

ORDINANCE NO.

AN ORDINANCE AMENDING CITY CODE CHAPTER 4-23 RELATED TO REGULATIONS FOR SHORT-TERM RENTAL OWNERS, OPERATORS, AND PLATFORMS; CREATING OFFENSES; AND ESTABLISHING PENALTIES.

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

PART 1. The City Council adopts the findings described in Exhibit A, which is attached to this ordinance.

PART 2. City Code Chapter 4-23 (*Short-Term Rentals*) is repealed and replaced to read: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 and includes Travis County, Williamson County, Hays County, Bastrop County, and Caldwell County.
- (3) DELIST NOTICE means a written notice that complies with the requirement set out in Section 4-23-23 (*Obligation to Delist Short-Term Rentals*).
- (4) DIRECTOR means the director of the Development Services Department or successor department.
- (5) EMERGENCY CONDITION means an unforeseen combination of circumstances or the resulting state that calls for immediate action or an urgent need for assistance or relief. This term includes, at a minimum, any fire, natural disaster, power outage, gas leak, noise violation, disturbance, criminal activity, or medical emergency.
- (6) GUEST means a person who rents or occupies a short-term rental during a rental period, including their invited guests.
- (7) HOUSING UNIT means a dwelling or mobile home.
- (8) INDIVIDUAL means a natural person.

- (9) NEIGHBOR means a person who is entitled to notice under Section 4-23-44 (*Notification Requirements*).
- (10) OPERATOR means a person who owns and operates a short-term rental.
- (11) PLATFORM means a person who provides a means to advertise or promote a short-term rental or facilitates short-term rental bookings.
- (12) 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.
- (13) USER means a person who uses a short-term rental platform to advertise a short-term rental.

§ 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 requirement to implement and maintain mitigation measures;
- (2) a denial of an application for an operator's license; or
- (3) a denial of a renewal application.

(B) An operator may appeal:

- (1) the revocation of a short-term rental license; or
- (2) a nuisance declaration issued by the director.

(C) Requirements for an appeal.

- (1) An appeal must be submitted to the director.
- (2) The deadline to submit an appeal is 10 days after the date the director takes an action described in Subsections (A) or (B).
- (3) An appeal must be in writing and identify the reason the action is being appealed.

(D) Appeal Hearings.

- (1) An appeal under this section must be heard by a hearing officer appointed by the city manager.
- (2) The director must provide written notice of the hearing to the appellant.
- (3) The director and the appellant may present evidence, testimony, and argument.
- (4) A hearing must be held within 21 days of receiving the appeal.
- (5) A decision on an appeal must be issued no later than the 10th day after the hearing, must be in writing, and must be sent to the director and appellant.

(E) While an appeal is pending, an operator may not accept new bookings or rentals but may honor bookings or rentals accepted before:

- (1) the operator's license was revoked;
- (2) the application to renew the operator's license was denied; or
- (3) the director issued the nuisance declaration.

(F) If the appellant fails to appear for the appeal hearing, the appeal is denied. The director is not required to present evidence, testimony, or argument when an appellant fails to appear for an appeal hearing.

ARTICLE 2. PLATFORMS.

§ 4-23-21 APPLICABILITY.

This article applies to a platform that advertises or promotes short-term rentals or facilitates short-term rental bookings within the city.

§ 4-23-22 REQUIREMENTS FOR ADVERTISEMENTS AND PROMOTIONS.

A platform must require each user to include a license number in a short-term rental advertisement or promotion on the platform.

§ 4-23-23 OBLIGATION TO DELIST SHORT-TERM RENTALS.

- (A) A platform must remove an advertisement or promotion for a short-term rental within 10 days from the date the director sends a delist notice.
- (B) A delist notice must:

- (1) be in writing;
- (2) identify the short-term rental's web address and, if known, physical address; and
- (3) state that the short-term rental is operating without a license and that the advertisement or promotion must be removed~~provide the reason that the advertisement or promotion must be removed.~~

(C) A platform must provide the director with an electronic email address that can receive delist notices.

§ 4-23-24 DOCUMENTATION OF HOTEL OCCUPANCY TAXES COLLECTED.

- (A) A platform must make documentation available to users that demonstrates the amount of hotel occupancy taxes collected on behalf of the user.
- (B) The documentation must be accessible to a user on at least a quarterly basis.

§ 4-23-25 ACCEPTING FEES FROM CERTAIN SHORT-TERM RENTALS PROHIBITED.

- (A) A platform may not accept a fee to facilitate a booking for a short-term rental if the short-term rental is not the subject of a valid operator's license.
- (B) A platform that complies with Sections 4-23-22 (*Requirements for Advertisements and Promotions*) and Section 4-23-23 (*Obligation to Delist Short-Term Rentals*), is presumed to comply with Subsection (A).

ARTICLE 3. SHORT-TERM RENTAL OPERATORS.

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

- (A) An operator must own the housing unit that will be operated as a short-term rental.
- (B) On a site with three or fewer housing units, an individual can operate a short-term rental.
- (C) Except as provided in Subsection (D), an individual may operate more than one short-term rental if the short-term rentals are located at least 1,000 feet apart.
- (D) On a site with four or more housing units, the greater of one unit or 25 percent of the housing units the person owns can be operated as short-term rentals.
- (E) In this section, an operator qualifies as an individual when the housing unit is owned:

- (1) only by one or more individuals;
 - (2) by a trust and each trustee and beneficiary are individuals; or
 - (3) by a limited liability company and each member is an individual.
- (F) The 1,000-foot requirement in Subsection (C) applies to an individual who participates in a trust or limited liability company described in Subsection (E) without regard to the name of the trust or the limited liability company.
- (G) A person is not eligible to obtain a new operator's license for any short-term rental for 12 months if the person was the operator of a short-term rental that was declared a nuisance by a director or a court of competent jurisdiction. The 12-month period begins the later of the date their license was revoked or their appeal of the revocation was denied.
- (H) Except as provided in Subsection (I), a short-term rental that was the subject of an operator's license that was revoked cannot be the subject of a new operator's license for:
- (1) six months from the later of the date the license was revoked or the appeal of the revocation was denied; or
 - (2) 12 months from the later of the date the license was revoked or the appeal of the revocation was denied if the operator's license was revoked because the short-term rental was declared a nuisance either by the director or a court of competent jurisdiction.
- (I) A person may apply for an operator's license for a short-term rental that was the subject of a revoked operator's license before the time periods described in Subsection (H) expire if the director determines that the applicant is not associated with the prior property owner.
- (1) An applicant may submit a request for a determination under this subsection using a form approved by the director and by providing information the director requires to make a decision on the request.
 - (2) The director's decision is not appealable.

§ 4-23-32 OPERATOR LICENSE REQUIRED.

- (A) A person must obtain an operator's license to operate a short-term rental.
- (B) A separate operator's license is required for each short-term rental.

- 148 (C) An operator's license:
- 149 (1) is valid for a maximum of two years from the date of issuance, subject to a
- 150 one-time extension of 30 days at the discretion of the director; and
- 151 (2) may not be transferred and does not convey with a sale or transfer of the
- 152 property.
- 153 (D) An operator must include the operator's license number in any advertisement or
- 154 promotion for the short-term rental.
- 155 (E) A person may not advertise or promote or allow another to advertise or promote a
- 156 short-term rental if the housing unit is not the subject of a valid operator's license.

157 **§ 4-23-33 LOCAL CONTACTS.**

- 158 (A) Each operator must designate a local contact.
- 159 (B) A local contact must be:
- 160 (1) an individual;
- 161 (2) present within the Austin Metro Area; and
- 162 (3) authorized to:
- 163 (a) make decisions regarding the short-term rental and its guests; and
- 164 (b) take action to resolve emergency conditions.
- 165 (C) An operator may serve as a local contact.
- 166 (D) Within two hours of being contacted about emergency conditions occurring at the
- 167 short-term rental, the local contact must:
- 168 (1) respond by phone or text message if contacted by a City employee or
- 169 neighbor; or
- 170 (2) respond through the platform's application or in the manner preferred by the
- 171 guest if contacted by a guest; and
- 172 (3) take action to resolve the emergency conditions.
- 173 (E) A local contact must be present at the short-term rental within two hours if
- 174 requested by a City employee.
- 175 (F) An operator may designate an alternative local contact.

176 **§ 4-23-34 OPERATIONAL REQUIREMENTS.**

177 (A) An operator is responsible for:

- 178 (1) complying with all local, state, and federal laws;
- 179 (2) ensuring that each guest of the operator's short-term rental complies with all
- 180 state, local, and federal laws; and
- 181 (3) when applicable, implementing and maintaining mitigation requirements.

182 (B) When the information provided in an application to obtain a new operator's license

183 or to renew an operator's license changes, the operator must update the information

184 within five days after the information changes.

185 (C) If the short-term rental does not include an entire housing unit, an operator must

186 provide a guest with the exclusive use of a bedroom and shared use of a full

187 bathroom.

188 (D) A short-term rental must be habitable.

189 (E) An operator must make the following available to each guest:

- 190 (1) a copy of the information packet described in Section 4-23-4¹⁴
- 191 (*Requirements to Obtain an Operator's License*); and
- 192 (2) a list of fire extinguisher locations in the short-term rental.

193 (F) An operator or guest of a short-term rental may not use or allow the use of sound

194 equipment that produces sound in excess of 75 decibels at the property line

195 between 10:00 a.m. and 10:00 p.m.

196 (G) An operator or guest of a short-term rental may not use or allow use of sound

197 equipment that produces sound audible beyond the property line between 10:00

198 p.m. and 10:00 a.m.

199 (H) An operator or guest of a short-term rental may not make or allow another to make

200 noise or play a musical instrument audible to an adjacent business or residence

201 between 10:30 p.m. and 7:00 a.m.

202 **§ 4-23-35 RESERVED.**

203 **§ 4-23-36 MITIGATION REQUIREMENTS.**

204 (A) The director may impose mitigation requirements on an operator.

- (B) A mitigation requirement must address one or more of the confirmed complaints received about the operator's short-term rental.
- (C) An operator must implement and maintain any mitigation requirements when imposed by the director.
- (D) A mitigation requirement imposed under this section must be provided to the operator in writing and may be appealed.

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 and pay any fees required by this chapter.
- (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) a self-certified safety checklist;
 - (6) the name of each platform that will be used to advertise or promote the short-term rental; and
 - (7) 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) Before issuing an operator's license, the director may require the applicant to obtain a third-party inspection that demonstrates the housing unit does not pose a hazard to life, health, or public safety when the short-term rental is the subject of one or more state law or City Code violations within the prior 24 months.

(E) 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.

(A) 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;

(3) pay a notification fee set by separate ordinance; and

(4) 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.

- (B) If the short-term rental is the subject of outstanding state law or City Code violations, the director may require the applicant to obtain a third-party inspection that demonstrates the housing unit does not pose a hazard to life, health, or public safety before renewing the operator's license.
- (C) As a condition to renew an operator's license, the director may impose mitigation requirements in accordance with Section 4-23-36 (*Mitigation Requirements*).

§ 4-23-43 APPLICATION DENIALS.

- (A) The director must deny an application to obtain or to renew an operator's license if:
- (1) the applicant or operator is ineligible under Section 4-23-31 (*Eligibility to Operate a Short-Term Rental*); or
 - (2) the application and applicant do not comply with the applicable requirements in Section 4-23-41 (*Requirements to Obtain an Operator's License*) or Section 4-23-42 (*Requirements to Renew an Operating License*).
- (B) The director may deny an application for a short-term rental license or an application to renew a short-term rental license if the director determines that the short-term rental or proposed short-term rental:
- (1) poses a hazard to life, health, or public safety based on the third-party inspection;
 - (2) is the subject of at least two separate disturbances that impact the quiet enjoyment of others; or
 - (3) is the subject of at least two violations of federal law, state law, or City Code.
- (C) When the director denies an application to obtain or renew an operator's license, the denial must include the reason the application was denied.
- (D) 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.
- (C) After the time to appeal a decision passes or an appeal is denied, the director may issue a delist notice for a short-term rental if the license was revoked.
- (D) The director may issue a delist notice for a short-term rental if the director determines that the short-term rental is not the subject of a valid license.

§ 4-23-52 LICENSE REVOCATIONS.

- (A) The director may revoke an operator's license if the director determines that:
 - (1) the housing unit poses a threat to life, health, or public safety;
 - (2) the short-term rental qualifies as a nuisance short-term rental as described in Section 4-23-54 (*Nuisance Short-Term Rental*)
 - (3) a court of competent jurisdiction declares the short-term rental a nuisance;
 - (4) the operator fails to implement and maintain applicable mitigation requirements;
 - (5) the operator fails to comply with a compliance plan;
 - (6) the local contact failed to respond within two hours of being contacted; or
 - (7) the director determines that the operator's license was issued in error.

- (B) Except as provided in Subsections (C) or (D), the director must provide an operator with a written notice of intent to revoke and hold a pre-revocation conference before revoking an operator's license.
- (C) The director may revoke an operator's short-term without a notice of intent to revoke or a pre-revocation conference if the director determines that:
- (1) the operator failed to comply with the compliance plan;
 - (2) the director issued the operator's license in error; or
 - (3) a court of competent jurisdiction declared the short-term rental a nuisance.
- (D) If the same or similar issues occur within six months from the date the director determined that the operator complied with the compliance plan, the director may revoke the operator's license without:
- (1) issuing an additional notice of intent to revoke; or
 - (2) holding an additional pre-revocation conference.
- (E) If an operator fails to attend a pre-revocation conference, the requirement to hold a pre-revocation conference is satisfied and the director may revoke the operator's license.
- (F) A revocation may be appealed under Section 4-23-3 (*Appeals*).

§ 4-23-53 NOTICE OF INTENT TO REVOKE, PRE-REVOCATION CONFERENCE, AND COMPLIANCE PLAN.

- (A) A notice of intent must:
- (1) state the reasons for revocation; and
 - (2) provide the date, time, and location of the pre-revocation conference.
- (B) The director must schedule a pre-revocation conference to discuss:
- (1) the issues that triggered the notice of intent to revoke; and
 - (2) a proposed compliance plan that includes corrective measures or mitigation requirements.
- (C) After the pre-revocation conference, the director must provide the operator with a written compliance plan that:

- (1) states the corrective measures and mitigation requirements required to avoid revocation; and
- (2) time for compliance.

(D) If the operator fails to attend the pre-revocation conference, the director is not required to issue a compliance plan.

§ 4-23-54 NUISANCE SHORT-TERM RENTALS.

(A) A person maintains a nuisance short-term rental when:

- (1) the director issues a notice of violation for operating without a short-term rental, the person continues to operate the short-term rental after the notice of violation is issued, and:
 - (a) the person fails to obtain an operator's license,
 - (b) the person is ineligible for an operator's license, or
 - (c) the short-term rental is ineligible to be used as a short-term rental; or
- (2) the short-term rental is the subject of numerous complaints related to:
 - (a) repeated violations of local, state, or federal laws; or
 - (b) disturbances that interfere with the quiet enjoyment of others.

(B) A short-term rental is the subject of numerous complaints based on documentation of:

- (1) police and code compliance calls for service, including 311 calls;
- (2) police reports;
- (3) gatherings that cause a public disturbance; or
- (4) noise complaints.

(C) If the director revokes an operator's license because the short-term rental qualifies as a nuisance and the operator appeals the revocation, the appeal must address whether the short-term rental qualifies as a nuisance.

PART 3. Continuation of Existing Short-Term Rental Licenses and Other Requirements.

(A) A short-term rental license qualifies as existing if the license is valid on September 30, 2025.

- (B) An existing license remains effective until the expiration date on the short-term rental license.
- (C) To renew an existing short-term rental license, an operator must apply to renew the license at least 30 days before the license expires.
- (D) ~~Except as provided in Subsection (E), a~~ An operator with an existing license renewed under this part is not subject to the eligibility requirements in Section 4-23-31 (*Eligibility Requirements*) except as provided in Subsection (E).
- (E) An operator will be required to satisfy the eligibility requirements in Section 4-23-31 (*Eligibility Requirements*) if:
- (1) the operator fails to renew an existing license as set out in this part or a subsequent license; or if
- (2) the director revokes the existing license or a subsequent license.

PART 4. Except for Article 2 (*Platforms*) in Part 2, this ordinance takes effect on October 1, 2025. Article 2 (*Platforms*) takes effect on May 1, 2026.

PASSED AND APPROVED

_____, 2025 §
 §
 §

Kirk Watson
Mayor

APPROVED: _____ **ATTEST:** _____

Deborah Thomas Erika Brady
City Attorney City Clerk

EXHIBIT A. FINDINGS OF FACT

The City Council finds the following:

- (1) Council desires to amend the City's zoning regulations that apply to STRs, adopt new STR-related regulations for owners, operators, and platforms, and require short-term rental (STR) platforms to collect and remit Hotel Occupancy Tax (HOT).
- (2) Transient occupancies such as hotels/motels are typically located on property that is commercially zoned.
- (3) STRs are structures that are designed and constructed as housing units but operate in a transient nature.
- (4) Unlike most hotels and motels, STRs are predominantly located in single-family and multi-family neighborhoods.
- (5) However, when housing units are utilized solely as STRs, those housing units are no longer available as long-term housing for residents, which can impact housing affordability, neighborhood dynamics, and the quiet enjoyment of one's home.
- (6) Over the years, the Council has sought to reduce housing costs and to make housing more affordable.
- (7) To that end, Council has adopted recent changes to the City's Land Development Code that are designed to increase housing supply and includes regulations that allow for (a) additional housing units on properties zoned single-family, (b) smaller residential lots, and (c) residential uses in exchange for income-restricted housing.
- (8) To avoid undoing the work that allows for additional housing units to be constructed, the City must be mindful of how many housing units are licensed as STRs. For this reason, it is necessary to establish density limits on STRs.
- (9) It is customary for sites with four or more units to be:
 - (a) owned by corporate entities; or
 - (b) operated as a condominium regime.

- 433 (10) On sites with four or more units, an overall cap on the number of STRs a
434 person can own is required.
- 435 (11) It is customary for sites with three or fewer dwelling units to be owned by
436 individuals, trusts with individuals as beneficiaries, or limited liability
437 companies with individuals as the sole members.
- 438 (12) In areas that consist of predominately sites with three or fewer units, density
439 is more likely to be controlled when there is:
- 440 (a) a limit on the number of STRs a person can own on a site,
441 (b) a spacing requirement, and
442 (c) a requirement that STRs must be owned by individuals.
- 443 (13) On sites with three or fewer units, it is necessary to limit STR ownership to
444 individuals so that the density limits cannot be circumvented by separate
445 corporate entities that own different properties and dwelling units but are
446 related.
- 447 (14) The Council recognizes that STRs provide opportunities for: (a) property
448 owners who wish age in place or need additional financial assistance to pay
449 property taxes; (b) individuals who visit Austin to stay near friends and
450 family who reside in Austin or to stay in unique and interesting properties,
451 (c) households who live in Austin to stay within the City when their property
452 is being renovated, and (d) another source of income for some individuals.
- 453 (15) Irrespective of whether a property owner lives in Austin or outside of
454 Austin, it is critical to everyone's success that STRs are operated in a
455 manner that is compatible with the surrounding neighborhood.
- 456 (16) When a STR is not operated properly, the activities at the STR disturb long-
457 term residents' quiet enjoyment of their property and the impact of those
458 disturbances can be significant.
- 459 (17) A STR that does not comply with the City Code and is the source of
460 disturbances in a neighborhood is a nuisance.
- 461 (18) Revoking a STR license when a STR is a nuisance is a proper remedy
462 because a property owner does not have a right to operate a nuisance.
- 463 (19) 94% of STR-related calls involve an unlicensed STR.

- (20) Requiring STR platforms to require users/hosts to include a license number in their advertisements can assist the City with ensuring that STRs operating within the City are licensed.
- (21) STR platforms require their users/hosts to include a license number in advertisements in Galveston, Texas; Denver, Colorado; San Francisco, California; Atlanta, Georgia; and Chicago, Illinois.
- (22) Requiring STR platforms to delist an unlicensed STR, at the request of the City, is an appropriate remedy for unlicensed STRs since maintaining advertisements allows for unlawful behavior (i.e. operating an unlicensed STR) to continue.
- (23) Other cities, including Galveston, Texas and San Francisco, California, require STR platforms to delist unlicensed STRs. Houston, Texas recently adopted regulations to require STR platforms to delist unlicensed STRs.
- (24) STR platforms that require license numbers in advertisements and delist unlicensed STRs at the City's request are protected from liability under a "safe harbor" provision.
- (25) STR owners/operators are provided with due process before the City actually revokes their STR license.
- (26) These findings express the purposes, goals, and objectives the Council intends to achieve with its overhaul of the City's existing STR regulations.
- (27) The ordinances:
- (a) reflect the balancing of competing goals and objectives;
 - (b) are adopted in accordance with the City's home rule authority to protect public health, welfare, and safety; and
 - (c) are adopted consistent with the City's zoning authority and police powers.