



# SHORT-TERM RENTAL OF RESIDENTIAL PROPERTY

City Council  
April 24, 2018

# PURPOSE



- To provide a follow-up related to public discussion and stakeholder input related to the examination of short-term rentals (STRs) and the development of guiding principles for consideration.



# TODAY'S AGENDA

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1. Introduction
2. Analysis
3. Engagement
4. Approach
  - Policy Framework Considerations
  - Options for Consideration
5. Next Steps

# INTRODUCTION

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## What are short-term rentals?

- The renting out of a furnished dwelling on a temporary basis (30 consecutive days or less) to guests as an alternative to a hotel or other traditional temporary accommodations, e.g. Airbnb

# INTRODUCTION



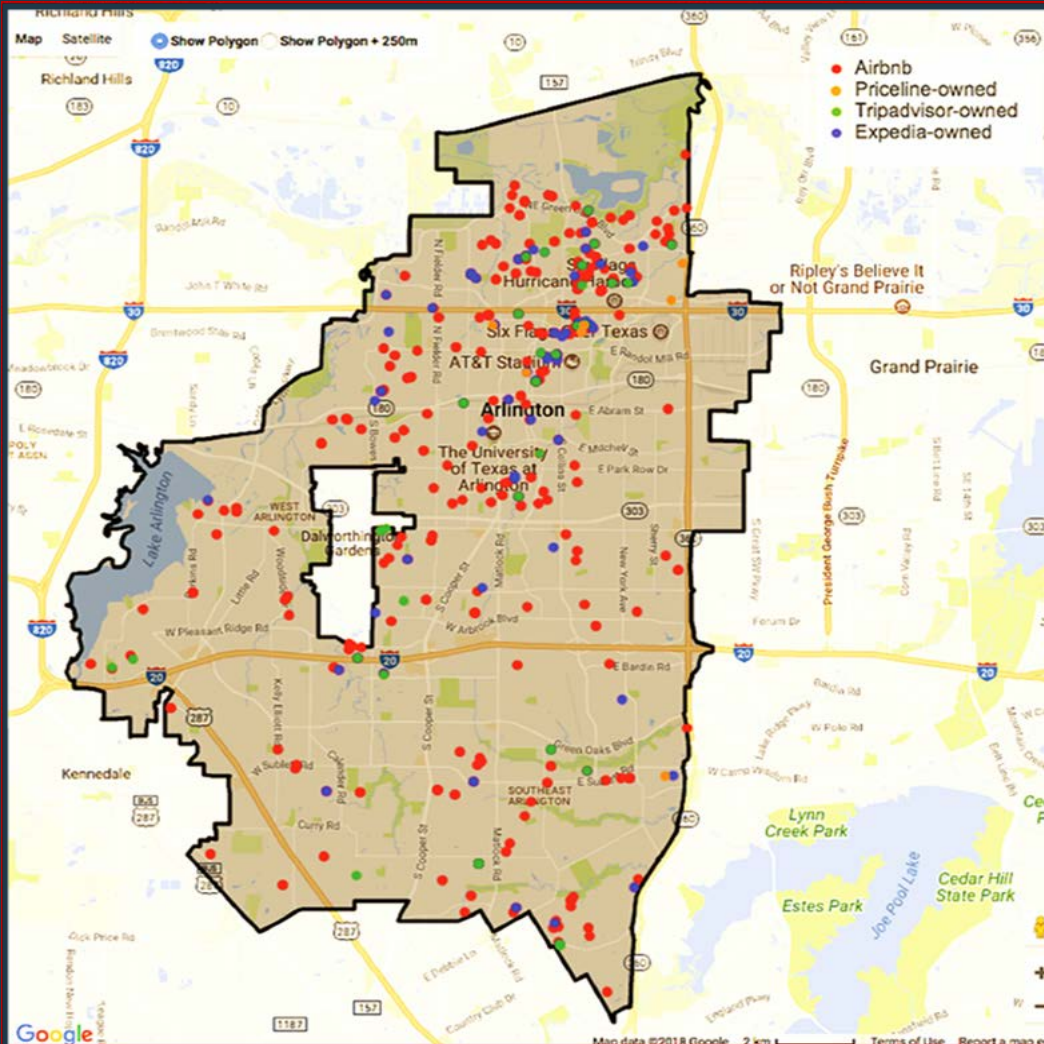
## What's the difference between home-sharing and a vacation rental?

- Home-sharing:
  - Dwelling is the primary residence of the host
  - Unit is “shared” in whole or part (e.g. bedroom, guest house)
  - Can be “hosted” where the owner/resident remains on-site during the guest stay or “un-hosted” where the owner/resident remains off-site during the stay
- Vacation Rental:
  - Owner does not reside on-site
  - Used almost exclusively for guests as a way of generating income



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# ANALYSIS



**409**

**Active Listings**

*A listing is active if it has been reviewed or been updated in the last 12 months*

**404**

**Listings that fit STR definition**

**284**

**Unique Properties**

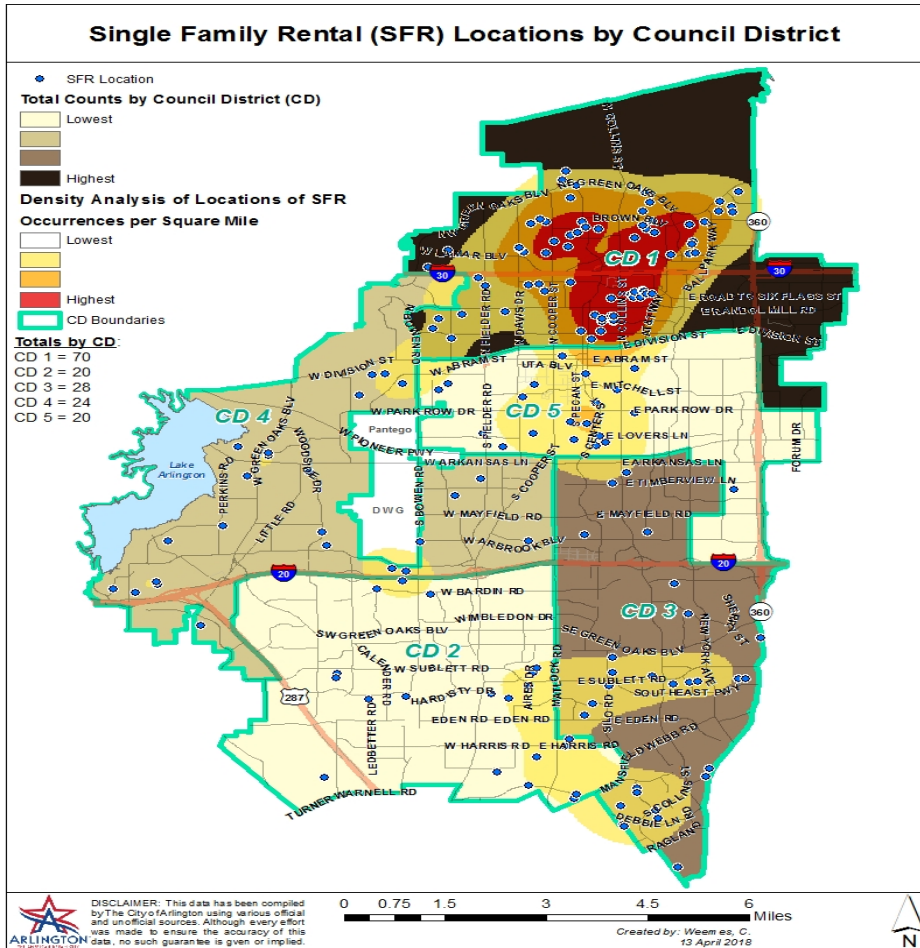
*The physical building where an STR operates. Some hosts have multiple listings for the same property*

SOURCE: HOST COMPLIANCE

# ANALYSIS



Single Family Rental (SFR) Locations by Council District



## SFR Locations

Council District 1: 70

Council District 2: 20

Council District 3: 28

Council District 4: 24

Council District 5: 20



# ANALYSIS



## Single Family Rental (SFR) Locations by Council District and Owner Occupancy

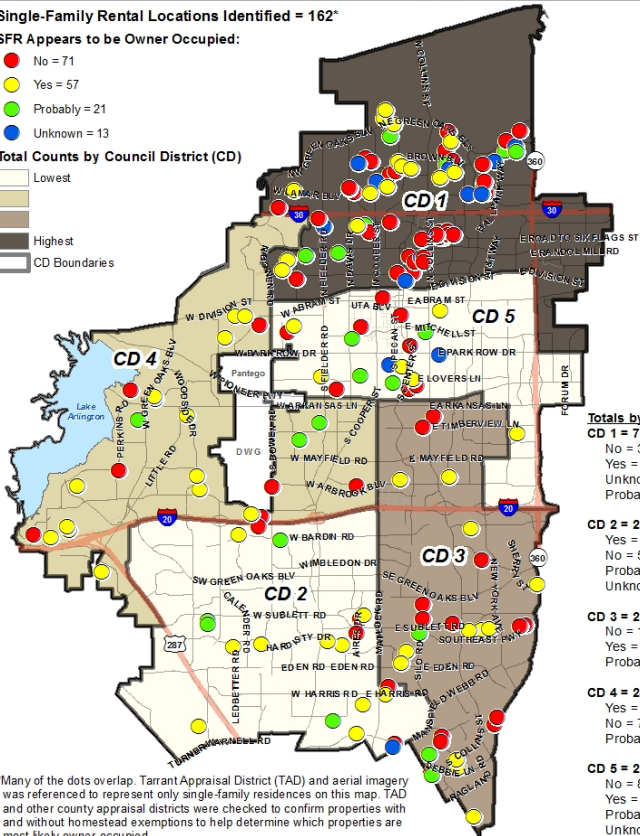
Single-Family Rental Locations Identified = 162\*

SFR Appears to be Owner Occupied:

- No = 71
- Yes = 57
- Probably = 21
- Unknown = 13

Total Counts by Council District (CD)

- Lowest
- High
- CD Boundaries



Totals by CD:

- CD 1 = 70**  
No = 38  
Yes = 15  
Unknown = 10  
Probably = 7
- CD 2 = 20**  
Yes = 10  
No = 5  
Probably = 4  
Unknown = 1
- CD 3 = 28**  
No = 13  
Yes = 12  
Probably = 3
- CD 4 = 24**  
Yes = 14  
No = 7  
Probably = 3
- CD 5 = 20**  
No = 8  
Yes = 6  
Probably = 4  
Unknown = 2

\*Many of the dots overlap. Tarrant Appraisal District (TAD) and aerial imagery was referenced to represent only single-family residences on this map. TAD and other county appraisal districts were checked to confirm properties with and without homestead exemptions to help determine which properties are most likely owner-occupied.

DISCLAIMER: This data has been compiled by The City of Arlington using various official and unofficial sources. Although every effort was made to ensure the accuracy of this data, no such guarantee is given or implied.

0 0.75 1.5 3 4.5 6 Miles

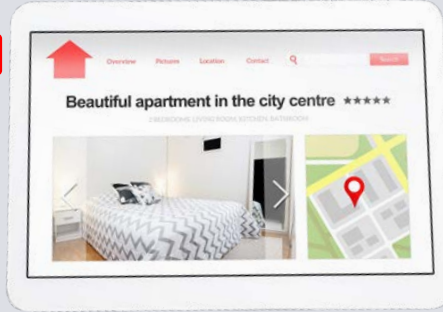
Map Created by: Weems, C.  
April 13, 2018



## Owner Occupied Data

Council District	No. SFRs	No	Yes	Probably	Unknown
1	70	38	15	7	10
2	20	5	10	4	1
3	28	13	12	3	N/A
4	24	7	14	3	N/A
5	20	8	6	4	2
<b>Totals</b>	<b>162</b>	<b>71</b>	<b>57</b>	<b>21</b>	<b>13</b>

# ANALYSIS



## TYPE OF LISTINGS

68%

Entire Units

(entire house apartment  
or condo)

32%

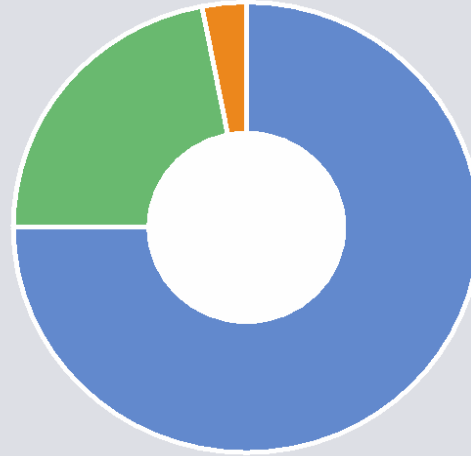
Shared Space

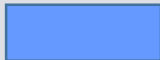
(private or shared room  
in a house, apartment  
or condo)

SOURCE: HOST COMPLIANCE




## Listing Type



 Single Family (75%)

 Multi-Family (22%)

 Unknown (3%)

SOURCE: HOST COMPLIANCE

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# ENGAGEMENT

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## What We Heard

- Consultant Host Compliance, LLC, conducted four (4) town hall meetings in January and provided an online stakeholder survey
- Town hall meetings were well attended, with a combined 295 residents and stakeholders participating in the workshops

# ENGAGEMENT – SURVEY OVERVIEW

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- 1055 responses received
  - 915 Complete
  - 140 Partial / Incomplete
- 58% of responses were from District 1
- Nearly all respondents (98%) have their primary residence in Arlington
- About half (53%) have never hosted or been an STR guest – anywhere, not just in Arlington. 39% have used a short-term rental platform as a guest and 61 people identified themselves as having been a host

# ENGAGEMENT – SURVEY OVERVIEW

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## People who claimed to have been a host answered additional questions:

- 80% are or were hosts in Arlington
- Hosts identified ‘making more money than long-term renting’ and ‘helping to pay my bills’ as the main motivators for hosting

# ENGAGEMENT – SURVEY OVERVIEW

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## Self-identified residents personal experience as a neighbor to a home being utilized as a STR:

- About a third (34%) live near one or more homes being used as a short-term rental
- Of these residents, 62% are dissatisfied or very dissatisfied with their personal experience of short-term renting



# ENGAGEMENT – SURVEY OVERVIEW

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## Quality of life concerns:

- Respondents felt all the quality of life concerns were ‘very important,’ especially ‘party houses’ (82%) and ‘noise’ (75%). Though still ‘very important,’ traffic and trash were slightly less important
- Four-fifths want restrictions on exterior signage

# ENGAGEMENT – SURVEY OVERVIEW

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## About short-term-rental ordinance priorities:

- Half of respondents said the conversion of long-term units to short-term rentals is a ‘critical’ concern. Only 18% said it was ‘not important’
- Survey takers were equally divided about whether short-term renters have more of an obligation to be considerate than other residents
- Three-quarters believe hosts should risk losing their permit if they receive too many complaints

# ENGAGEMENT – SURVEY OVERVIEW



## About short-term-rental ordinance priorities (continued):

- While 43% want neighbors' views to factor into the permitting process of STRs, 27% believe there is no need. 27% take a middle position, where neighbors are informed but not involved
- About 60% think it is 'very important' that STRs follow the same taxes, safety inspections, and zoning requirements as traditional bed & breakfasts, motels, and hotels

# ENGAGEMENT – SURVEY OVERVIEW

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## Host Compliance – survey conclusions:

- The survey data aligns with town hall meeting statements from residents related to quality of life concerns
- For neighbors, the perception of problems is real, even though many admitted to not knowing if a STR is near them. (For the people who said they live next to an STR, nearly everyone was adamant on experiencing real issues and feeling like the city could not respond to them adequately.)

# ENGAGEMENT – SURVEY OVERVIEW

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## Host Compliance – survey conclusions (continued):

- The Entertainment District is a unique feature for Arlington on this topic. The mix of huge tourist draws, traditional hotels, and residential neighborhoods creates an interesting diversity of opinions. Some see STRs as a way for ‘average people’ to capitalize on the District, some think STRs negatively disrupt their residential street, some just hate the concept. (E.g. Pasadena, Ca. and the Rose Bowl)

# HOST COMPLIANCE - SURVEY CONCLUSIONS

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## Host Compliance – survey conclusions (continued):

- Hosts all say they want to follow the rules, that - like neighbors - they want consistency in the regulations and enforcement. Host Compliance believes there is a strong divide between the hosts with one property and the ones with multiple properties, in terms of their goals and their business models.



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## What are the policy objectives?

1. Preserve Neighborhood Quality
2. Create Protections for the Well-being of Guests
3. Preserve HOT Revenues and Create Parity Amongst Lodging Industry
4. Establish Protections for the Supply and Affordability of Housing





## Objective: Preserve Neighborhood Quality

Prohibit

Allow-Utilize  
Current  
Regulations

Allow-Clear  
Definition

Allow-With  
Restrictions



## Objective: Preserve Neighborhood Quality

### Allow-Utilize Current Regulations

- Nuisance Chapter, specifically:
  - Illegal off-street parking § 7.01
  - Unclean premises § 2.02 B.
  - Weeds or brush § 2.02 H.
  - Nuisance outside storage § 2.02 M.
- Traffic and Motor Vehicles Chapter
  - Article V General Parking Requirements
- Texas Penal Code Offenses (examples: loud noise, assault, public intoxication etc.)



## Objective: Preserve Neighborhood Quality

### Allow-Establish Clear Definition

- Revise UDC definition of Bed & Breakfast; or
- Create a new definition in the “Lodging Facilities” use category with restrictions/regulations; or
- Create a stand-alone ordinance and definition



## Objective: Preserve Neighborhood Quality

### Allow-With Restrictions

- Prohibit “vacation rentals” in which a guest has “exclusive private use of the unit” for less than thirty days
- Permit “vacation rentals” whereby primary resident of property does not reside at the location and the property is used exclusively for use as a rental
- Permit “home-sharing,” in which the primary resident of the property lives “on-site during the visitor’s stay”



## Objective: Preserve Neighborhood Quality

### Allow-With Restrictions (continued)

- Permit “un-hosted home-sharing,” in which the primary resident of the property occupies the property but is allowed to book rentals for a maximum number of days annually (e.g. 90 days per year). During the visitor’s stay, the resident does not reside at the location
- Adopt narrowly tailored regulations (require permit upon documented & verified violations)



## Objective: Preserve Neighborhood Quality

### Allow-With Restrictions (continued)

- Require local contact representative or property management company available 24 hours/day
- Require guests to receive a “good neighbor” brochure
- Provide non-compliance sanction procedures (permit denial/ revocation/ suspension)
- Require notification of STR’s permit issuance to adjoining property owners
- Provide for off-street parking restrictions



## Objective: Preserve Neighborhood Quality

### Allow-With Restrictions (continued)

- Require guests to receive written notification of restrictions
- Maximum occupancy limits
- Prohibit exterior advertising signage
- Prohibit use of sound equipment that produces sound audible beyond property line during restricted hours
- Prohibit social or commercial events
- Utilize third-party vendor to provide 24/7 complaint hotline and online complaint form



## Objective: Create Protections for the Well-being of Guests

- Provide for public safety access (knox box)
- Require appropriate insurance be prominently displayed
- Require safety inspections
- Require safety devices (e.g. smoke/carbon monoxide alarms, fire extinguishers)
- Require evacuation plan
- Provide for self-certification or third-party inspection for fire and life safety items
- Provide complaint driven safety inspections



# APPROACH – POLICY FRAMEWORK CONSIDERATIONS



## Objective: Preserve HOT Revenues and Create Parity Amongst Lodging Industry

- Require a permit
- Utilize a third-party vendor to provide online registration and fee collection services
- Utilize a third-party vendor to provide online HOT tax collection services
- Utilize a third-party vendor to provide STR location & owner data to City on a recurring basis
- Require City issued permit number to be posted on all advertisements/ hosting platforms



## Objective: Establish Protections for the Supply and Affordability of Housing

- Set caps on the number of allowed STR units
- Set caps on the number of “un-hosted” “hosted” nights per year that a STR may be rented
- Adopt restrictions that prevent the physical conversion of residential housing to transient use (e.g. installation of additional parking spaces, paving of required setbacks, installation of commercial type exterior lighting)



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## “Restrictive Policy”

Santa Monica, CA

Policy Objective (Restrictive)	Santa Monica, CA Regulations
<p><b>Preserve Neighborhood Quality</b></p>	<ul style="list-style-type: none"> <li>• Business, Professions and Trades Ordinance</li> <li>• Allow “home-sharing”- primary resident (host) on-site during visit</li> <li>• Prohibits more than one residence within city limits</li> <li>• Prohibits “vacation rental” - no primary resident (host) on-site during visit</li> <li>• Registry published</li> <li>• Prohibits exterior signage</li> <li>• Must comply with all applicable codes</li> <li>• Detached accessory units constitute a separate dwelling unit if a building permit was obtained on or after March of 2017, and zoned single-family parcel</li> <li>• Non-compliance sanctions punishable by fine and/or imprisonment and/or suspension/revocation of permit; Conviction requires reimbursement of any costs to city, associated with investigation</li> </ul>
<p><b>Protections for the Well-being of Guests</b></p>	<ul style="list-style-type: none"> <li>• Must provide guests emergency exit routes if unit is part of a multifamily building of more than one story</li> <li>• Must submit building site plan</li> </ul>
<p><b>Preserve HOT Revenues</b></p>	<ul style="list-style-type: none"> <li>• Permit required but no fee (owners and tenants eligible)</li> <li>• Collect and remit HOT tax</li> <li>• Permit number required on all advertisements</li> </ul>
<p><b>Protections for Supply &amp; Affordability of Housing</b></p>	<ul style="list-style-type: none"> <li>• No maximum number of rental nights</li> </ul>



## “Permissive Policy”

Austin, TX

Policy Objective (Permissive)	Austin, TX Regulations
<p align="center"><b>Preserve Neighborhood Quality</b></p>	<ul style="list-style-type: none"> <li>• Zoning Ordinance</li> <li>• Type I - Owner occupied (single-family and multifamily)</li> <li>• Type II - Not owner-occupied (permits ceased being issued after 11/23/15)</li> <li>• Type III (multifamily) - Not owner-occupied</li> <li>• Maximum occupancy - 2 adults per bedroom + 2 additional adults</li> <li>• Non-compliance sanctions punishable by fine and/or permit denial of renewal/ suspension (12 months)</li> <li>• Type II - May not be located within 1,000 ft. of another STR</li> <li>• Prohibits audible sound equipment 10 p.m. - 10 a.m.</li> <li>• Prohibits assembly 10 p.m. - 7 a.m. (e.g. wedding, concert, party, group activity, sponsored event)</li> <li>• Must comply with all applicable codes</li> <li>• Prohibits use by more than 10 adults, or 6 unrelated adults, unless stricter limit applies</li> <li>• Provide for local contact (2 hr. response time)</li> <li>• Provide guests written notification of restrictions</li> </ul>
<p align="center"><b>Protections for the Well-being of Guests</b></p>	<ul style="list-style-type: none"> <li>• Proof of property insurance</li> <li>• C/O or certified inspection required</li> <li>• Provide smoke detectors</li> </ul>
<p align="center"><b>Preserve HOT Revenues</b></p>	<ul style="list-style-type: none"> <li>• Permit &amp; fee required (owners and tenants eligible)</li> <li>• Collect and remit HOT tax</li> <li>• Permit number required on all advertisements</li> </ul>
<p align="center"><b>Protections for Supply &amp; Affordability of Housing</b></p>	<ul style="list-style-type: none"> <li>• Type I (owner occupied)- No cap on number of STRs</li> <li>• Type II (not owner occupied) - No more than 3% within census tract of properties</li> <li>• Type III (multifamily non-commercial zoning) - No more than 3% of total dwelling units at property and no more than 3% of the total number of dwelling units located within any building</li> <li>• Type III (multifamily <u>commercial zoning</u>) - No more than 25% of total dwelling units at property and no more than 25% of the total number of dwelling units located within any building</li> </ul>



## “Balanced Policy”

Pasadena, CA



Policy Objective (Balanced)	Pasadena, CA Regulations
<p align="center"><b>Preserve Neighborhood Quality</b></p>	<ul style="list-style-type: none"> <li>• Zoning Ordinance</li> <li>• Allow “hosted home-sharing” - primary resident (host) on-site during visit</li> <li>• Allow “un-hosted” - host is off-site during visit &amp; visits are limited to 90 days per year</li> <li>• Prohibits “vacation rental” - not owner-occupied at any time</li> <li>• Maximum occupancy - 2 adults per bedroom + 2 additional adults</li> <li>• Utilizes third party vendor to provide 24/7 complaint hotline and online complaint form</li> <li>• Utilizes third-party vendor to provide STR location &amp; owner data to City on a recurring basis</li> <li>• Must utilize onsite parking; no street parking allowed</li> <li>• Non-compliance sanctions punishable by fine and/or imprisonment and/or suspension/ revocation of permit; Conviction requires reimbursement of any costs to city, associated with investigation</li> <li>• Provide for notification to abutting property owners</li> <li>• Provide for local contact available 24 hrs. per day</li> <li>• Prohibits exterior signage</li> <li>• Must comply with all applicable codes, to include: noise restrictions and litter control</li> <li>• Detached accessory units permitted after January 1, 2017 may not be used for STR</li> <li>• Prohibits commercial events, parties, or commercial group gatherings (e.g. weddings, banquets)</li> </ul>
<p align="center"><b>Protections for the Well-being of Guests</b></p>	<ul style="list-style-type: none"> <li>• Provide fire extinguishers, smoke, emergency exit plan, and carbon monoxide detectors</li> <li>• Provide for self-certification or third-party inspection</li> </ul>
<p align="center"><b>Preserve HOT Revenues</b></p>	<ul style="list-style-type: none"> <li>• Permit &amp; fee (\$100) - owners and tenants eligible</li> <li>• Permit number required on all advertisements</li> <li>• Provides for third-party vendor to collect HOT</li> </ul>
<p align="center"><b>Protections for Supply &amp; Affordability of Housing</b></p>	<ul style="list-style-type: none"> <li>• No maximum number of rental nights for “hosted home-sharing”</li> <li>• Multiple dwelling units – Owner is restricted to renting primary residence plus one additional dwelling unit on the property</li> </ul>

# NEXT STEPS

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Staff will proceed as directed by City Council



# Questions