

Annotated Version  
explains changes.

Item 40  
Alternate Version

## ORDINANCE NO.

**AN ORDINANCE AMENDING CITY CODE SECTION 4-18-25 TO REMOVE REFERENCES TO SHORT-TERM RENTAL TYPES; AMENDING CITY CODE TITLE 4 TO ADD REGULATIONS FOR SHORT-TERM RENTAL OWNERS AND OPERATORS; CREATING OFFENSES; AND ESTABLISHING PENALTIES.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1.** Subsection (F) of City Code Section 4-18-25 (*Certification*) is amended to read:

### **§ 4-18-25 CERTIFICATION.**

(F) For developments with one or more affordable units, the agreement required in Subsection (C) must, at a minimum:

- (1) include the applicable affordability requirements;
- (2) prohibit discrimination on the basis of an individual's source of income as defined in Section 5-1-13 (*Definitions*),
- (3) require dispersion of affordable units throughout the residential units;
- (4) require equal access and use of on-site amenities, common areas, and parking facilities;
- (5) require shared access routes for affordable units and market-rate units;
- (6) require that affordable units include interior components that are functionally equivalent to market-rate units;
- (7) limit the use of an affordable unit as a [~~Type 2 or Type 3~~] short-term rental (STR);
- (8) require the applicant to incorporate lease provisions that are consistent with a tenant's right to organize under 24 C.F.R. 245.100, the lease addendum required as a condition to receive City of Austin Housing Finance Corporation funds, or City Code requirement; and
- (9) address any obligations described in Division 2 (*Redevelopment Requirements*), if applicable.

**PART 2.** City Code Title 4 (*Business Regulation and Permit Requirements*) is amended to add a new Chapter 4-23 to read:

## **CHAPTER 4-23 SHORT-TERM RENTALS**

**ARTICLE 1. GENERAL PROVISIONS.**

**§ 4-23-1 DEFINITIONS.**

In this chapter,

- (1) APPELLANT means an applicant or an operator who appeals a decision.
- (2) AUSTIN METRO AREA means the five-county metropolitan area that surrounds the City of Austin.
- (3) DIRECTOR means the director of the Development Services Department or successor department.
- (4) GUEST means a person who rents or occupies a short-term rental during a rental period, including their invited guests.
- (5) HOUSING UNIT means a dwelling or mobile home.
- (6) INDIVIDUAL means a natural person.
- (7) NEIGHBOR means a person who is entitled to notice under Section 4-23-44 (*Notification Requirements*).
- (8) OPERATOR means a person who owns and operates a short-term rental.
- (9) SHORT-TERM RENTAL means the rental of a housing unit or a portion of a housing unit for periods of less than 30 consecutive days. This term does not include an extension for less than 30 consecutive days of a previously existing rental agreement of 30 consecutive days or more or a rental between the parties to the sale of that housing unit.

**§ 4-23-2 RULES.**

The director may adopt administrative rules, as needed, in accordance with Chapter 1-2 (*Administrative Rules*) to administer, implement, and enforce this chapter.

**§ 4-23-3 APPEALS.**

- (A) An applicant may appeal:
  - (1) a denial of an application for an operator's license; or
  - (2) a denial of a renewal application.
- (B) An operator may appeal the suspension of a short-term rental license.
- (C) Requirements for an appeal.
  - (1) An appeal must be submitted to the director.

- 62 (2) The deadline to submit an appeal is 20 days after the date the director takes  
63 an action described in Subsections (A) or (B).
- 64 (3) An appeal must be in writing and identify the reason the action is being  
65 appealed and why the action of the director should be set aside, modified, or  
66 reversed.
- 67 (D) Appeal Hearings.
- 68 (1) An appeal under this section must be heard by the Building and Standards  
69 Commission.
- 70 (2) The director must provide written notice of the hearing to the appellant.
- 71 (3) The appeal must be set for hearing before the Building and Standards  
72 Commission on the next available agenda date following receipt of the  
73 appeal. Unless the appellant requests a later date and waives the scheduled  
74 hearing, the appeal must be heard at the scheduled hearing if a quorum is  
75 present at the hearing.
- 76 (4) The hearing shall follow the Building and Standards Rules and Regulations  
77 that apply to License and Registration Decisions, Suspensions, and  
78 Revocations.
- 79 (E) While an appeal is pending, an operator may not accept new bookings or rentals.

80 ***ARTICLE 2. RESERVED.***

81 ***ARTICLE 3. SHORT-TERM RENTAL OPERATORS.***

82 **§ 4-23-31 ELIGIBILITY TO OPERATE A SHORT-TERM RENTAL.**

83 An operator must own the housing unit that will be operated as a short-term rental.

84 **§ 4-23-32 OPERATOR LICENSE REQUIRED.**

- 85 (A) A person must obtain an operator's license to operate a short-term rental.
- 86 (B) A separate operator's license is required for each short-term rental.
- 87 (C) An operator's license:
- 88 (1) is valid for a maximum of one year from the date of issuance, subject to a  
89 one-time extension of 30 days at the discretion of the director; and
- 90 (2) may not be transferred and does not convey with a sale or transfer of the  
91 property.

(D) An operator must include the operator's license number in any advertisement or promotion for the short-term rental.

(E) An owner, or a person in control of a housing unit, may not advertise or promote, or allow another to advertise or promote, the housing unit as a short-term rental if the housing unit is not the subject of a valid operator's license.

#### § 4-23-33 LOCAL CONTACTS.

(A) An operator who does not reside within the Austin Metro Area must identify an individual or individuals to serve as local contacts and respond to emergency conditions.

(B) A local contact must be:

(1) an individual;

(2) present within the Austin Metro Area; and

(3) available to respond within two hours after being notified of an emergency by a guest of the short-term rental, by a City employee, or by a neighbor.

(C) If there is a change related to a local contact, the operator must provide updated or new information to the director in writing within three business days.

#### § 4-23-34 OPERATIONAL REQUIREMENTS.

(A) An operator is responsible for:

(1) complying with all local, state, and federal laws;

(2) maintaining property insurance; and

(3) ensuring that each guest of the operator's short-term rental complies with all state, local, and federal laws.

(B) If the short-term rental does not include an entire housing unit, an operator must provide a guest with the exclusive use of a sleeping room and shared use of a full bathroom.

(D) An operator must make a copy of the information packet described in Section 4-23-44 (*Requirements to Obtain an Operator's License*) available to each guest.

(E) An operator or guest of a short-term rental may not use or allow the use of sound equipment that produces sound in excess of 75 decibels at the property line between 10:00 a.m. and 10:00 p.m.

(F) An operator or guest of a short-term rental may not use or allow use of sound equipment that produces sound audible beyond the property line between 10:00 p.m. and 10:00 a.m.

(G) An operator or guest of a short-term rental may not make or allow another to make noise or play a musical instrument audible to an adjacent business or residence between 10:30 p.m. and 7:00 a.m.

#### **ARTICLE 4. SHORT-TERM RENTAL OPERATOR LICENSE APPLICATIONS.**

##### **§ 4-23-41 REQUIREMENTS TO OBTAIN AN OPERATOR'S LICENSE.**

(A) To obtain a new operator license, a person who owns the housing unit to be licensed as a short-term rental must apply on a form approved by the director.

(B) At a minimum, an applicant must provide the following information:

- (1) a certification by the applicant and the applicant's agent that the housing unit is not subject to outstanding City Code or state law violations;
- (2) the applicant's name, street address, mailing address, electronic mail address, and telephone number;
- (3) the local contact's name, street address, mailing address, electronic mail address, and telephone number;
- (4) the proposed short-term rental's street address;
- (5) proof of property insurance that covers the proposed short-term rental; and
- (6) any other information requested by the director.

(C) Except as provided in Section 4-23-43 (*Application Denials*), the director is required to issue a short-term rental license:

- (1) after the director determines the applicant is eligible to operate a short-term rental;
- (2) the applicant complies with this section; and
- (3) the applicant pays the application and notification fees that are set by separate ordinance.

(D) When the director issues an operator's license, the director must provide a packet of information with each license summarizing the requirements applicable to short-term rentals, including:

- (1) the name and contact information of the local contact designated in the application;
- (2) restrictions on noise applicable under Section 4-23-34 (*Operational Requirements*), including limitations on the use of amplified sound;
- (3) parking restrictions;
- (4) trash collection schedule;
- (5) information on relevant burn bans;
- (6) information on relevant water restrictions;
- (7) information on applicable requirements of the Americans with Disabilities Act; and
- (8) other information applicable to short-term rentals.

#### **§ 4-23-42 REQUIREMENTS TO RENEW AN OPERATOR'S LICENSE.**

To renew an operator's license, the operator must:

- (1) update the information required in Section 4-23-41 (*Requirements to Obtain an Operator's License*);
- (2) pay a renewal fee set by separate ordinance; and
- (3) provide proof of payment of hotel occupancy taxes due as of the date of submission of the application if the operator is not using a platform to collect payments for the use or possession, or for the right to the use or possession, of a short-term rental.

#### **§ 4-23-43 APPLICATION DENIALS.**

- (A) If the director finds that the operator failed to comply with one or more provisions of Article 3 (*Short-Term Rental Operators*) at least twice in a 12-month period, the director may deny an application to renew a short-term rental license for a period of 12 months.
- (B) If the director finds that an owner or person in control of a property violated one or more provisions of Article 3 (*Short-Term Rental Operators*) at least twice in a 12-month period, the director may deny an application for a short-term rental license for a period of 12 months.
- (C) If a property is the subject of repeated substantiated violations of City Code or state law during a 24-month period prior to applying for a license or renewing a

license to operate a short-term rental, the director may deny the short-term rental license based on:

- (1) the frequency of any repeated violations;
- (2) whether a violation was committed intentionally or knowingly; and
- (3) any other information that demonstrates the degree to which the owner or occupant has endangered public health, safety, or welfare.

(D) If the director determines that the applicant does not own the housing unit, the director may not approve the application or renewal application.

(E) A denial may be appealed under Section 4-23-3 (*Appeals*).

#### **§ 4-23-44 NOTIFICATION.**

(A) The director must provide notice to each property located within 100 feet of the short-term rental.

(B) At a minimum, the notice must include:

- (1) the operator license number for the short-term rental;
- (2) the address of the short-term rental;
- (3) the name and contact information for the operator; and
- (4) the name and contact information for the individuals who are designated as the operator's local contacts.

### ***ARTICLE 5. SHORT-TERM RENTAL ENFORCEMENT***

#### **§ 4-23-51 PENALTY.**

(A) A person who violates a provision of this chapter is guilty of a separate offense for each day the violation of this chapter continues.

(B) Each offense is punishable by a fine not to exceed \$500. A culpable mental state is not required and need not be proved.

#### **§ 4-23-52 LICENSE SUSPENSIONS.**

(A) The director may suspend an operator's license if the director determines that:

- (1) the housing unit is the subject of two or more substantiated violations of applicable law during the license period; or
- (2) the director determines that the operator's license was issued in error.

- COA Law Department