

## TNC Outline Comments at the Fort Worth City Council on June 21, 2022

My name is Dave Schwarte. I reside in Arlington TX. I am a co-founder of Texas Neighborhood Coalition and have practiced law for over 40 years. I was in-house counsel for two major North Texas corporations before my retirement.

Our primary mission at Texas Neighborhood Coalition is helping neighborhoods across the state address the serious problems short-term rentals inevitably spawn when they invade residential neighborhoods.

In other communities with whom we are working, the experience has always been the same when city officials opened the door to these mini-hotels in residential neighborhoods: the destruction of the very fabric of neighborhoods as long-term residents whom people know and trust are supplanted by a revolving door of strangers - many of whom have little or no incentive to be good neighbors to people they will never see again.

I want to leave you with three key points.

First, you have short-term rental regulations that many communities across the state can only wish they had. In short, you have the right rules governing where short-term rentals may and may not operate.

Second, the issues you're experiencing in Fort Worth, including the rapid growth of short-term rentals operating illegally, have not been because there's something wrong with your rules. Rather, you have issues because your rules are not being actively enforced.

Please do not make the mistake of thinking that short-term rental prohibitions cannot be effectively enforced. In fact, here in North Texas, Arlington, Southlake, and Grapevine are successfully enforcing short-term rental bans in residential neighborhoods. We recommend that your city staff contact their counterparts in Arlington to learn what tools work and what don't after our three years of experience. Of course, no system of detecting and preventing violations of law is perfect--but you don't throw out speeding limits just because some people defy them.

Third, short-term rentals are not a valuable source of HOT taxes for city coffers. Rather, because so many operators of short-term rentals also defy their obligation to remit hotel taxes, short-term rentals actually siphon away hotel taxes that would have been paid to the city if the guests had stayed at legitimate hotels. You should also know that a 2019 study by the Economic Policy institute found that only 2%-4% of travelers interviewed would not have travel to their destination city if they could not have stayed at an STR. So, even in the case of the fraction of STR owners who pay HOT taxes, they mostly cannibalize the HOT taxes the city would otherwise have received.

I thank you for allowing me to address you.