



# Short-Term Rental Proposal

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# Outline

01

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

02

Proposal

- Elements
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03

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# 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



2013



- 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

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

# History

2015



2016



2019



- Council begins process to amend STR regulations.
- Council phases out existing Type 2 STRs.
- Council prohibits new Type 2 STRs.
- Council limits occupancy and regulates noise.

*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.
- Operator may designate an alternative local contact.

# 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

# Planning Commission Recommendations

- PC voted to support the base motion (the staff recommendation) on a 9-0-1 vote.
- Planning Commission provided multiple recommendations for amendments to the staff proposal at the February 11th meeting.
- Staff has included some of the recommendations from Planning Commission into the staff proposal, other recommendations were already present in the staff proposal, and others have not been incorporated into the staff proposal.





# Community Feedback

- Open Jan. 13    Public Input Webpage
- Jan. 21    Online - Zoom
- Jan. 22    South - Montopolis Rec
- Jan. 23    North - PDC
- Jan. 27    Downtown - Central Library





# Reoccurring Concerns

- Potential loss of funding for local school district due to displacement.
- Lack of available housing, especially affordable housing, in the city.
- Potential increase in the City's budget to pay attorney fees for ensuring compliance with platforms.
- Insufficient enforcement of existing STR regulations before expanding the program.
- Commercialization of Austin, which may drive family homeowners out of the city.
- Disturbances to neighbors, including noise and congestion.
- The need for zoning restrictions to limit STRs.



An aerial photograph of the Austin skyline at sunset. The sky is a mix of orange, yellow, and purple. The city's skyscrapers are silhouetted against the bright sky, with some windows glowing. The Colorado River flows through the city, with a bridge visible in the distance. Lush green trees line the riverbanks in the foreground.

# Thank You

Short-Term Rental Proposal

Development Services Department