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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
 - o 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.
 - o 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.
 - o 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 of 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.

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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:

City Staff: Robert Heil

Phone: 974-2330

Email: Robert.Heil@AustinTexas.gov

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C4/4

ORDINANCE NO.

AN ORDINANCE AMENDING CITY CODE CHAPTER 25-2 (ZONING) RELATING TO THE REGULATION OF SHORT-TERM RENTAL RESIDENTIAL USES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

- **PART 1.** Subsection (B) of City Code Section 25-2-3 (Residential Uses Described) is amended to add a new use classification, Short-Term Rental, to read as follows and to renumber the remaining classifications accordingly:
 - (10) SHORT-TERM RENTAL (TYPE 1) AND (TYPE 2) use is the rental of a residential dwelling unit or accessory building, other than a unit or building associated with a condominium residential, multifamily residential, or group residential use, on a temporary or transient basis in accordance with Article 4, Division 1, Subpart C (Requirements for Short-Term Rental Uses) of this chapter. The use does not include an extension for less than 30 consecutive days of a previously existing rental agreement of 30 consecutive days or more.
- **PART 2.** City Code Section 25-2-491 (Permitted, Conditional, and Prohibited Uses) is amended to add two new uses, Short-Term Rental (Type 1) and Short-Term Rental (Type 2), and the chart in Subsection (C) is amended as follows:

Short-Term Rental (Type 1) use is a permitted use in the following base districts:

Lake Austin residence (LA)

rural residence (RR)

single-family residence large lot (SF-1)

single-family residence standard lot (SF-2)

family residence (SF-3)

single-family residence small lot (SF-4A)

single-family residence condominium site (SF-4B)

urban family residence (SF-5)

townhouse and condominium residence (SF-6)

multifamily residence limited density (MF-1)

multifamily residence low density (MF-2)

multifamily residence medium density (MF-3)

multifamily residence moderate-high density (MF-4)

multifamily residence high density (MF-5)

family residence (SF-3) single-family residence small lot (SF-4A) single-family residence condominium site (SF-4B) urban family residence (SF-5) townhouse and condominium residence (SF-6) multifamily residence limited density (MF-1) multifamily residence low density (MF-2) multifamily residence medium density (MF-3) multifamily residence moderate-high density (MF-4) multifamily residence high density (MF-5)

PART 3. City Code Section 25-2-557 (Reserved) is amended to read:

multifamily residence highest density (MF-6)

central business (CBD)

downtown mixed use (DMU)

§ 25-2-557 <u>RENTAL OF INDIVIDUAL ROOMS IN CERTAIN RESIDENTIAL</u> <u>DISTRICTS</u> [<u>RESERVED</u>].

Except in the case of a Bed and Breakfast Residential Use, the rental of individual rooms for a period of less than 30 consecutive days within a Lake Austin residence, rural residence, single-family residence large lot, single-family residence standard lot, family residence, single-family residence small lot, single-family residence condominium site, urban family residence, or townhouse and condominium residence district is prohibited.

PART 4. City Code Chapter 25-2, Subchapter C, Article 4, Division 1 (Residential Uses) is amended to add a new Subpart C to read as follows:

Subpart C. Requirements for Short-Term Rental Uses.

§ 25-2-788 SHORT-TERM RENTAL (TYPE 1) USE.

(A) This section applies to a short-term rental use that:

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Short-Term Rentals

COA Law Department

Responsible Att'y: Shaw

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- A certificate of registration is required under this section for each property (A) containing a short-term rental (type 1) or short-term rental (type 2) use.
- To obtain a certificate of registration, the owner of a short-term rental use must (B) submit an application on a form provided for that purpose by the director. The application must include the following:
 - a fee established by separate ordinance; (1)
 - the name, street address, mailing address, facsimile number, and (2) telephone number of the owner of the property;
 - the name, street address, mailing address, facsimile number, and (3) telephone number of a local responsible contact for the property;
 - the street address of the short-term rental use; (4)
 - a tax identification number; (5)
 - proof of property insurance; (6)
 - (7) proof of payment of hotel occupancy taxes due as of the date of submission of the application;
 - a copy of a current, valid certificate of occupancy showing that the short-(8) term rental use facility is in compliance with Title 25 of the City Code of Ordinances: and
 - any other information requested by the director. (9)
- The director shall issue a certificate of registration under this section if: (C)
 - the application includes all information required under Subsection (B) of (1) this section:
 - the proposed short-term rental use complies with the requirements of (2) Section 25-2-788 (Short-Term Rental (Type 1) Use) or Section 25-2-789 (Short-Term Rental (Type 2) Use);
 - the owner obtains a safety inspection establishing that the short-term (3) rental use complies with minimum requirements for health and safety;
 - for a short-term rental use under Section 25-2-789 (Short-Term Rental (4) (Type 2) Use), the property has obtained a conditional use permit.
- A certificate of registration may be renewed annually if the owner: (D)
 - pays a renewal fee established by separate ordinance; (1)
 - the owner provides:

is valid for one year from the date of issuance, subject to a one-time extension of 30 days at the discretion of the director; may not be transferred by the property owner listed on the application and does not convey with a sale or transfer of the property; and three or more citations associated with the property or tenants of the property are issued by the Code Compliance Department or the Austin Police Department within a period of one year or less; or the owner fails to pay hotel occupancy taxes for the property as required by Section 11-2-4 (Quarterly Reports; Payments).

A certificate of registration rendered void under Subsection (E) may not be renewed under Subsection (D), and a new certificate of registration may not be issued for the same property sooner than one year after the date the certificate is rendered void.

§ 25-2-791 NOTIFICATION REQUIREMENTS.

- (A) The director shall provide a packet of information with each certificate of registration summarizing the restrictions applicable to the short-term residential use, including:
 - (1)the name and contact information of the local responsible contact designated in the application;
 - occupancy limits applicable under Section 25-2-511 (Dwelling Unit (2) Occupancy Limit);
 - restrictions on noise applicable under Chapter 9-2 (Noise and Amplified) (3) Sound), including limitations on the use of amplified sound;

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COA Law Department Responsible Att'y: Shaw

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(5) prohibition on gatherings;

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(6) trash collection schedule;

parking restrictions;

- (7) information on relevant burn bans;
- (8) information on relevant water restrictions; and
- (9) other guidelines and requirements applicable to short-term rental uses.
- (B) The owner or operator of a short-term rental use must:
 - (1) provide renters a copy of the information packet under Subsection (A) of this section;
 - (2) post the packet conspicuously in the common area of each dwelling rental unit included in the registration; and
 - (3) mail notice of the contact information for the local responsible contact to all properties within 100 feet of the short-term rental use.

§ 25-2-792 NONCONFORMING SHORT-TERM RENTAL USES.

- (A) Except as otherwise provided in this section, a short-term rental use must comply with all requirements of this subpart regardless of when the use was commenced.
- (B) A short-term rental (type 2) use may qualify as a nonconforming use under Section 25-2-941 (*Nonconforming Use Defined*) with respect to:
 - (1) the 1,000-foot distance restriction in Subsection (B) of Section 25-2-789 (Short-Term Rental (Type 2) Use); and
 - the requirement to obtain a conditional use permit under Section 25-2-491 (Permitted, Conditional, and Prohibited Uses).
 - (C) To qualify as a nonconforming use, the director must determine that all required hotel occupancy taxes for the short-term rental (type 2) use were paid for each of the six quarters prior to {insert effective date of ordinance} and that at least five of the six payments were timely under the requirements of Chapter 11-2 (Hotel Occupancy Tax) and state law.

§ 25-2-793 CRIMINAL ENFORCEMENT.

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	COI	DES & ORDINANCES RECOMMENDATION - NOT REVIEWED BY PLANNING COMMISSION				
1 2	(A)	Criminal penalties for violations of this subpart are prescribed by Title 1 (General Provisions) of the City Code.				
3 4	(B)	A separate offense is committed each day that a violation of this subpart continues.				
5						
6 7	PART 5. City Code Chapter 25-2, Subchapter E, Article 4, Subsection 4.2.1. (<i>Mixed Use Combining District</i>) is amended to read as follows:					
8	4.2.1.	Mixed Use Combining District				
9 10 11	A. Purpose. The purpose of a mixed use (MU) combining district is to allow office, retail, commercial, and residential uses to be combined in a singular development.					
12 13	В.	Base Districts. A mixed use (MU) combining district may be combined with the following base districts:				
14 15		1. Neighborhood office, if the use of an MU combining district will further the purpose of the neighborhood office base district;				
16		2. Limited office;				
17		3. General office;				
18	,	4. Neighborhood commercial;				
19		5. Community commercial;				
20		6. General commercial services; and				
21		7. Commercial liquor sales.				
22	C.	Allowed and Conditional Uses [Uses Allowed].				
23		1. In the MU combining district, the following uses are permitted:				
24 25		i.[4.] Vertical mixed use buildings, subject to compliance with Section 4.3. of this Subchapter;				
26		ii.[2.] Commercial uses that are permitted in the base district;				

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<u>iii.[3.]</u> Civic uses that are permitted in the base district;

CODES & ORDINANCES RECOMMENDATION - NOT REVIEWED BY PLANNING COMMISSION 1 <u>iv.[4.]</u> Townhouse residential: v.[5.] Multifamily residential; 3 <u>vi.[6.]</u> Single-family residential: 4 Single-family attached residential; vii.[7.] 5 Small lot single-family residential; viii<u>.[8.]</u> 6 Two-family residential; 1x.[9.] 7 Condominium residential; x.[10.] 8 <u>xi.[11.]</u> Duplex residential: 9 xii.[12.] Group residential; 10 xiii.[13.] Group home, class I (limited); 11 xiv.[14.] Group home, class I (general); [and] xv.[15.] Group home, class II; and 13 Short Term Rental (Type 1). XVI. 14 In the MU combining district, the short term rental (type 2) use is 15 conditional. 16 D. District Standards. 17 1. A single-family residential use must comply with the site development 18 regulations prescribed by Section 25-2-492 (Site Development 19 Regulations) for a family residence (SF-3) district, except for the front 20 yard setback. The use must comply with the front yard setback prescribed 21 for the base district. 22 2. A single-family attached residential use must comply with Section 25-2-23 772 (Single-Family Attached Residential Use). 24 A small lot single-family residential use must comply with Section 25-2-3. 779 (Small Lot Single-Family Residential Use).

CODES & ORDINANCES RECOMMENDATION - NOT REVIEWED BY PLANNING COMMISSION A two-family residential use must comply with Section 25-2-774 (Two-4. 1 Family Residential Use). 2 A duplex residential use must comply with Section 25-2-773' (Duplex 3 5. Residential Use). 4 6. This subsection applies to a multifamily residential use, a townhouse 5 residential use, a condominium residential use, a group residential use, or 6 a group home use. 7 In a mixed use (MU) combining district that is combined with a 8 a. neighborhood office (NO) base district, the minimum site area for 9 each dwelling unit is: 10 3,600 square feet, for an efficiency dwelling unit; (i) 11 4,000 square feet, for a one bedroom dwelling unit; and 12 (ii) 4,400 square feet, for a dwelling unit with two or more (iii) 13 bedrooms. 14 In an MU combining district that is combined with an limited 15 b. office (LO) or neighborhood commercial (LR) base district, the 16 minimum site area for each dwelling unit is: 17 1,600 square feet, for an efficiency dwelling unit; (i) 18 2.000 square feet, for a one bedroom dwelling unit; and 19 (ii) 2,400 square feet, for a dwelling unit with two or more (iii) 20 bedrooms. 21 In an MU combining district that is combined with a general office 22 C. (GO), community commercial (GR), general commercial services 23 (CS), or commercial services – liquor sales (CS-1) base district, the 24 minimum site area for each dwelling unit is: 25

(i) 800 square feet, for an efficiency dwelling unit;

(ii) 1,000 square feet, for a one bedroom dwelling unit; and

(iii) 1,200 square feet, for a dwelling unit with two or more bedrooms.

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PART 6. This ordinance takes effec	DATION – NOT REVIEWED BY PLANNING COMMISSION Ct on
PASSED AND APPROVED	CLY
	§ 8
	012 §
±	Lee Leffingwell Mayor
ADDOVED	
APPROVED:	ATTEST:
Karen M. Kennard City Attorney	Shirley A. Gentry City Clerk



AFFORDABILITY IMPACT STATEMENT NEIGHBORHOOD HOUSING AND COMMUNITY DEVELOPMENT CITY COUNCIL AGENDA: PENDING CASE NUMBER: PENDING

PROPOSED RULES POSTING::	PROPOSED SHORT TERM RENTAL ORDINANCE				
IMPACT ON REGULATORY BARRIERS TO HOUSING DEVELOPMENT	☐ INCREASE ☐ DECREASE ☐ NO IMPACT				
LAND USE / ZONING OPPORTUNITIES FOR AFFORDABLE HOUSING DEVELOPMENT	☐ INCREASE ☐ DECREASE ☐ NO IMPACT				
IMPACT ON COST OF DEVELOPMENT	☐ INCREASE ☐ DECREASE ☐ NO IMPACT				
IMPACT ON PRODUCTION OF AFFORDABLE HOUSING	☐INCREASE ☐ DECREASE ☑NO IMPACT				
PROPOSED CITANGES IMPACTING HOUSING AFFORDABILITY:	•				
ALTERNATIVE LANGUAGE TO MAXIMIZE AFFORDABLE HOUSING OPPORTUNITIES:					
OTHER HOUSING POLICY CONSIDERATIONS:	NHCD STAFF SUPPORTS PDR'S RECOMMENDATION, NOTING THAT ADDITIONAL DATA WOULD BE REQUIRED TO ANALYZE OCCURRENCES TO ASSESS IF ACTIVITY IS IMPACTING THE SALE AND PURCHASE OF HOUSING UNITS AT AFFORDABLE PRICE POINTS IMPACTING HOUSEHOLDS AT OR BELOW 80 PERCENT MEDIAN FAMILY INCOME (MFI).				
Date Prepared:	May 18,2012				
DIRECTOR'S SIGNATURE: ELIZABETH A. SIMENCER					

Planning Commission/Codes & Ordinances Sub-Committee Short Term Rentals Workgroup — Sponsors' Recommendations

A. Definition

Short Term Rental (STR) is a new Single Family Residential Use of a single family residential structure for a period of time between one and 30 consecutive days. An STR property is inclusive of all permanent structures on a Single Family lot; i.e. a primary house and secondary apartment, or duplexes. STR does not preclude the short term extension of the rental agreement of a previously established long-term tenant. Residential use is the occupancy of living accommodations.

The short term rental of a homesteaded residence is an allowed use in any Single Family (SF) residential use zoning category. Commercial STR is a conditional use in any SF residential use zoning category.

The separate short term rental of individual rooms within a residential structure is prohibited in SF zoning with the exception of Bed and Breakfast use. The rental of STR residential property as a site for gatherings is prohibited.

Note that the STR use is addressed here only in the context of single family residential zoning and does not apply to multi-family, mixed-use or other zoning categories.

B. Registration

The City of Austin (COA) requires Registration of all Short Term Rental (STR) properties. The Registration Application requires the following information:

- the identity of the property owner or site manager
- a Tax ID number
- proof of property insurance
- a Certificate of Occupancy
- a designated Local Responsible Contact (LRC)
- a local emergency contact phone number, and
- the STR address.

The COA will provide each applicant a packet of requirements and guidelines to:

- facilitate rentals compatible with SF zoning residential uses, and
- minimize conflict with adjacent properties.

Planning Commission/Codes & Ordinances Sub-Committee Short Term Rentals Workgroup — Sponsors' Recommendations

C. General Requirements

The following requirements pertain to all STRs regardless of type:

- All property owners of STRs must pay appropriate Hotel Occupancy Taxes.
- All STRs are subject to COA Dwelling Unit Occupancy Limits (LDC 25-2-511).
- During rental periods, the Local Responsible Contact must provide Emergency Contact Information by either posting it on the property or distributing it to adjacent residences within 100 feet of the property.
- The property owner is liable for damages resulting from renters' actions.

The Local Responsible Contact must attach a packet of requirements and guidelines to STR rental agreements (provided by COA at registration) and provide such packet to renters. The packet must include applicable excerpts from City Ordinances or comparable information. Renters must comply with all requirements and guidelines regarding:

- Occupancy Limits
- Noise Restrictions applicable to SF zoning including exclusion of outdoor amplified
- Parking Restrictions
- Prohibition of Gatherings
- Trash Collection Schedule
- Current COA restrictions, ex: a burn ban, watering restrictions.

D. Requirements for Homesteaded STRs

Two Tiered Permit Process for Homesteaded Homes

- Limited Rental: Annual Permit and Fee Required —\$25 Fee covers up to 15 total days per year occasional rentals
- 2. Periodic Rental: Annual Permit and Fee Required \$50 Fee covers periodic or frequent STRs that exceed 15 days per year up to a maximum of 90 days.

If a primary residence is homesteaded and a secondary unit is rented out on a short term basis the homesteaded STR regulations apply. Likewise if a duplex is homesteaded and the other duplex half is rented out on a short term basis the homesteaded STR regulations apply. Homesteaded STRs allows owners to accommodate visitors who attend local festivals and events such as ACL, SXSW, and F1.

Planning Commission/Codes & Ordinances Sub-Committee Short Term Rentals Workgroup — Sponsors' Recommendations

E. Requirements for Commercial STRs

Non-Owner Occupied and Investment Rentals

- Commercial STR requires a conditional use permit approved through the public process with the Neighborhood Planning and Development Review Department, Land Use Commission, and City Council
- 2. Repeat STR Commercial: Annual License and Fee Required \$250 Fee Per Site
- Multiple STRs per Owner/Property Manager: Annual License and Fee Required \$250 Fee per site.

Any property that is rented for less than 30 days that is not homestead-exempted is a Commercial STR. Commercial STR properties must be dispersed at least 1000 feet apart from other STR properties and Bed and Breakfasts rentals. A Commercial STR license is granted to the owner and does not convey with the property.

In order to qualify existing STRs for grandfathered property exemptions, owners must provide documentation of:

- Hotel Occupancy Tax (HOT) filings for each of the four quarters previous to adoption of the ordinance
- On-time HOT payments according to state due dates for three of those four quarters.

Licensing Requirements:

- An initial safety inspection and one periodic inspection per subsequent three year cycle to ensure that the property meets COA/PACE code safety standards and requirements.
- Adequate on-site parking. COA single-family parking regulations apply to front yard parking unless it is specifically allowed in the neighborhood plan.
- After the issuance of a license, if three or more citations per site are issued within a
 year the license will be revoked with a wait period of one year before reapplication.
- The Owner/Property Manager may not have outstanding code enforcement or APD citations for violations within the past two years. Tenant citations issued against violations of code also apply if they pertain to the STR property.
- A license lapses if no Hotel Occupancy Tax is paid for one year. Documentation showing hotel taxes have been paid must be provided when the license in renewed. A three-month grace period will be allowed for licenses in good standing.
- Additional requirements per PDRD and Legal Staff recommendations.

Commercial STR owners are strongly encouraged to:

- Join rental property owners association
- Inform neighbors adjacent to and within one block proximity to STR.

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