear zoning to safeguard them from being hollowed out and destabilized by STRs.

**We ask CPC to support the Keep It Simple Solution (KISS) zoning amendment, as approved by ZOAC, to define Short-Term Rentals as a lodging use in the development code. Zone them out of residential areas that already prohibit lodging uses and allow them to operate in areas where hotels currently operate.**

Zoning is the city's covenant with its full-time residents and the hundreds of thousands of residential property owners in Dallas who have vested property rights and settled expectations of living next door to other neighbors – not hotels.

Put the concerns and welfare of citizens who live, work, raise families, educate their children, vote, and pay taxes here above the financial enrichment of STR owners – the majority of whom are absentee investors with multiple properties, and don't live in Dallas.

### **Short-Term rentals are a land use problem that requires a zoning solution.**

- STRs are commercial, for-profit businesses, catering to lodgers, driven by international booking platforms.
- City and State of Texas tax codes define a Short-Term Rental (less than 30 consecutive days) as a “hotel” that requires payment of Hotel Occupancy Taxes (HOT).
- As Dallas' zoning experts, the CPC is well aware that under Dallas Development Code, a use in a residential district must be explicitly defined and allowed. Otherwise, it is considered **prohibited**. An STR is an undefined land use, which we treat as the existing land use to which it is most similar. In the case of Short-Term Rentals, the closest defined use is lodging – like a “hotel” or “bed & breakfast” – both of which are defined in our code as Lodging and **not allowed** in single-family zoning and most residential districts.
- Transient guests at STRs are not considered residential tenants under Texas law.
- STRs in Dallas are dominated by absentee owners, with increasing investments by institutional investors, like big hotel chains like Marriott. 2022 data from Inside Airbnb:
  - 85% of Dallas Airbnbs are “whole home/whole apartment listings.”
  - 68% of Dallas Airbnb “hosts” have more than one home listing.
  - 48% of Airbnb hosts manage a portfolio of 5 or more homes; the majority do not live in Dallas.
  - Less than 15% of Airbnb hosts are “mom and pop” operators renting out private or shared rooms.

### **Texas cities have ample legal authority to regulate and zone STRs.**

- The City Attorney's Office and Texas courts affirm cities' power to regulate STRs through zoning. Many other Texas cities have regulated STRs through zoning: Arlington, Austin, College Station, Colleyville, Coppell, Fort Worth, Galveston, Grapevine, Hurst, New Braunfels, San Marcos and others.
- Discussions about differentiating between STR operators who live in their rental unit vs non-owner occupied STRs essentially ended with a ruling by the U.S. 5th Circuit Court of Appeals that said cities cannot apply different standards to primary residence STRs and those run by absentee, investor/corporate owners. Any attempts to carve out exceptions for owner-occupied STRs will likely be struck down by the courts and open the floodgates to absentee-owner STRs across the city.
- Under the KISS solution, property owners would **RETAIN** their existing rights to rent their properties for 30 days or more, as a residential use.

### **Zoning is needed to minimize adverse impacts to the city's housing supply.**

- Dallas is short about 20,000 housing units. When 6,000 units are converted from housing for full-time residents to lodging for visitors, it worsens the housing crunch. In Arizona, this displacement led to reduced student enrollment and eventually school closures in two cities. Similar problems occurred in Austin.

- STRs are growing at an alarming annual rate of 53% in Dallas, proliferating in residential zoning because of the city's failure to enforce existing code.
- What's happening in Dallas is part of a national trend where long-term landlords have shifted to short-term rentals to chase higher profits. Current trends also show cities enacting strict limits on STRs to stop their harmful proliferation, after experiencing housing losses, crime, and all the problems occurring in Dallas.
- The commercialization of housing and higher rental rates of STR Hotels drive up rental rates overall, according to several studies. (We can share links.)

### **Zoning clarity is needed to protect the character of neighborhoods because nuisance laws don't work.**

- Most disturbances at STRs occur at night and weekends – peak crime hours when Code Compliance is not on duty. Noise and disturbance calls to DPD are low priorities. Response time is slow at best, especially on busy weekends, given the ongoing shortage of police personnel. Neighbors have been subjected to the resulting misery, without relief, for years.
- HOT taxes are paid by fewer than 25% of Dallas' current STR owners. Because state law prohibits the use of HOT funds for anything but tourism/arts related expenses, taxpayers bear both the burden of disruptions, and the increased costs of enforcement that can only be paid from the city's General Fund.
- Studies have linked the proliferation of STRs in residential neighborhoods to increases in violent crime due to increased transiency and loss of community cohesion. Studies further show that overall crime rates go down when cities enact policies that reduce the number of STR listings and prevent STR operators from listing multiple properties.
- DPD officers say the anonymity of STR hotels provide ideal cover for crimes, such as drug dealing, gambling, and prostitution. In October, DPD arrested two people operating a sex trafficking ring in Plano after tracking it at two STRs in Dallas. There have been six confirmed shootings at STRs in Dallas since May 2019, including a murder in May 2022.

### **Zoning does NOT remove a property right. Property owners can rent their units now for 30 days or more. Zoning will NOT change that.**

- If the city issues an operating license or permit before deciding zoning, it could preclude future zoning because it could inadvertently create property rights for STRs in residential zones where none currently exist. The industry and other forces who oppose zoning and want enforcement only through registrations and regulations know this path would likely lead Dallas into a legal trap that limits the city's ability to enact stricter zoning in the future. Dallas should learn from other cities' mistakes.
- Several cities, including Austin, Waco, and New Orleans, made the mistake of licensing before zoning, thinking they could manage STRs in residential zones with simple registration and nuisance laws. Instead, after experiencing how uncontrolled growth of STRs hurt long-term housing and neighborhoods, they enacted stricter zoning.

### **Hold the giant platforms accountable for their role in the STR problems in Dallas.**

- There are over 100+ STR platforms and NONE will provide STR addresses to Dallas today.
- Platforms promote Short-Term Rentals in Dallas and operate with free reign – unlike any other business in Dallas. Their refusal to identify their properties helps STRs hide from the city to avoid collection of HOT taxes and public scrutiny.
- The city's current vendor for STR registration, HOT collection and reporting consistently undercounts total STRs in Dallas. MUNIREvs/GovOS cites about 2,600 STRs in Dallas – 57% fewer than the 6,000 or more identified by three other reputable industry sources (AirDNA, Inside Airbnb and Granicus/Host Compliance).

Check here to learn more about STRs in Dallas: <http://insideairbnb.com/dallas>

**We, the everyday residents of Dallas, are David in a fight against this Goliath industry. We are sacrificing our own time to preserve the character and safety of neighborhoods in Dallas – outgunned and outspent by the industry's highly paid and powerful lobbyists and lawyers.**

**Prioritize the interests of full-time residents of Dallas and hundreds of thousands of homeowners who invest and enrich our city by building their lives here – not those who merely profit at our expense. Please use your legal zoning powers for the greater good.**