



Short-Term Rental Proposal

Presented by

Daniel Word, Assistant Director,
Development Services Department

Patricia Link, Division Chief,
Law Department



Outline

01

Background

- Purpose of the Briefing
- History
- City Council's Goals

02

Proposal

- Elements
- Enforcement
- Stakeholder feedback

03

Next Steps

- Timeline for action

Purpose of this briefing

City staff are recommending a series of code amendments to update the City's short-term rental (STR) regulations. The proposed amendments are intended to promote responsible STR ownership, to help manage affordability issues, and to improve hotel occupancy tax (HOT) collection.

History

2012



- Council creates STR use that allows for two types of STRs:
 - Type 1: Owner-occupied STRs.
 - Type 2: Non-owner-occupied STRs.
- Council imposes a density cap for Type 2 STRs

2013



- Council creates Type 3 STRs for multi-family dwellings that are not owner-occupied.
- Council imposes density caps for Type 3 STRs.

History

2015



- Council begins process to amend STR regulations.

2016



- Council phases out existing Type 2 STRs.
- Council prohibits new Type 2 STRs.
- Council limits occupancy and regulates noise.

2019



Zaatari v City of Austin
Invalidated the phase out of existing Type 2 STRs and occupancy limits adopted in 2016.

History

Spring, 2022



Hignell-Stark v New Orleans:
Invalidated New Orleans
requirement that property must be
homesteaded to operate as a STR.

December, 2022



Resolution No. 20221208-064
requested an ordinance that would
make it unlawful for platforms to
collect a fee from a short-term
rental that is not licensed.

2023



Anding v City of Austin
Invalidated the City's prohibition
on new Type 2 STRs based on
the *Hignell-Stark* decision..

History

February, 2024



Tourism Commission Recommendations:

Emphasized supporting neighborhood alignment and preservation of local character and promoting responsible growth.

Proposed partnering with platforms, creating an accountable process, and focusing on underreported Hotel Occupancy Taxes (HOT).

April and May, 2024



Arts and Music Commissions recommendations:

Proposed improving and streamlining STR licensure and compliance to increase HOT collection.

Proposed requiring STR platforms to collect and remit the City's portion of Hotel Occupancy Taxes to the City.

Proposal Addresses City Council's Goals

01

Make STRs more
compatible with
neighborhoods

02

Recover Hotel
Occupancy Taxes
(HOT)

03

Avoid further
exacerbation of
affordability issues.

Proposal Addresses Additional City Goals

04

Improving
compliance rates
and enforcement
outcomes.

05

Regulate consistent
with recent court
decisions.



Eligibility



Requirements



Platforms



Enforcement

Proposal Overview

Four key themes of the proposal include eligibility standards, host requirements, platform regulations, and enhanced enforcement.

What is being proposed: Eligibility

- STRs become an accessory use to all residential uses with a valid license.
- If an individual owns more than one STR, the STRs must be at least 1000 feet apart unless the STRs are located on a site with four or more dwelling units.
- On a site with four or more dwelling units, an owner may operate at least one but no more than 25% of the units.

2,195



Licensed STRs



Eligibility

How the proposal affects existing licenses

Existing STRs can continue provided that the STR does not become a nuisance and property ownership remains the same.

What is being proposed: Requirements

- Hosts must:
 - complete online training course;
 - submit a self-certified safety checklist;
 - maintain minimum of \$1M in liability insurance; and
 - post evacuation plan and location of fire extinguishers and fire alarms.
- Local contacts must respond within 2 hours.

What is being proposed: Platforms

- Platforms must require users to include the license number in their advertisement (“mandatory field”).
- Platforms must collect and remit Hotel Occupancy Tax (HOT) to the City of Austin for listings booked through their websites.
- Platforms must provide host documentation at least quarterly that shows the amount of HOT collected and remitted on behalf of the host.

What is being proposed: Platforms

- Platforms cannot collect fees from unlicensed STRs.
- Platforms must “de-list” advertisements upon request of the city.
- Platforms will have access to a “safe harbor” provision.

What is being proposed: Enforcement

- Impose mitigation requirements to address reoccurring issues (e.g. noise monitoring devices, additional trash cans, etc.).
- Deny and revoke licenses when an operator is operating a nuisance STR.

Enforcement Challenges

01

Verifying
addresses

02

Proving operation

03

Preventing unlicensed
STRs from continuing
to operate

04

Addressing nuisance
STRs



94%

of STR-related
311 Complaints
involve an unlicensed
STR

Enforcement

How the proposal affects enforcement

- Third-party data shows the majority of STRs are unlicensed.
- With more STRs in compliance, Code Compliance teams can focus on nuisance concerns.

Third-Party Contracts

- Licensing
- Enforcement



Community Information Sessions

- Jan. 21** Online - Zoom
- Jan. 22** South - Montopolis Rec
- Jan. 23** North - PDC
- Jan. 27** Downtown - Central Library



Recurring Themes

Licensing & Eligibility

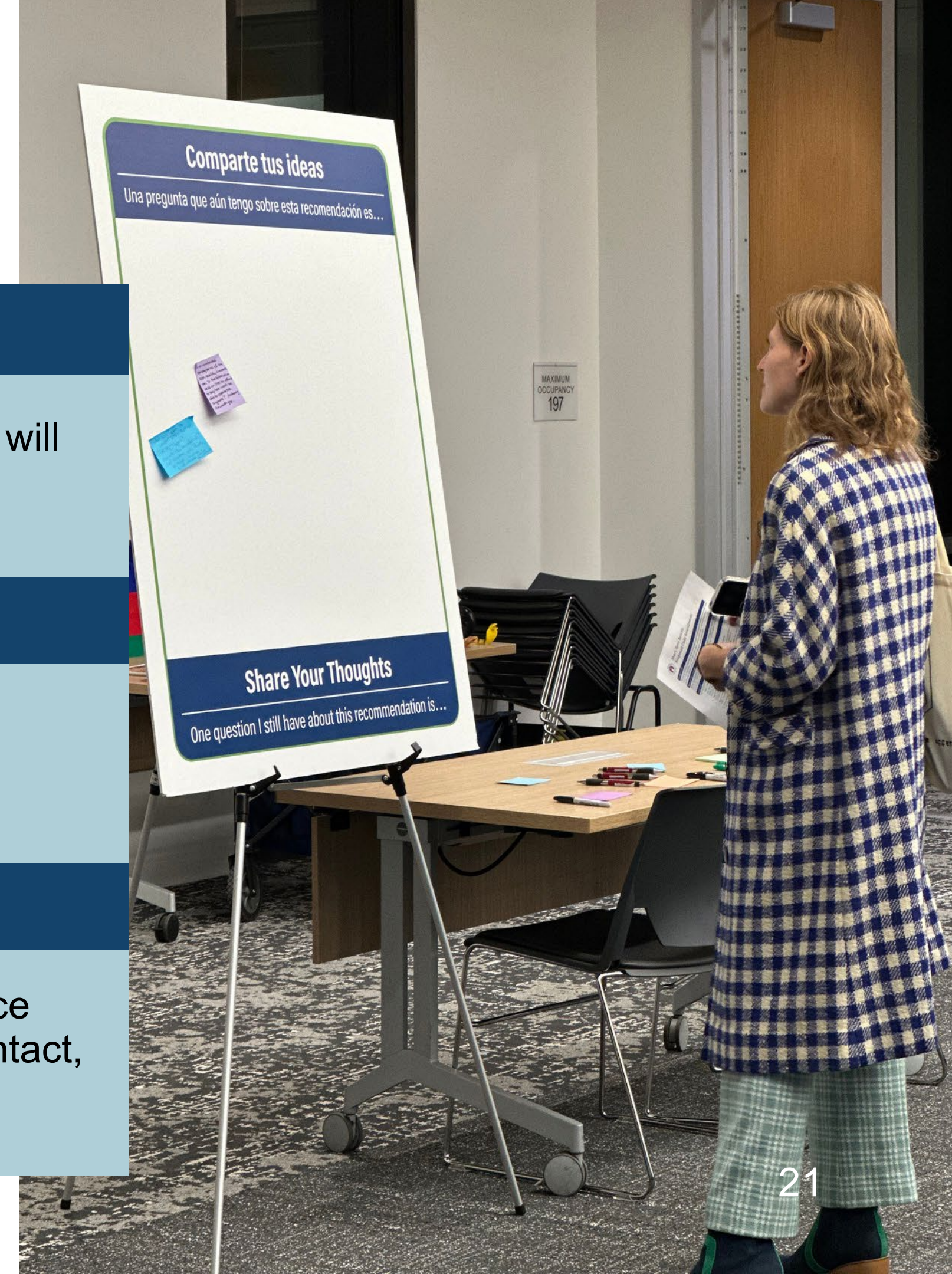
Participants had questions about how the proposed requirements will affect existing STR properties and who can obtain licenses.

Enforcement & Compliance

Participants had feedback and questions about how the City will enforce violations and ensure adherence to regulations.

Requirements

Participants had questions and feedback on the 1,000-foot distance requirement, the two-hour response time requirement for local contact, and platform cooperation.



Timeline for Action

Feb. 4	Joint Planning Commission and City Council Meeting
Feb. 11	Planning Commission
Feb. 27	City Council Meeting

An aerial photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and purple. A river flows through the city, with a bridge visible in the distance. The city is filled with various skyscrapers and buildings, some of which are illuminated. A large blue rectangular overlay covers the bottom left portion of the image, containing white text.

Thank You

Short-Term Rental Proposal

Development Services Department