

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

§ 4-23-33 LOCAL CONTACTS.

- (A) Each operator must designate a local contact.
- (B) A local contact must be:
- (1) an individual;
 - (2) complete an online training course;

- (3) present within the Austin Metro Area; and
- (4) authorized to:
 - (a) make decisions regarding the short-term rental and its guests; and
 - (b) take action to resolve emergency conditions.
- (C) An operator may serve as a local contact.
- (D) Within two hours of being contacted about emergency conditions occurring at the short-term rental, the local contact must:
 - (1) respond by phone or text message if contacted by a City employee or neighbor; or
 - (2) respond through the platform's application or in the manner preferred by the guest if contacted by a guest; and
 - (3) take action to resolve the emergency conditions.
- (E) A local contact must be present at the short-term rental within two hours if requested by a City employee.
- (F) An operator may designate an alternative local contact.

§ 4-23-34 OPERATIONAL REQUIREMENTS.

- (A) An operator is responsible for:
 - (1) complying with all local, state, and federal laws;
 - (2) maintaining property and liability insurance;
 - (3) ensuring that each guest of the operator's short-term rental complies with all state, local, and federal laws; and
 - (4) when applicable, implementing and maintaining mitigation requirements.
- (B) When the information provided in an application to obtain a new operator's license or to renew an operator's license changes, the operator must update the information within five days after the information changes.
- (C) 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) In the kitchen of a housing unit, an operator must post:
 - (1) a floor plan of evacuation routes and exits; and

(2) the location of fire extinguishers and smoke alarms.

(E) 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.

(F) 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.

(G) 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.

(H) 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.

§ 4-23-35 MINIMUM INSURANCE REQUIREMENT.

An applicant must maintain \$1,000,000 in liability insurance.

§ 4-23-36 MITIGATION REQUIREMENTS.

(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 complete an online training course 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 and minimum liability insurance that covers the proposed short-term rental;
 - (6) a self-certified safety checklist;
 - (7) a current certificate of occupancy or other similar documentation;
 - (8) the name of each platform that will be used to advertise or promote the short-term rental;
 - (9) proof that the operator and each local contact completed the online training course; and
 - (10) 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 if the director must provide notification as set out in Section 4-23-44 (*Notification*); 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.

(C) If the information provided in the applicant's prior application changes after the operator's license was issued, the director must provide notice to each property located within 100 feet of the short-term rental.

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.

- 335 (B) Each offense is punishable by a fine not to exceed \$500. A culpable mental state is
336 not required and need not be proved.
- 337 (C) After the time to appeal a decision passes or an appeal is denied, the director may
338 issue a delist notice for a short-term rental if the license was revoked.
- 339 (D) The director may issue a delist notice for a short-term rental if the director
340 determines that the short-term rental is not the subject of a valid license.

341 **§ 4-23-52 LICENSE REVOCATIONS.**

- 342 (A) The director may revoke an operator's license if the director determines that:
- 343 (1) the operator fails to maintain property or liability insurance as required in
344 Section 4-23-34 (*Operational Requirements*);
- 345 (2) the housing unit poses a threat to life, health, or public safety;
- 346 (3) the short-term rental qualifies as a nuisance short-term rental as described in
347 Section 4-23-54 (*Nuisance Short-Term Rental*)
- 348 (4) a court of competent jurisdiction declares the short-term rental a nuisance;
- 349 (5) the operator fails to implement and maintain applicable mitigation
350 requirements;
- 351 (6) the operator fails to comply with a compliance plan;
- 352 (7) the local contact failed to respond within two hours of being contacted; or
- 353 (8) the director determines that the operator's license was issued in error.
- 354 (B) Except as provided in Subsections (C) or (D), the director must provide an operator
355 with a written notice of intent to revoke and hold a pre-revocation conference
356 before revoking an operator's license.
- 357 (C) The director may revoke an operator's short-term without a notice of intent to
358 revoke or a pre-revocation conference if the director determines that:
- 359 (1) the operator failed to comply with the compliance plan;
- 360 (2) the director issued the operator's license in error; or
- 361 (3) a court of competent jurisdiction declared the short-term rental a nuisance.
- 362 (D) If the same or similar issues occur within six months from the date the director
363 determined that the operator complied with the compliance plan, the director may
364 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) An operator maintains a nuisance short-term rental when the short-term rental:

(1) is operating without a license after the director issues a notice of violation for operating an unlicensed short-term rental; or

(2) 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 4. 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 March 10, 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), an existing license renewed under this part is not subject to the eligibility requirements in Section 4-23-31 (*Eligibility Requirements*).

(E) An operator will be required to satisfy the eligibility requirements in Section 4-23-31 (*Eligibility Requirements*) if the operator fails to renew an existing license as set out in this part or if the director revokes the existing license.

(F) An operator with an existing license will be required to comply with Section 4-23-35 (*Minimum Insurance Requirement*) and the insurance and posting requirements in Section 4-23-34 (*Operational Requirements*) at the later of existing license renewal or 30 days from the effective date of this ordinance.

PART 5. Except for Article 2 (*Platforms*) in Part 3, this ordinance takes effect on _____, 2025. Article 2 (*Platforms*) takes effect on June 1, 2025.

PASSED AND APPROVED

_____, 2025 § _____
Kirk Watson
Mayor

APPROVED: _____ **ATTEST:** _____
Deborah Thomas Myrna Rios
Interim City Attorney City Clerk

EXHIBIT A. FINDINGS OF FACT

[TBD]

DRAFT