

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, AMENDING CHAPTER 3, "BUILDING REGULATIONS," OF THE CODE OF ORDINANCES BY ADDING ARTICLE 3.09, ENTITLED "SHORT-TERM RENTALS"; ESTABLISHING REGULATIONS FOR THE REGISTRATION, PERMITTING, AND OPERATION OF SHORT-TERM RENTALS; PROVIDING FOR ENFORCEMENT AND PENALTIES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of McLendon-Chisholm recognizes the growth of short-term rental properties within the City; and

WHEREAS, the City Council finds that it is in the best interest of the public to establish reasonable regulations for the operation of short-term rentals to protect neighborhood integrity, ensure public safety, and maintain compliance with applicable health, building, and taxation codes; and

WHEREAS, the City Council of the City of McLendon-Chisholm in compliance with the laws of the State of Texas and the ordinances of the City of McLendon-Chisholm has given the requisite notices by publication and otherwise, and have held public hearings and afforded a full and fair hearing to all property owners generally and to all persons interested in and situated in the city's corporate boundaries, and the governing body in the exercise of its legislative discretion, has concluded that the Municipal Code of Ordinances should be amended as follows:

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF MCLENDON-CHISHOLM, TEXAS THAT:

SECTION 1. LEGAL AUTHORITY

This Ordinance is enacted pursuant to the authority granted by the Texas Local Government Code, including but not limited to Section 51.001, and other applicable provisions of State law, together with Chapter 351 of the Texas Tax Code governing municipal hotel occupancy taxes, and the City Charter and ordinances of the City of McLendon-Chisholm. This Ordinance is adopted in the exercise of the City's regulatory authority to promote the public health, safety, and general welfare of its residents by providing neighborhood sustainability and preserving property values. Having current and reliable information about the owners of Short-Term Rentals will allow the City to provide those owners with timely information on the condition of their properties and emergency contact information, to ensure collection of hotel

occupancy taxes, to protect the health and safety of guests of Short-Term Rentals and to aid in the enforcement of applicable ordinances and laws.

SECTION 2. CREATION OF ARTICLE 3.09

Chapter 3, Building Regulations, of the Code of Ordinances of the City of McLendon-Chisholm, Texas, is hereby amended to add Article 3.09 – Short-Term Rentals, which shall read as follows:

“... ”

ARTICLE 3.09 – SHORT-TERM RENTALS

Sec. 3.09.001 Purpose

The purpose of this section is to establish procedures and minimum standards for the permitting and operation of short-term rentals to ensure that such uses are compatible with surrounding neighborhoods, promote safety, and comply with applicable City and State regulations. The City Council finds that the regulation of Short-Term Rentals is necessary to balance property owners’ rights with the preservation of residential character, public safety, and neighborhood integrity. These regulations are not intended to prohibit short-term rentals but to ensure they are operated in a manner consistent with residential use patterns and public welfare. This Article does not create any right to operate a Short-Term Rental in violation of any lease, license, deed restriction, covenant, easement or other legal encumbrance.

Sec. 3.09.002. Definitions

For purposes of this section:

1. *Short-Term Rental (STR)*: A dwelling that is: (a) used or designed to be used as the home of a person, family or household, including a single-family dwelling, garage apartment, guest house or a unit in a multi-unit building, including an apartment, condominium, cooperative or timeshare; and (b) rented wholly or partly for a fee and for a period of less than thirty (30) consecutive days. The term "ShortTerm Rentar does not include a premises that is used for a nonresidential purpose, including an educational, health care, retail, restaurant, banquet space or event center purpose or another similar use; a bed-and-breakfast as defined in the City's Zoning Ordinance; or a hotel.
2. *Owner-Occupied STR*: A short-term rental where the property owner resides on-site during the rental period.
3. *Non-Owner-Occupied STR*: A short-term rental where the owner does not reside on the property during the rental period.
4. *Responsible Party*: An individual designated by the property owner who resides within Rockwall County and is available 24 hours a day to respond to complaints or emergencies related to the property.

5. *Dwelling Unit*: A building or portion of a building which is arranged, occupied or intended to be occupied as living quarters for one family and including facilities for food preparation and sleeping.
6. *Guest* — A person contracting with a Short-Term Rental for use of a residential dwelling or premises as a Short-Term Rental and the person's invitees at the Short-Term Rental.
7. *Hotel Occupancy Tax* — Hotel occupancy tax as provided for in Sec 86-72 of the City Code of Ordinances and Chapter 351 of the Texas Tax Code, as they exist or may be amended and any successor ordinances or laws.
8. *Hotel* — A building or group of buildings used as a temporary dwelling place for individuals in exchange for financial consideration where customary hotel services such as linen, housekeeping service and telephone are provided. Hotel room units are accessed through doorways into an internal hallway, courtyard or lobby. Financial consideration for Hotel room units is generally calculated on a nightly basis.
9. *Short-Term Rental Permit* — A permit issued by the City that identifies the subject property as a lawful Short-Term Rental.
10. *Director* – as used herein shall mean the City Manager or his/her designee

Sec. 3.09.003. Permit Required

1. No person shall operate, advertise, or offer a property as a short-term rental without first obtaining a valid Short-Term Rental Permit from the City. All individual units having cooking, sleeping and bathing facilities within common buildings, regardless of ownership, shall require a separate, individual permit for each unit intended to be used as a Short-Term Rental. A person commits an offense under this Article if that person owns or operates a Short-Term Rental in the City without a valid permit.
2. A permit shall be required for each individual property address.
3. Permits are non-transferable and shall be valid for one (1) years from the date of issuance unless revoked or suspended. A permit holder shall apply for renewal prior to the expiration of the permit on a form provided by the City Manager, or his/her designee.
4. A property owner or operator of a Short-Term Rental shall keep detailed records showing each booking and the fees paid for each rental for at least three (3) years and make this information available to the City of McLendon-Chisholm upon request.

5. Renewal applications must be submitted at least 30 days prior to permit expiration.

Sec. 3.09.004. Application Requirements

Applications shall be considered complete when all documentation required under this Article has been submitted and all permit fees have been paid. Incomplete applications will not be accepted. Applications for a Short-Term Rental Permit shall include, but not necessarily be limited to:

- Completed City permit application form obtained from the office of the City Secretary;
- Proof of property ownership;
- Responsible party contact information;
- Site plan showing required parking areas;
- Proof of liability insurance with a minimum coverage of \$500,000 per occurrence. The certificate of insurance must include the name insured, any additional insureds, the location address, the effective date, the coverage limit, and type. The owner must notify the City of McLendon-Chisholm within 30 days if the insurance status changes and provide the City with the updated insurance information;
- Self-certification of compliance with applicable codes and regulations; and
- Payment of \$400.00 application fee or as established by City Council.

Sec. 3.09.005. Operational Standards

1. Occupancy: Maximum occupancy shall not exceed two (2) persons per bedroom plus two (2) additional guests.

2. Separation Requirement: No Short-Term Rental property shall be located within one thousand (1,000) linear feet of another permitted Short-Term Rental. The separation distance shall be measured from the nearest property line of the subject property to the nearest property line of any existing, permitted Short-Term Rental. The City shall verify compliance with this spacing requirement prior to issuing or renewing any Short-Term Rental permit.

3. Parking: All parking shall be provided on paved or improved surfaces such as driveways or garages. On-street parking shall comply with City ordinances. Yards shall not be used to provide the necessary parking.

4. Noise: Occupants must comply with Chapter 8, Nuisances, of the City Code. Excessive noise or disturbances are prohibited. Outdoor amplified sound, gatherings, or activities are prohibited between 10:00 p.m. and 7:00 a.m. daily.

11. Guest Conduct: The property owner and guests shall not engage in disorderly conduct, public intoxication, illegal drug use, or any other activity that constitutes a nuisance or disturbance under Chapter 8 of the City Code.

12. Trash: All refuse must be stored in approved containers and set out only on designated collection days.

13. Signage: No signage advertising the property as a short-term rental shall be permitted on-site.
 14. Permit Display: A copy of the current Short-Term Rental Permit shall be displayed inside the unit in a visible location near the main entrance.
 15. Safety: Smoke detectors, carbon monoxide detectors, and at least one (1) 5-pound fire extinguisher shall be installed and maintained on each floor of the dwelling.
 16. Ingress/Egress: All bedrooms/sleeping areas shall have at least one (1) operable emergency point of ingress/egress for rescue and escape (i.e., windows and/or doors) in accordance with the City's adopted codes, regulations, and ordinances.
11. Tenant Notification: (a) The property owner and/or responsible party shall post in a visible and obvious location of the Short-Term Rental the following information:
- (1) The owner, operator or designated agent's name and twenty-four (24) hour contact telephone number;
 - (2) Pertinent neighborhood information including, but not limited to, parking restrictions, trash collection schedules and location of required off-street parking, other available parking and prohibition of parking on landscaped areas;
 - (3) Quiet hours and noise restrictions as specified under Chapter 8 of the Code of Ordinances;
 - (4) Information to assist guests in the case of an emergency posing threats to personal safety or damage to property, including emergency and non-emergency telephone numbers for sheriff, fire and emergency medical services and instructions for obtaining severe weather, natural or manmade disaster alerts and updates; and
 - (5) Depiction of floor plan identifying evacuation routes, including the dwelling's exits, primary evacuation routes and secondary evacuation routes near the front door of the dwelling. (b) Each Short-Term Rental owner shall provide in the Short-Term Rental working smoke detectors in accordance with adopted codes, and at least one working type A fire extinguisher. The premises shall otherwise comply with applicable Code of Ordinance requirements, including but not limited to all building and fire codes.

Sec. 3.09.006. Inspections

1. An inspection shall be required prior to issuance or renewal of a short-term rental permit.
2. The City may conduct inspections upon receipt of a complaint or evidence of a violation.
3. Refusal to permit an inspection may result in denial, suspension, or revocation of the permit.

Sec. 3.09.007. Enforcement and Penalties

1. Operating without a valid permit constitutes a violation of this section.
2. The property owner or operator of the Short-Term Rental shall designate a Responsible Party for each Short-Term Rental. The Responsible Party is a local representative who resides in Rockwall County and who is available at all times the rental is in use. Failure to update the Responsible Party information associated with a Short-Term Rental Permit shall be a violation of this Article.
3. Any violation of this section may result in a fine in accordance with Section 3 of this Ordinance.
4. If, upon completion of an inspection, the premises are found to be in violation of one (1) or more provisions of the applicable City codes and ordinances, the City shall provide written notice of such violations and shall set up a subsequent inspection and date for the violation to be corrected prior to its occupancy.
5. Violations must be substantiated by credible evidence, such as verified complaints, inspection findings, or law-enforcement reports. Anonymous or unverified complaints shall not serve as the sole basis for enforcement action.
6. Three (3) or more documented violations within any twelve (12)-month period may result in permit revocation.
7. A Short-Term Rental Permit holder may be subject to permanent revocation if their Short-Term Rental Permit is revoked two (2) times due to violations of this Article or other violations of the City's safety, Health, and general welfare.
8. Each day a violation of this Article continues shall be considered a separate offense, and upon conviction shall be subject to a fine in accordance with Section 3 of this Ordinance.
9. A property owner whose permit has been revoked shall not reapply for one (1) year from the date of revocation.
10. The property owner may appeal a revocation to the City Council within ten (10) days of written notice.

Sec. 3.09.008. Hotel Occupancy Tax

All short-term rental operators shall register and remit applicable hotel occupancy taxes in accordance with Chapter 351 of the Texas Tax Code and City ordinances. Failure to timely pay any applicable hotel occupancy tax is a violation of this Article. If the arrearage is not paid within 90 days of the issuance of a delinquency notice, the Short-Term Rental permit shall be revoked.

Sec. 3.09.009. Existing Short-Term Rentals

Any short-term rental operating before the effective date of this ordinance must register and obtain a permit within ninety (90) days of adoption. Permits and nonconforming rights expire upon property transfer or failure to renew. Nothing in this section shall be construed to retroactively prohibit lawful short-term rental operations that existed prior to the adoption of this ordinance. Such uses may continue subject to registration and compliance with operational standards.

Sec. 3.09.010. Administration

The Building Official or designee shall administer and enforce this section and may adopt administrative procedures and forms necessary to implement these provisions, consistent with this ordinance.

Sec. 3.09.011. Revocation of Permit; Appeal; Administrative process

(a) Revocation of Permit. After providing an opportunity for a hearing, the Director is entitled to revoke a permit required by this Article for serious or repeated violations of any of the requirements of this Article, for violations of other applicable law relating to public health, safety or welfare and/or for interference with law enforcement officers in the performance of their duties. Prior to revocation, the Director or designee shall notify the permit holder, in writing, of the reason for which the permit is subject to revocation and that the permit shall be revoked at the end of the tenth (10th) calendar day following service of such notice unless a written request for a hearing is submitted to the Director by the permit holder within such ten (10) calendar day period referred to in the notice. If a written request for a hearing is received by the Director within the required time period, (1) the revocation shall not take effect unless and until the Director determines to do so in his ruling at the conclusion of the hearing; and (2) the Director shall hold a hearing and either enact or reject the revocation. At least two (2) business days before the hearing occurs, the Director shall provide the permit holder with notice of the time and place of the hearing. The permit holder shall be permitted to attend and be heard at the hearing. If no request for a hearing is filed within the ten (10) calendar day period referred to in the notice, the revocation of the permit becomes final.

(b) Appeals. An administrative decision issued in connection with the requirements of this Article, including denial of issuance or renewal or revocation or suspension of a permit required by this Article, is final unless the permit holder submits a written request for an appeal to the Mayor. The appeal shall be filed in writing within ten (10) calendar days of the date of notice of the administrative decision. At least two (2) business days before the appeal hearing occurs, the City shall provide the permit holder with notice of the time and place of the hearing. The permit holder shall be permitted to attend and be heard at the hearing. The Mayor shall hear and rule on the appeal within thirty (30) calendar days after notice of the appeal. The Mayor shall have the power to reverse a decision of the Director where he finds that the basis for such decision was not meritorious and that such a reversal will not adversely affect the public health, safety or welfare. The decision of the Mayor is final. The Mayor's failure to take action on any such appeal shall constitute approval of the decision by the Director or designee. (c)

Administrative process. A notice required by this Section is properly served when it is delivered to the permit holder via hand-delivery, or when it is sent by registered or certified mail, return receipt requested, or when it is sent via Federal Express or any courier service that provides a return receipt showing the date of actual delivery to the last known address of the permit holder. The hearings provided for in this Section shall be conducted by the applicable regulatory authority at a time and place designated by it. The applicable regulatory authority shall make final findings, and shall sustain, modify or rescind any notice or order considered in the hearing. A written report of the hearing decision shall be furnished to the permit holder by the applicable regulatory authority.

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SECTION 3. Any person, firm, corporation or business entity violating this Ordinance shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be fined in an amount not exceeding Two Thousand Dollars (\$2,000.00) if the violation relates to zoning, the public health, sanitation or dumping of refuse; otherwise, the fine shall be in an amount not exceeding Five Hundred Dollars (\$500.00). McLendon-Chisholm also may recover a civil penalty of not more than One Thousand Dollars (\$1,000.00) for each violation of any provision of this Ordinance if McLendon-Chisholm proves that: (a) the person, firm, corporation or business entity was actually notified of the provisions of this Ordinance; and (b) after the person, firm, corporation or business entity received notice of the provisions of this Ordinance, the person, firm, corporation or business entity committed acts in violation of the provisions of this Ordinance or failed to take action necessary for compliance with the provisions of this Ordinance. Each calendar day any violation of this Ordinance continues shall constitute a separate offense. McLendon-Chisholm retains all legal rights and remedies available to it pursuant to local, state and federal law.

SECTION 4. That all ordinances of the City of McLendon-Chisholm, Texas in conflict with the provisions of this ordinance be and the same are hereby repealed and all other ordinances of the City of McLendon-Chisholm, Texas not in conflict with the provisions of this ordinance shall remain in full force and effect.

SECTION 5. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

SECTION 6. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict only.

SECTION 7. This ordinance shall take effect immediately upon passage and publication as required by law.

PASSED AND APPROVED this 13th day of JANUARY 2025.

APPROVED:

By: _____
Bryan McNeal, Mayor

ATTEST:

By: _____
Angela Jennings, City Secretary