

## MEMORANDUM

**TO:** The Honorable Mayor & City Council Members

**FROM:** Claire Powell, City Manager

**DATE:** December 21, 2023

**SUBJECT:** Consideration of an Ordinance Amending the Lewisville City Code by Amending Section 4-151, Definitions, of Chapter 4 to Amend the Definition Of Property Manager and Add a Definition of Short-Term Rental (“STR”) Unit; Adding a New Division 4, Short-Term Rental Units, to Chapter 4 to Adopt STR Regulations; Adding a New Section 15-139, Limited Parking Zones, to Chapter 15 to Adopt Parking Permit Regulations; Amending Article III, Hotel Occupancy Tax, of Chapter 14 to Clarify the Remittance and Audit of Hotel Occupancy Taxes for STRs; Amending Section 4-198(b), Floor Area, of Chapter 4 to Clarify the Application of the International Property Maintenance Code Regulations to the Floor Area of Room Dimensions; Amending the Fee Schedule of the City of Lewisville to Include a Fee For Short-Term Rental Unit Permits.

### BACKGROUND

The City of Lewisville began tracking short-term rentals in 2020 through the Host Compliance software platform. Since January of 2020, the City has seen over 80% increase in the number of short-term rentals, from 51 to 93 units. Other cities in the region regulate short-term rentals to varying degrees. The City of Lewisville currently does not regulate short-term rentals.

Over the last year, the City has been studying the growth and impacts of short-term rentals on our community. The City has had over 65 speakers attend multiple public meetings and has received 330 responses to the City’s public input survey, many of which expressed concerns about the increase in health, safety, and nuisance issues related to short-term rentals in our City.

The City has made this public input process inclusive by giving the general public notice, notifying all short-term rental owners of the public discussion and inviting them to public input sessions, notifying all property owners within 200 feet of a short-term rental of the public input sessions, and working with community advocates to seek their input.

### ANALYSIS

Staff is proposing regulations to advance the objectives of the 2025 Vision Plan, focusing on championing established residential neighborhoods through reasonable regulations that support

neighborhood identity and ensuring the protection of health and safety. To adopt these regulations, several sections of the Lewisville City Code must be amended and new sections added. Below are the summaries of those amendments and additions:

Amending Section 4-151 of the Lewisville Code of Ordinances:

- Defining short-term rental units as any dwelling unit or portion thereof offered to the transient public for compensation for a period of less than thirty (30) consecutive days. The term shall not include a hotel, motel, or in or bed and breakfast as those terms are defined in the City's Unified Development Code.
- Defining property manager as any person who has charge, care or control of a building that is let or offered for occupancy or a person who is authorized by the owner of a short-term rental unit to make decisions regarding the day-to-day supervision, management, and maintenance of a short-term rental unit.

Adding a new Division 4 to Chapter 4 of the Lewisville Code of Ordinances:

- Requiring an annual permit prior to operating, renting, or advertising a short-term rental.
- Establishing the permit application process.
- Establishing when a permit can be issued:
  - o All fees required by this division have been paid;
  - o The owner is not delinquent on any taxes owed to the city, including but not limited to hotel occupancy taxes;
  - o The owner is not in arrears in the payment of any other financial liability due to the City;
  - o The short-term rental unit permit application is complete and complies with all requirements outlined herein for the issuance of a short-term rental unit permit, and no information therein is false or misleading; and
  - o The short-term rental unit has passed the inspection required by section 4-202.
- Providing for circumstances when a permit may be revoked and establishing the notification and appeal process.
- Requiring the designation of a property manager who can respond expeditiously to issues occurring on the premises.
- Requiring operational regulations such as occupancy limitations, guest notifications, and advertising regulations.

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Adding a new Section 15-139 to the Lewisville Code of Ordinances:

- Creating a limited parking zone process where residents can petition the City to limit on-street parking to people with parking passes only, with minor exceptions.
- This new section is available to all Lewisville residents, not just those living near STRs.

Amending Section 14-61 of the Lewisville Code of Ordinances to:

- Clarify the remittance of Hotel Occupancy Taxes by short-term rental owners; and
- Providing auditing authority to the City for all entities required to collect and remit Hotel Occupancy Taxes.

Amending 4-198(b) of the Lewisville Code of Ordinances to:

- Clarify the applicability of the International Property Maintenance Code to the regulation of floor area for required room dimensions.

Amending Section 2-201 of the Lewisville Code of Ordinances to:

- Add a Short-Term Rental Unit Permit fee of \$400.00.

The Effective Date of the proposed ordinance is July 8, 2024, which will allow City Staff the necessary time to set up appropriate forms, workflows, and contracts with third party vendors to assist in the administration of these regulations.

**CITY STAFF'S RECOMMENDATION:**

That the City Council approve the ordinance as set forth in the caption above.