

**Item D-1**

**SHORT-TERM RENTALS (STRs)**

# CC Direction: Encourage STR use in Keller



Excellence • Integrity • Service • Creativity • Communication

# What is a Short-Term Rental (STR)?

- A couch, room, ADU, apartment, or home for “short-term” rent



# Types of STRs

## Rental Types

### 1. Traditional Leisure Vacation Rentals

i.e. beach houses, condos, lake houses, cabins, chalets



### 2. Primary Residential/Shared Rentals

i.e. rooms in primary residence, rentals in residential areas



### 3. Short-term Urban Rentals

i.e. city apartment rented on short-term basis



### 4. Other Rentals: Houseboats, Campers, Treehouses, RVs

## Short-term Rental Supplier Types

1. Property management company
2. Second home owner in vacation destination
3. Primary resident home owner
4. Second home owner in residential area
5. Primary residential long-term renter
6. Real estate investor

# Where are STRs?



Rentals United names The World's Top 50

Excellence • Integrity • Service • Creativity • Communication

# Where are STRs in Keller?

## Top-rated vacation rentals in Keller

Guests agree: these stays are highly rated for location, cleanliness, and more.



★ 4.97 (94)

Entire guest suite · Keller

Private Modern Suite in Keller; The Heart of DFW

Enjoy a quiet private space in Keller, the heart of DFW. The suite is located off our house in a quaint and safe suburb, with many nearby amenities. There is a cozy queen bed in a room with a large TV, YouTube Live included. The kitchenette has a mini-fridge, stocked Keurig coffee maker, microwave and other...

**\$59** night



★ 4.84 (19)

Private room · Keller

Master bedroom w/private bath w/private entrance

Master bedroom suit with private bathroom in a very nice and peaceful Marshal Ridge neighborhood of Keller, TX. Bed room has one queen bed. Private bathroom has shower, two vanities and a toilet with a door. Bedroom has fridge, microwave, coffee maker, smart tv, wifi, work desk, dresser, iron and iron board....

**\$60** night



★ 5.0 (6)

Private room · Keller


One bedroom, shared bathroom, private entrance

If you are looking for an inexpensive and safe place for your short/long trip or stay, please consider my single room with shared bathroom. It is a simple and cozy room. You will self check-in for the main entrance and your own room.


**\$31** night

# Where are STRs in Keller?

**Bear Creek House**  
★ 4.89 · 19 reviews · Keller, Texas, United States ↑ Share   ♥ Save



Entire home hosted by **Becky**  
7 guests · 3 bedrooms · 4 beds · 2 baths

 **\$211** night   ★ 4.89 · 19 reviews


[Show all photos](#)

Excellence • Integrity • Service • Creativity • Communication


# Where are STRs in Keller?

**Spacious family home with beautiful backyard oasis**

★ 4.83 · [6 reviews](#) · [Keller, Texas, United States](#) ↑ Share   ♥ Save



**Entire home hosted by Tonya**  
10 guests · 5 bedrooms · 5 beds · 2.5 baths

 **\$422** night   ★ 4.83 · [6 reviews](#)

[Show all photos](#)


Excellence • Integrity • Service • Creativity • Communication



# Where are STRs in Keller?


Mansion, 5 bed&bath, guest house, media,gym,pool.

[Keller, Texas, United States](#) ↑ Share ♡ Save



Entire home hosted by Arv

10 guests · 5 bedrooms · 5 beds · 5.5 baths



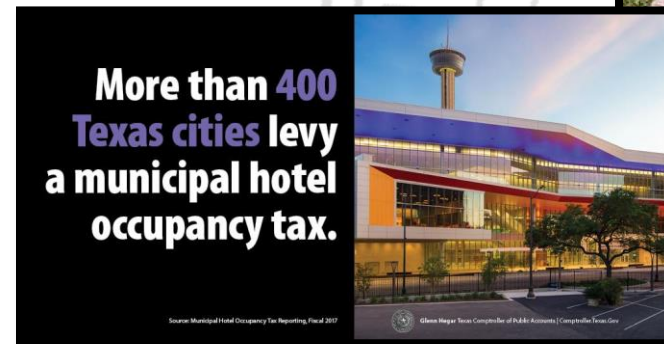
\$5,000 night

Show all photos

Excellence • Integrity • Service • Creativity • Communication

# Why Regulate

- Safety (Fire and Building concerns)
  - Egress/Ingress, fire hazards, etc.
- Adjacency Concerns
  - Define “Short-Term”
  - Limited Parking
  - Trash
  - Noise
  - Parties
- Municipal Hotel Occupancy Tax



# Cities in North Texas

- With STR Ordinances and Collecting HOT:
  - Coppell
  - Denton
  - Fort Worth (In 2021, 20 STRs brought in \$28,000)
  - Haslet
- With STR Ordinances that Prohibit ALL STRs
  - Grapevine
  - Southlake
  - Westlake
- STR Ordinances Scheduled for Consideration:
  - Dallas
- No STR Ordinances but SF Rental Permitting Ordinances
  - Flower Mound
  - Lewisville
  - North Richland Hills
  - Watauga



# Fire and Building Safety

- Top Safety Violations at STRs\*
  - Improper electrical/light fixture installations
  - Missing/faulty carbon monoxide detectors
  - Defective smoke detectors
  - Entry and egress points
  - Swimming pools and spas
  - Occupancy limits
  - Host issues (hidden cameras, falsifying info, hostile, etc.)



# Fire Safety

- Ingress/egress
  - STRs may add beds to bedrooms or other rooms to maximize occupancy
  - Can cause issues in terms of first responder ingress/egress
  - By limiting occupancy to two persons per bedroom, the occupancy should meet the design intent of the structure.



# Define “Short-Term”

- Typical:
  - Limit to 30 days to one renter
  - Rent no more than a total of 180 days per year
    - Otherwise, STRs benefit by renting year-round like a hotel without having to meet the enhanced safety regulations hotels and motels must.
    - Differs from corporate relocation renters (usually 60 days or longer) or long-term renting (6 months or longer)



# What is the Municipal Hotel Occupancy Tax?

- Municipal Hotel Occupancy Tax (HOT) is a State tax assessed per Titles 2(E)(156) & 3(D)(351) of the Texas Tax Code.
- The Texas Tax Code is more restrictive with respect to HOT than it is with other taxes.



# What can HOT be used for?

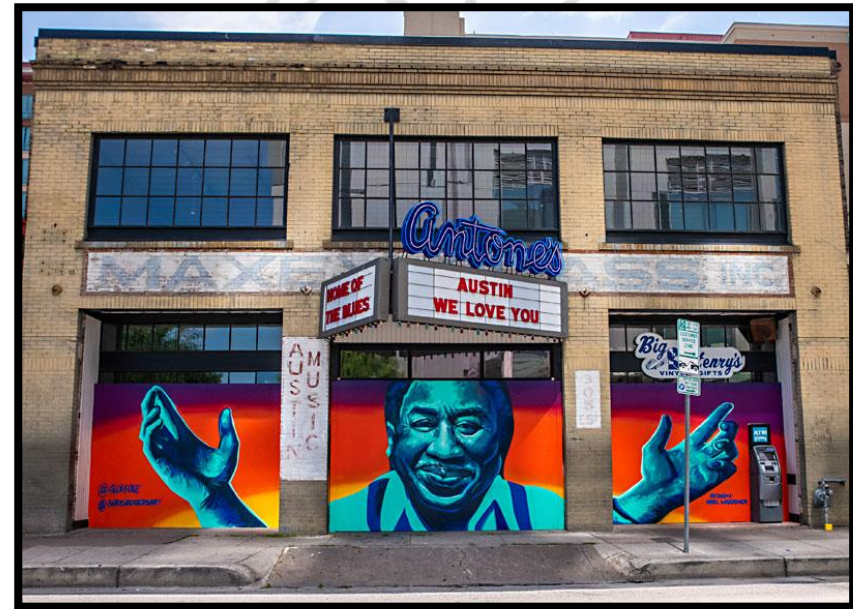
- HOT may ONLY be used to enhance and promote tourism and the convention and hotel industry:
  - Convention or Visitors Information Centers
  - Administrative costs related to convention registration
  - Advertising to attract tourists/convention delegates
  - Promotion of the arts
  - Historical restoration and preservation





# What can HOT be used for?

- Sporting events (with counties >1,000,000 population)
- Enhancements/upgrades of existing sports facilities
- Transportation systems for tourists
- Signage directing tourists to sights/attractions often visited by hotel guests



# Do STRs pay municipal taxes?

**Airbnb's HOTEL OCCUPANCY TAXES**

In 2017, Airbnb began collecting the state's percentage of hotel occupancy taxes from Texas short-term rental operators. Now McKinney is working with Airbnb on an agreement to try to collect the city's share.

SOURCES: AIRBNB, CITY OF MCKINNEY/ COMMUNITY IMPACT NEWSPAPER



State hotel occupancy tax **6%** **\$15.3M** collected in 2017 from Airbnb

**\$24M** collected in 2018 from Airbnb

NOTE: FIGURES ARE STATEWIDE TAX

McKinney hotel occupancy tax **7%** **\$15K** collected in 2018 from 15 short-term rentals

**\$27K+** projected to collect with agreement from Airbnb



# What other Cities are Doing with HOT

- NRH – Hotel Shuttle, arts, some public events;
- Watauga – no HOT;
- Colleyville – Events that attract people from outside;
- Euless – Events, conference center operations, contractual rebates, capital improvements to the conference center;
- Grapevine – Events; CVB; new hotel room construction
- McKinney – CVB



# P&Z Recommendations for STR Ordinance

- STRs would
  - register annually with the City
  - pay HOT tax
  - provide 24/7 contact info
  - rent no longer than 30 days to same occupant; no more than 180 days per year
  - limit guests to two people per bedroom (“bedroom” as defined by IBC)
  - all bedrooms must have two ingress/egress access points
  - park all guests on site (on an improved surface)
  - not host events that require a City permit
  - abide by noise and trash ordinances
  - revoke registration (for six months) if three code violations per year.

# P&Z Zoning Recommendations for STRs

- Permit STRs in all residential zoning districts, TC, OTK, and Center Stage PD
- Limit:
  - One STR per lot (whether home, part of home, or ADU)
  - One STR per building (live-work unit, town home, duplex)

# Questions, Comments, Thoughts?



Excellence • Integrity • Service • Creativity • Communication