



City of Austin

Recommendation for Action

File #: 25-0213, **Agenda Item #:** 40.

2/27/2025

Posting Language

Approve an ordinance amending City Code Section 4-18-25 to remove references to short-term rental (STR) types, amending City Code Title 4 to add short-term rental-related regulations that apply to short-term rental owners, operators, and platforms; creating offenses; and establishing penalties. Funding: This item has no fiscal impact. Related to Item #39 and #41.

Lead Department

Development Services Department.

Fiscal Note

This item has no fiscal impact. This amendment may result in changes in the Development Services Department's Licensing and Registration revenue; however, the department does not have sufficient information at this time to estimate any revenue impact.

Prior Council Action:

December 7, 2023 - Council approved Ordinance No. 20231207-001, directing the Manager to propose holistic changes to the City's existing STR regulations, on Council Member Pool's motion, Council Member Vela's second on a 9-2 vote with Council Members Alison Alter and Kelly voting nay.

December 8, 2022 - Council approved Resolution No. 20221208-064 directing the Manager to prepare an amendment to City Code that makes it unlawful for a person to collect or receive a fee from unlicensed short-term rental operators on Council Member Tovo's motion, Council Member Vela's second on a 10-1 vote with Council Member Kelly voting nay.

For More Information:

Daniel Word, Assistant Director, (512) 974-6559, Daniel.Word@austintexas.gov; Michael Harrington, Division Manager, (512) 974-6460, Michael.Harrington@austintexas.gov.

Additional Backup Information:

If approved, this ordinance will amend City Code Title 4 (Business Regulations and Permit Requirements) to add STR-related regulations. These regulations will apply to short-term rental (STR) owners and operators and STR platforms. This is one of three ordinances that constitute an overhaul of the City's STR regulations.

The ordinances were designed to achieve the following objectives:

- make STRs more compatible with neighborhoods
- recover Hotel Occupancy Tax
- avoid exacerbation of affordability issues
- provide additional enforcement options
- regulate within the bounds of today's STR-related legal landscape

STR platforms would be required to collect and remit Hotel Occupancy Tax (HOT) on behalf of their users.

Additionally, STR platforms would be required to provide users with documentation of the amount of HOT collected on their behalf. Users would then be required to report that information to the city. STR platforms would be required to provide a field in the advertisement template that requires the user to enter a license number. The STR platform would not be responsible for validating whether the license is active. Further, STR platforms would be required to “de-list” advertisements on their platform if requested by the City, if the City finds that the advertisement is for a property that is not subject to a valid license.

The proposed ordinance also includes regulations that will apply to STR owners. The regulations apply a density cap on STR owners by limiting who can operate a STR on a site with three or fewer units to individuals and requiring 1,000 feet between an individual owner’s STRs. Further, existing STRs will be allowed to continue provided that the STR does not become a nuisance and property ownership remains the same.

License holders (hosts) would be required to maintain \$1 million in liability insurance. Additionally, to enhance safety, hosts would be required to post an evacuation plan in the kitchen of the dwelling that displays the location of exits, fire extinguishers, and smoke detectors. Hosts would have to complete an online training course and also submit a self-certified safety checklist, attesting that items such as smoke detectors, carbon monoxide detectors, and egress windows are present and operable.

Further, hosts would have to provide a local contact, being someone that is able to make decisions about the property and available to either return a phone call or respond to the property location within 2 hours of being contacted by a city employee.

Additionally, the Director of Development Services would be provided with additional enforcement capabilities, such as declaring a property a nuisance and revoking a STR license, or requiring mitigation for properties with recurring issues as a condition of STR license renewal. If a license is revoked, the Director could request that any advertisement of the property be “de-listed” by the STR platforms.