



Short-Term Rental Proposal

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Agenda

01

Background

- About the update
- History
- Challenges

02

Recommendations

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Recommendations
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03

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Background

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



COA begins regulating STRs.

2016



COA prohibits new non-owner occupied STRs in residential zones, phase out of existing Type 2 for April 2022.

2019



Zaatari v City of Austin

2022



Hignell-Stark v New Orleans

2023



Anding v City of Austin

2024



Arts, Music & Tourism Commission Proposals

Reasons for Change

Court Decisions

Austin's STR regulations have been impacted by a series of court decisions that have left significant portions of the city's rules unenforceable.

Council Resolution

Council Resolution No. [20221208-064](#) directed the City Manager to bring forward an ordinance that would make it unlawful for platforms to collect a fee from a short-term rental that is not licensed.

Additional Council Direction

Ordinance No. [20231207-001](#) directed the City Manager to bring forward holistic amendments to short-term rental regulations.



Legal Challenges & Impact

Zaatari vs. City of Austin (Nov 2019)

Ruled that the City cannot enforce STR occupancy limits nor can the City “sunset” existing Type 2 STR licenses.

Hignell-Stark vs. City of New Orleans (Aug 2022)

Removed distinction between Type 1 and Type 2 STRs.

Anding vs. City of Austin (Aug 2023)

Ruled that Type 2 STR licenses must be made available anywhere in the City where Type 1 licenses are available.

Enforcement Challenges

01

Determining
address of an
advertisement

02

Tenant contact
required to
prove operation

03

No legal action
available against
hosting platforms

04

No cooperation
from hosting
platforms

Commission Recommendations

Tourism Commission

(Feb 2024)

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).

Commission Recommendations

Music Commission & Arts Commission

(April & May 2024)

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

Require that the City's portion of Hotel Occupancy Taxes be collected automatically by STR platforms from the host and remitted to the City.



Platforms



Eligibility



Requirements

Proposal Overview

Three key themes of the proposal include platform collaboration, eligibility standards, and requirements to maintain a license.

What is being proposed: Platforms

- Require hosting platforms to collect and remit Hotel Occupancy Tax (HOT) to the City of Austin for listings booked through their websites
- Prohibit platforms from collecting fees from unlicensed STRs
- Require platforms to “de-list” advertisements upon request of the city

What is being proposed: Platforms

- Platforms must require the license number be displayed in the advertisement (“mandatory field”)
- Provide host documentation at least quarterly regarding the amount of HOT collected on behalf of a “host”

What is being proposed: Eligibility

- STRs become an accessory use to all residential uses with a valid license
- Limitations on corporate ownership
- Individuals must space STRs at least 1000 ft apart from other STRs the same individual operates
- One owner is limited to operate no more 25% of units on a multi-family property.

What is being proposed: Requirements

- Local contact must respond within 2 hours
- Post evacuation plan and location of fire extinguishers and fire alarms in kitchen of unit
- Maintain minimum of \$1M in liability insurance

What is being proposed: Requirements

- Adhere to mitigation requirements imposed by the director (e.g. noise monitoring devices, additional trash cans, etc.)
- Host must complete online training course
- Submit a self-certified safety checklist
- Director (or court) may declare a STR a nuisance

An aerial photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and purple. In the foreground, a river flows through a lush green area with many trees. The city skyline is composed of various high-rise buildings, some with lights on. A blue semi-transparent overlay covers the bottom left portion of the image, containing white text.

Thank You

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Development Services Department



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