



MEMORANDUM

To: Mayor and City Council

From: Mindi Hurley, Director of Community Development

Date: May 29, 2018

Reference: Discussion on Proposed Ordinance for Short Term-Rentals (STR's)

2030: Sense of Community, Special Place to Live

Executive Summary:

The purpose and intent of a Short-Term Rental regulations in the City of Coppell is to provide the balance of the desires of owner occupants to share their home, on an intermittent basis, and the protection for the neighboring properties. In sum, the proposed regulations will:

- require the STR to be the primary residence,
- limit the number of guests, and
- limit their parking.

Introduction:

On May 8th Staff presented a summary of the proposed solutions to concerns expressed by various citizens by providing regulations for Short Term Rentals in the City of Coppell, which in part to include:

- Purpose, applicability and definition;
- Registration requirements and fees;
- Inspection requirements and safety features;
- Operational restrictions and requirements, and provide for the
- Collection of Hotel Occupancy Tax.

Staff briefed City Council on national, state and local trends in regulations on Short-Term Rentals on April 10th, and summarized the various options, ranging from prohibition, no regulations, to actual licensing of STR's. It was also discussed that regulations of Short-Term Rentals need to be enforceable and provide clarity in the rules and regulations both for the property owner and the enforcement personnel. Council provided guidance to staff to study the San Marcos model, which requires registration, limits to primary residence only, and includes various operational regulations.

Analysis:

Attached is the proposed ordinance to be added as a new article to the *Coppell Code of Ordinances*. If acceptable, staff will bring the final Ordinance for adoption on June 12th. After the passage of this ordinance, the implementation and on-going monitoring will require collective efforts between existing Community Development staff and a 3rd party consultant. The 3rd party consultant will provide the technical expertise to search the 100+ platforms used to advertise short-term rentals and provide reports

to the city. Once verified, the property owners will be notified of ordinance requirements and compliance procedures, fees and time frames for registration and violations. The following is the initial implementation plan.

- The 3rd party consultant will perform an internet search of Short Term Rental locations in Coppell and submit the addresses and evidence to the City.
- Staff will determine if addresses appear to be the owner's primary residence.
- Courtesy letters will be sent to STR owners, either telling them to register or to cease advertising their houses as rentals if they aren't their primary residence.
- Owners will have a set time frame to come to Community Development to submit a registration form, site plan/survey of the property, proof of primary residency, and pay the registration fee. Upon registering and paying fees, they will schedule a property inspection. Permit expiration will be set at one year.
- Once the permit is issued, all property owners within 100 feet of the STR will be notified that the permit has been issued with relevant information on the STR provisions and contact information.
- If STR owners fail to comply within the given time frame, the City will initiate a Code violation case and issue an official notice of violation. Owners who register after that point will be charged a higher fee. Owners who fail to comply may be issued citations.
- The 3rd party consultant will perform ongoing monitoring and provide the city weekly reports.
- Properties that fail to comply, whether they are a non-primary residence that is ineligible to be an STR, or they simply fail to register, will be pursued like any other Code Compliance violation.
- The 3rd party consultant will host a 24-hour hotline for complaints. If an incident is reported that requires attention, they will contact the local contact person. The hotline number will be posted on the City's website.
- Registered properties that have three substantiated complaints for rule violations, as determined by the Building Official, may have their registration revoked for a period of time (such as noise/parties, failure to respond to disturbances or take responsibility for occupants, or advertising or allowing the property to be used for anything other than dwelling/accommodations).

Legal Review:

City Attorney reviewed this proposed Ordinance.

Fiscal Impact:

None

Recommendation:

The Community Development Department approval of this ordinance and engaging a 3rd party to assist in the data gathering, property identification and notification of property owners to allow for the implementation of this ordinance.

Attachments:

Proposed **ARTICLE 9-29, SHORT TERM RENTALS**

AN ORDINANCE OF THE CITY OF COPPELL, TEXAS, AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES BY ADDING ARTICLE 9-29, SHORT TERM RENTALS; AND TO AMEND ARTICLE 1-14. – HOTEL OCCUPANCY TAX; PROVIDING FOR REGULATIONS FOR THE REGISTRATION AND USE OF HOME SHARE RENTALS; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE.

WHEREAS, the City Council has determined that regulations are needed to address regulations for Short Term Rentals, and

WHEREAS, permanent residents desire the option to occasionally utilize their properties for home share rentals, and

WHEREAS, the operation of Short Term Rentals should not negatively affect property values, and

WHEREAS, the Short Term Rentals should be required to pay Hotel Occupancy Taxes, and

WHEREAS, the City Council has determined that regulations needed are intended to protect the public health, safety, morals and general welfare.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF COPPELL, TEXAS, THAT:

SECTION 1. That Chapter 9, General Regulations, of the Code of Ordinances is hereby amended by adding **Article 9-29, Short Term Rentals**, which shall read as follows:

“CHAPTER 9, GENERAL REGULATIONS

.....

ARTICLE 9-29 SHORT TERM RENTAL

“Sec 9-29-1 - Purpose and applicability.

The purpose of this division is to establish regulations for the registration and use of Short Term Rentals for single family living units. The requirements of this division apply only to Short Term Rentals located in residential and historic zoning districts established under the city's Zoning Ordinance, Chapter 12 of Code of Ordinances. Nothing in this division, however, shall be construed to be a waiver of the requirement to assess and collect hotel occupancy taxes for any

residential rental for less than 30 consecutive days, or any other applicable provision of the Coppel Code of Ordinances.

Sec 9-29-2 – Definitions

Advertise means the written, audio, oral or other methods of drawing the public’s attention to a Short Term Rental in order to promote the availability of the short term rental.

Hotel Occupancy Tax means the hotel occupancy tax as defined in Chapter 1 the Coppel Code of Ordinances and Chapter 3 of the Texas Tax Code.

Local Emergency Contact means an individual other than the applicant, who resides within 20 miles of the subject property, and who is designated by the owner to act as the owner’s authorized agent if the owner has traveled outside of the immediate area or is otherwise unavailable. The local emergency contact should reachable on a 24-hour basis, have access to the Short Term Rental Property, and be authorized by the owner to act in the owners absence to address any complaints, disturbances, and emergencies.

Owner means any person, agent, operator, firm, trust, corporation, limited liability company, partnership or business organization having a legal or equitable interest in the property; or recorded in the official records of the state, county or municipality as holding title to the property; or otherwise having control of the property, including the guardian of the estate of any such person, and the executor or code official of the estate of such person if ordered to take possession of real property by a court.

Primary Residence means the usual dwelling place of the owner of a residential dwelling and is documented as such by at least two of the following: motor vehicle registration, driver's license, Texas State Identification card, voter registration, property tax documents, or utility bill. For purposes of this chapter, a person may have only one primary residence.

Short Term Rental (STR) is defined as “the rental of any residence or residential structure, or a portion of a residence or residential structure for a period of less than 30 days”. The term does not include:

- a) a unit that is used for a nonresidential purpose, including an educational, health care, retail, restaurant, banquet space, or event center purpose or another similar use;
- b) a bed and breakfast; or
- c) a hotel/residence hotel.

Residential districts: Includes the following districts: SF-ED, SF-18, SF-12, SF-9, SF-7, 2F-9, TH-1, TH-2, RBN or any Planned Development District defined as a residential use in Chapter 12 of the Code of Ordinances.

Sec 9-29-3 - Short Term rental registration requirements.

- a) No person shall hereafter advertise, offer to rent or rent, lease, sublease, license or sublicense a residential property within the City as a Short Term Rental for which a registration has not been properly made and filed with the Community Development Department of the City. Registration shall be made upon forms furnished by the City for such purpose and shall specifically require the following minimum information:
 - 1) Name, address, phone number and e-mail address of the property owner of the Short Term Rental property.
 - 2) Verification of that this Short Term rental property is the applicant's Primary Residence.
 - 3) Name, address, phone number and e-mail address of the designated Local Emergency Contact.
 - 4) The maximum number of occupants permitted for the dwelling unit or sleeping room in accordance with **Sec 9-29-5 b).**
 - 5) A submission of a sketch floor plan of the dwelling with dimensioned room layout.
 - 6) Site Plan/Survey of the property indicating maximum number of vehicles that can be legally parked on the property, without encroaching onto street, sidewalks or alleys.

Sec 9-29-4 - Inspection Required

- a. Upon registration, and prior to the first rental occupant of a home share rental property, the owner is required to schedule a Short-Term Rental Registration Inspection of the home with the City of Coppell Community Development Department to determine

compliance with the minimum property standards in Article 15-14 of the Coppel Code of Ordinances.

- 1) If only a portion of the premises is offered for rent, then that portion plus shared amenities and points of access shall be inspected.
- 2) If, upon completion of the inspection, the premises are found to be in violation of one or more provisions of applicable City codes and ordinances, the City shall provide written notice of such violation and shall set a re-inspection date for violation to be corrected.

Sec. 9-29-5. - Restrictions on Short Term Rentals.

- a) *External Signage.* There shall be no external on-site or off-site advertising signs or displays indicating the property is s Short Term Rental.
- b) *Limit on occupants allowed.* No more than two adult guests per bedroom, plus no more than two additional adults shall be allowed when renting a property as a home share rental, except that:
 - (1) There shall be a maximum occupancy of ten (10) persons, adult and children.
 - (2) Bedrooms under 120 square feet shall be limited to only adult one occupant.
- c) *Limits on number of vehicles.* There shall be a maximum of one car per bedroom, or maximum number of cars that can be accommodated within the garage and driveway, without extending over the public rights of way (alleys and sidewalks) whichever is less.
- d) *Advertisement and contracts.* Any advertisement of the property (offline or online) and all rental contracts must contain language that specifies the allowed maximum number of occupants and maximum number of vehicles.
- e) *Other restrictions.* It is unlawful:
 - 1) To operate or allow to be operated a Short Term Rental without first registering the property in which the rental is to occur with the City in accordance with this article;
 - 2) To advertise or offer a Short Term Rental without first registering the property in which the rental is to occur with the City in accordance with this article;

documented advertisement of the subject property as a Short Term Rental, online or offline, shall be considered evidence of a violation of this ordinance;

- 3) To operate a Short Term Rental in any location that is not the registrant's primary residence;
- 4) To operate a Short Term Rental that does not comply with all applicable city and state laws and codes;
- 5) To operate a Short Term Rental without paying the required hotel occupancy taxes;
- 6) To offer or allow the use of a Short Term Rental for the sole or primary purpose of having a party venue;
- 7) To fail to include a written prohibition against the use of a Short Term Rental for having a party in every advertisement, listing, or other publication offering the premises for rent.
- 8) Permit the use of the Short Term Rental for the purpose of: housing sex offenders; operating a structured sober, recovery or other purpose living home or similar enterprise; selling illegal drugs; selling alcohol or another activity that requires a permit or license under the Alcoholic Beverage Code; or operating as a sexually oriented business.

Sec. 9-29-6 - Brochure and safety features.

- a) *Informational brochure.* Each registrant operating a Short Term Rental shall provide to guests a brochure that includes:
 - 1) The registrant's contact information;
 - 2) A local responsible party's contact information if the property owner is not within the city limits when guests are renting the premises;
 - 3) Pertinent neighborhood information including, but not limited to, parking restrictions, restrictions on noise and amplified sound, and trash collection schedules;
 - 4) Information to assist guests in the case of emergencies posing threats to personal safety or damage to property, including emergency and non-emergency telephone

numbers for police, fire and emergency medical services providers and instructions for obtaining severe weather, natural or manmade disaster alerts and updates.

- b) *Safety features.* Each Short Term Rental registrant shall provide in the premises working smoke detectors in accordance with adopted codes and at least one working carbon monoxide detector and alarm, and one working fire extinguisher. The premises shall, otherwise comply with applicable Codes of Ordinance including but not limited to Building and Fire Codes.

Sec. 9-29-7 – Notification of Approval of Short Term Rental

- a) Within ten (10) days of the approval of a Short Term Rental, a notice will be sent to all property owners within one-hundred feet (100 ft.) of the property, and shall include the twenty-four (24) hour complaint line, and pertinent information about this Ordinance.

Sec. 9-29-8 - Registration term, fees, and renewal.

- a) All registrations approved under this Chapter shall be valid for a period of one year from the date of its issuance.
 - 1) The fees for registration of a Short Term Rentals shall be as established by resolution of the City Council and may include the following:
 - a. The initial registration fee, and
 - b. a late fee of twice the established the fee.
- b) Upon receipt of an application for renewal of the registration, the director or their designee may deny the renewal if there is reasonable cause to believe that:
 - 1) The registrant has violated any ordinance of the city, or any state, or federal law on the premises or has permitted such a violation on the premises by any other person; or
 - 2) There are grounds for suspension, revocation, or other registration sanction as provided in this article.

Sec. 9-29-9 – Violations and Penalties

- a) Violation of this ordinance upon conviction shall be punished by a fine not to exceed the sum of Two Thousand Dollars (\$2,000.00) for each offense; and each and every day such violation shall continue shall be deemed to constitute a separate offense.

Sec. 9-29-10- Sunset Review

The provisions of this Chapter pertaining to Short Term Rentals shall be reviewed by the city council within one year of adoption of this Ordinance. Those provisions are subject to amendment or repeal upon such review or at any other time. The adoption of the Short Term Rental provisions of this Chapter shall not be construed to create any enforceable right to the continuation of home share rentals or any right to compensation for loss, damages, costs, or expenses alleged to have been incurred in reliance upon its adoption or suffered as a result its repeal.

SECTION 2. That **Chapter 1, Administration, Article 14 – Hotel Occupancy Tax of the Code of Ordinances** is hereby amended as follows:

Sec. 1-14-1. – Definitions – add

Consideration

....

Short Term Rental/Short Term Rental (HSR/STR) is defined as “the rental of any residence or residential structure, or a portion of a residence or residential structure for a period of less than 30 days”

Hotel

...

Sec. 1-14-2. - Tax imposed – be amended to read:

There is hereby levied a tax upon the cost of occupant of any sleeping room furnished by any hotel and *Short Term Rentals* where the cost of occupancy is at the rate of \$2.00 or more per day, such tax to be equal to seven percent of the consideration paid by the occupant of such sleeping room to the hotel *Short Term Rentals*, exclusive of other occupancy taxes imposed by other governmental agencies.

Sec. 1-14-4. - Collection of tax - be amended to read:

Every person owning, operating, managing or controlling any hotel and *Short Term Rentals* in the city shall collect the tax imposed by this article for the city.

SECTION 3. That all provisions of the Ordinances of the City of Coppell, Texas, in conflict with the provisions of this ordinance be, and the same are hereby, repealed, and all other provisions not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 4. That should any sentence, paragraph, subdivision, clause, phrase or section of this ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof other than the part so decided to be unconstitutional, illegal or invalid, and shall not affect the validity of the Code of Ordinances as a whole.

SECTION 5. An offense committed before the effective date of this ordinance is governed by prior law and the provisions of the Code of Ordinances, as amended, in effect when the offense was committed and the former law is continued in effect for this purpose.

SECTION 6. That this ordinance shall take effect immediately from and after its passage and the publication of its caption, as the law and charter in such cases provide.

DULY PASSED by the City Council of the City of Coppell, Texas, this the _____ day of _____, 2018.

APPROVED:

KAREN SELBO HUNT, MAYOR

ATTEST:

CHRISTEL PETTINOS, CITY SECRETARY

APPROVED AS TO FORM:

CITY ATTORNEY

AN ORDINANCE OF THE CITY OF COPPELL, TEXAS

AN ORDINANCE OF THE CITY OF COPPELL, TEXAS, AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES BY ADDING ARTICLE 9-29, SHORT TERM RENTALS; AND TO AMEND ARTICLE 1-14. – HOTEL OCCUPANCY TAX; PROVIDING FOR REGULATIONS FOR THE REGISTRATION AND USE OF HOME SHARE RENTALS; PROVIDING A REPEALING CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE.

DULY PASSED by the City Council of the City of Coppel, Texas, this the _____ day of _____, 2018.

APPROVED:

KAREN SELBO HUNT, MAYOR

ATTEST:

CHRISTEL PETTINOS, CITY SECRETARY