

## ORDINANCE AMENDMENT REVIEW SHEET

**Amendment:** C2O-2010-017 Short Term Rental

**Description:**

Conduct public hearing and consider an ordinance amending the City Land Development Code addressing the short term rental of residential units.

**Staff Recommendation:**

Staff does not recommend approval of this amendment as proposed by the Codes and Ordinances Committee of the Planning Commission.

Instead, staff recommends the following.

- ***Registration and Compliance.*** Mandatory registry of all single family properties rented for 30 days or less.
- ***Inspection.*** Mandatory annual health and safety inspection for any single family property that is rented for 30 days or less on five or more occasions in one year.

Staff recommends the following two amendments to the Land Development Code:

- Amend 25-2-3 (*Residential Uses Described*) to delete the term “transient”
- Amend 25-2-893 (*Accessory Uses for a Principal Residential Use*) to expressly allow for the renting of a principal residential use or less than 30 days, subject to the following conditions
  - Any principal residential use must register with the City of Austin, and include
    - the street address of the short-term rental use,
    - the name and mailing address of the owner of the property, and
    - the name, mailing address, and telephone number of a local responsible contact for the property.
  - All properties must otherwise comply with existing regulations, including parking requirements, regulations regarding noise and other nuisances, occupancy limits, and timely payment of the Hotel Occupancy Tax.
  - A mandatory health and safety inspection regarding for any property rented for 30 days or less on five or more occasions in one year.

A mandatory registration program will provide several advantages over current policy and procedures. Mandatory registration will provide the ability to monitor short term rentals, increase compliance with existing regulations, and facilitate a more rapid response to problems that do arise.

Registration will allow easier communication between staff and property owners who rent their properties on a short term basis. Updates about changes in regulations, or other important information will be able to be exchanged more easily with a clearly defined registry.

Additionally, staff anticipates that registration will increase the rate of compliance with the hotel occupancy tax, as required by state law. Many property owners who only occasionally rent on a short term basis may be unaware of their responsibilities in regard to this tax. The registration process will provide an opportunity to inform these owners of the requirements and procedures for paying the Hotel Occupancy Tax.

Registration will provide a 24-hour local contact for each property. This will allow a more rapid response should problems arise at a property when the owner is not present.

Registration will provide useful information about the full scope of the short term rental market, and inform future actions to mitigate any negative impacts that are a result of a property being rented for a short period of time. A registration program could provide the data necessary to determine if there is an impact from the short term rental of residential property as it relates to the availability of affordable housing units in Austin.

### **Background**

For visitors or Austin residents seeking a place to stay for a short period of time, the short term rental of a house or other residential structure has become an increasingly popular option. These short term rentals can offer great flexibility and a unique experience for visitors, and can provide an important source of income for the property owner.

As these short term rentals become more popular, homeowners that reside near them have questioned whether the rental of residential structures for short durations should be more appropriately considered a commercial rather than residential activity, and regulated accordingly.

The Planning Commission Committee on Codes and Ordinances has worked extensively with stakeholders and has drafted a proposal to regulate the short term rental of residential structures through amendments to the land development code.

The first major public stakeholder meeting was in January of 2011. One of the results of this meeting was the creation of a working group including representatives of the major interest groups and members of the Planning Commission.

The working group met held several meetings from May through July of 2011. At the end of these meetings, the Planning Commissioners sponsoring the working group drafted their recommendations. These recommendations were presented to the Planning Commission Codes and Ordinances Committee of the Planning Commission in October of 2011. The Committee adopted these recommendations and recommended forwarding them to the full Planning Commission. These recommendations are attached, and were the basis for the draft ordinance, which is also attached.

In January of 2012, the City Council directed the City Auditor to prepare a report looking at several aspects of the practice of short term rentals in Austin. These results were presented in April 2012.

The Codes and Ordinances Committee reviewed the Auditor's report and made its final recommendation for approval on May 15, 2012.

### **Final Board and Commission Actions**

**Planning Commission Committee on Codes and Ordinances** – May 15, 2012, the Committee forwarded the final proposal to the full Planning Commission with a recommendation for approval with specific changes.

**Planning Commission** – May 22, 2012: Planning Commission is posted for public hearing and possible action.

### **City Council Action**

January 12, 2012: City Council adopts a resolution directing the City Auditor to prepare a report looking at several aspects of the short term rental market in Austin.

May 24, 2012: City Council is posted for public hearing and possible action.

### **Ordinance Number:**

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