

Short Term Rental Update for Fort Worth

Presented by the
Texas Neighborhood Coalition



The Texas Neighborhood Coalition was formed in 2017 when local coalitions throughout Texas began sharing ideas and best practices on fighting the proliferation of STRs in their local neighborhoods. Today, the Texas Neighborhood Coalition numbers in the thousands with representatives from over a dozen cities in TX. We are here to ensure that residents and neighbors have a voice.

The Texas Neighborhood Coalition is a grassroots organization, staffed by concerned citizens who donate their time and energy to help protect the health of residential neighborhoods. We do not receive funding from any person or entity. Passion is our funding - as we look to protect safety, peace and security for our families.

Short Term Rentals (STRs) are rentals of a property for less than 30 days. Fort Worth levies a 9% occupancy tax on hotels.

While city code does not include specific language regarding short-term rentals, it broadly defines a hotel to include tourist homes. Short-term rentals currently report and remit their payments on a voluntary basis.

As part of a new phased approach to collecting the tax from short-term rental properties, the city will hire an outside firm to identify these properties operating in Fort Worth. After collecting data, the city intends to have a third-party firm implement a mandatory registration and hotel occupancy tax collection program.

Short-term rentals are not currently allowed in residential zoning districts, but property owners in these districts may apply for a zoning change to allow the short-term rental use.

Going forward, the city may consider policy changes after reviewing the collected data and consulting with neighborhood associations, residents and property owners.

A Summary of the Problem....

- Fort Worth currently does not require STR permits
- Existing zoning code prohibits lodging uses in single-family residential areas, but is currently only enforced on a complaint driven basis.
- Due to lack of enforcement, Fort Worth currently has @ 1456 STRs (85% of which are entire homes/ apartments).
- Many are operating illegally in residential areas where STRs are prohibited & are not remitting required HOT tax to the city.

STRs Worsen the Housing Crisis

- There are about 1,456 STRs in Fort Worth. (Source: AirDNA)
- 83% are entire homes/ apartments
- Houses used for STRs are taken away from families who want to live in Fort Worth.
- STR Investors drive up the cost of housing in Fort Worth, both on sale and rental prices.
- STRs can reduce minority homeownership in major cities (see study in references page).
- Lack of affordable housing adds to the problems of working families in Fort Worth.

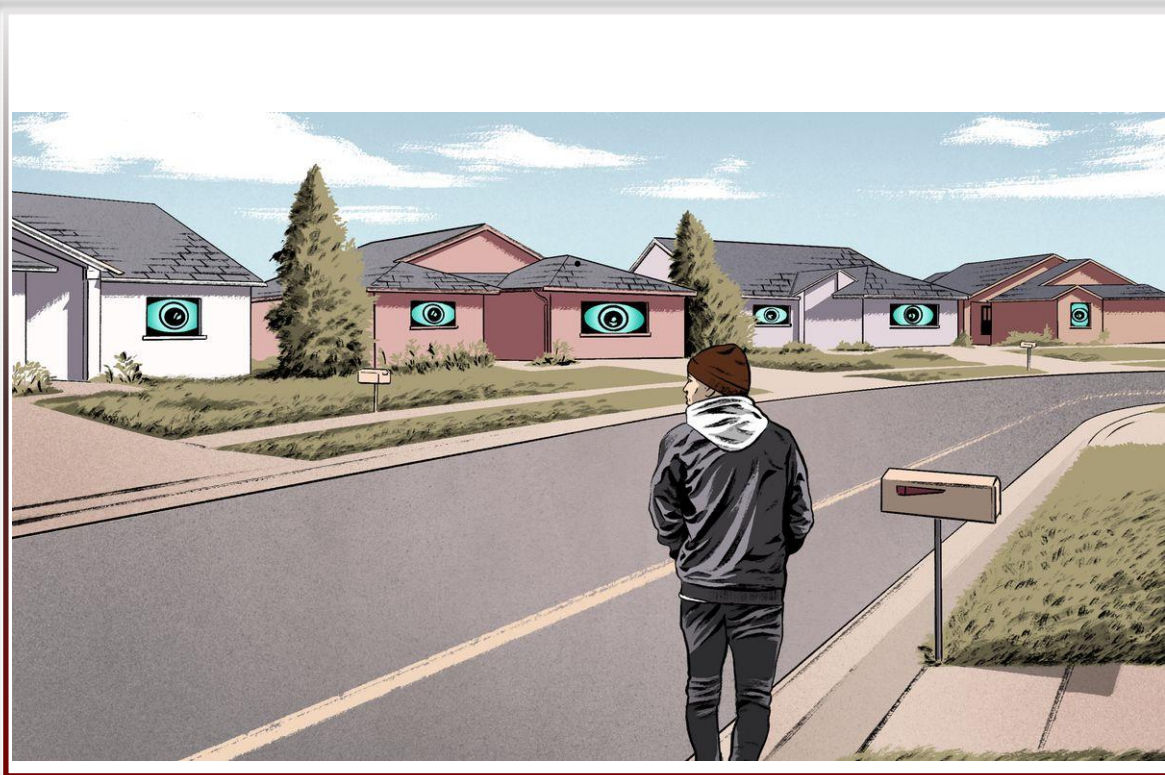


STRs Increase Crime

- STRs make forming effective neighborhood crime watch group virtually impossible.
- The proliferation of STRs in residential neighborhoods has been linked to increases in violent crime due to increased transiency and loss of community cohesion
- Municipal policies that reduce the number of STR listings and prevent commercial STR operators from listing multiple properties have been shown to reduce the overall crime rate
- There have been 243 reported shootings at STRs in the past 3 years, including one in Fort Worth this past January where a young man was killed.



STRs Destabilize Neighborhoods



- STRs bring a revolving door of transient strangers into established residential neighborhood, eroding community cohesion.
- Nuisance issues such as overcrowding, excessive noise, parties, trash and parking problems
- They drive out neighbors who move out of town to escape the STRs.
- Homeowners expect the city to protect us from threats to our well-being.

Hotel Occupancy Tax is Fool's Gold

- Under TX law, local hotel occupancy tax can only be used to promote tourism.
- Costs of STR enforcement (police, code compliance, municipal courts, etc) come out of the general fund.
- A random sample of 41 STRs in Dallas found that over a 7 month period, those STRs cost taxpayers over \$540k in 911/311 service calls while they only paid @ \$20k in HOT. Taxpayers are subsidizing the “hotel security” for these STRs that are invading their residential neighborhoods.



Recommended Solution

- Maintain current zoning restriction on STRs in residential neighborhoods
- Hire a third-party STR compliance firm implement a mandatory registration and hotel occupancy tax collection program and assist with enforcement
- Amend current STR ordinance to include a platform accountability provision



What is Platform Accountability?

- Platform accountability allows cities to fine STR platforms like Airbnb and Vrbo for collecting fees from STR listings that do not have permits from the city.
- Forces the STR platforms to play by the rules
- Prevents the city from having to spend a ton of taxpayer money playing whack-a-mole in an effort to hunt down scofflaws.
- After adding a platform accountability provision to its STR ordinance in 2020, Denver now has a 90% compliance rate.

Relevant Texas Case Law: A Tale of 2 Cities

○ Austin: Zaatari v. City of Austin

- Once a city grants STR permits in residential zones, city cannot later phase them out, even if STRs have proven to be unmanageable or are having a negative impact on school enrollments and long-term housing.

○ Arlington: Draper v. City of Arlington

- 2nd Court of Appeals upheld Arlington's STR ordinance that prohibits STRs in most of Arlington's single family residential neighborhoods. Fort Worth is in the same jurisdiction, so this a controlling precedent.



Action Steps!

- Write your Councilperson to voice your opinion against allowing STRs in Single Family Neighborhoods.
- Submit 311/911 complaints on the STRs properties in your neighborhood and ask for the Service Request (SR)# when you do. Always document STR complaints with pictures and video when safe to do so.
- Let your Council person know about the nuisances caused by these properties in your neighborhood.
- Request individual meetings with Council person to educate them on this issue.
- Get active in your local neighborhood association. There is power in numbers when you band together!

Texas Neighborhood Coalition

Contact us at:

<https://www.txneighborhoodcoalition.com/>

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Questions?

Reference Materials

- DePaul University study that found STR's reduced minority homeownership in Chicago:
<https://via.library.depaul.edu/cgi/viewcontent.cgi?article=4059&context=law-review>
- 41 STRs in Dallas cost the City \$540k in 911/311 calls over 7 month period:
https://www.cbsnews.com/dfw/news/homeowners-dallas-short-term-rentals/?fbclid=IwAR39Hxe3JbHTyIKBjoWtLQ9Sd2gc0tU_2B25nwjpkD-VjUWTJsscZIWE3Y
- As Airbnb listings in a neighborhood increase, so do the number of violent crimes: <https://www.wired.com/story/why-some-crimes-increase-when-airbnbs-come-town/>
- Policies that reduce the number of Airbnb listings and prevent commercial operators from listing multiple STRs reduce overall crime:
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3520919