

ORDINANCE AMENDMENT REVIEW SHEETC3
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Amendment: C20-2013-007 Short-Term Rentals

Description: Consider amendments to Chapter 25-2 of the City Code to improve compliance, notification, enforcement, and efficiency of short-term rental regulations.

Proposed Language: See attached draft language.

Staff Recommendation: Staff recommends this amendment.

Background: Initiated by Council Resolution 20130228-040

In response to concerns about the implementation of short-term rental (STR) regulations, the City Council passed Resolution 20130228-040 directing staff to draft amendments to City Code to ensure greater compliance with the STR regulations, to improve notification and enforcement, and to ensure more efficient and cost effective permit review. The draft recommendations from staff are included in the backup for this item.

Board and Commission Actions

Planning Commission Subcommittee on Codes and Ordinances – Feedback solicited at the March 19, 2013 meeting.

Recommend approval of this item to full Planning Commission on April 16, 2013. Vote: 4-0.

Planning Commission – A public hearing has been set for April 23, 2013.

Council Action

City Council – A public hearing at City Council has been set for May 9, 2013.

Ordinance Number: NA

City Staff: Jerry Rusthoven **Phone:** 974-3207

Email: jerry.rusthoven@austintexas.gov

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RESOLUTION NO. 20130228-040

WHEREAS, on August 2, 2012, the City Council adopted Ordinance No. 20120802-122 to regulate the use of single-family homes for short-term rentals ("STRs"); and

WHEREAS, in response to concerns raised during early implementation of the regulations, the City Council passed Resolution No. 20121018-069 directing the City Manager to recommend amendments to, among other things, ensure greater compliance with the STR regulations, to improve notification and enforcement, and to ensure more efficient and cost effective permit review; and

WHEREAS, on February 15, 2013, the Planning & Development Review Department provided a report to Council outlining several recommendations to improve the STR regulations; NOW, THEREFORE,

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

1. The City Council initiates code amendments to Title 25 (Land Development) and directs the City Manager to process an ordinance that achieves the following objectives:

- A. Amend the requirements for Type 1 STRs to allow an owner who is present on the property to rent one room on a short-term basis, without renting the entire structure.
 - a. Create a Type 1A STR to allow the rental of less than the entire structure to a single party as long as the owner is present.
 - i. Need to define "single party."
 - ii. Existing occupancy limits would still apply (six unrelated persons per dwelling unit).
- B. Create a Type 3 STR for multi-family properties, with the same application requirements as Type 1 and Type 2 STRs, and any additional restrictions deemed appropriate.
 - a. Create a Type 3 STR to regulate STRs in multifamily units.
 - i. Use a 3% cap on the number of units used as STRs per building, not to exceed 3% of the entire property.
 - ii. Any one property would be allowed to have at least one STR, should it be unable to satisfy the above requirement, but no more than one unit, should the presence of said unit exceed the cap of 3% per property.
 - iii. Need to consider corporate relocations (where available units rotate)?

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- iv. Possibly different considerations for DMU and CBD, where noise and parking not as disruptive?
 - v. Grandfathering for existing multifamily STRs that exceed the proposed cap?
- C. Repeal Subsection (C) of Section 25-2-788 (Short-Term Rental (Type 1) Regulations).
 - a. This section is not needed and is covered by 25-2-788 (A)(3).
- D. Amend Section 25-2-790(B)(2) to eliminate the requirement for applicants to provide a fax number.
 - a. Most applicants do not have a fax number.
- E. Add notification to neighborhood association contacts using electronic notification.
 - a. Currently, notification is to property owners within 100 feet of a registered STR; the proposed change would add notification to nearby neighborhood association contacts.
- F. Adjust the notification fee to reflect the direction in Subsection (E) and provide for a refund to applicants who previously paid the original fee.
 - a. The one-time \$50 notification fee will remain as-is, with a refund of the difference to applicants who paid the initial higher notification fee.
 - i. A separate ordinance may be required for this action.
- G. Provide that operation of an STR without a proper license is an offense under Section 1-1-99 (Offenses; General Penalty) punishable by a fine of up to \$2,000 per day.
 - a. This proposed change clarifies that operating an STR without a license is an offense with penalties in line with other zoning violations.
- H. Include any other code amendments that are necessary to implement the additional direction in Part 2 of this resolution.
 - a. Addition of PUD to the allowable zoning districts for STRs. This zoning district was inadvertently not included in the original STR ordinance.
 - b. Addition of a provision to clarify that a minimum of one (1) Type 2 STR is permitted in a census tract where the 3% cap would otherwise be exceeded by a single Type 2 STR.
 - c. Addition of a requirement under 25-2-790 that a licensed STR must include the issued STR license number on all advertising for the Short Term Rental use and that it is an offense not to do so. it would also be an offense to falsely advertise as a licensed STR. This will strengthen the ability of Code Compliance to identify those operating without a license and give the public the ability to rent from legal STRs.

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2. The City Manager is further directed to:

- A. Create a publicly available map and online database of short-term rentals.
 - a. Currently under staff review.
- B. Develop online payment options and transition to an entirely online payment and registration process as soon as is reasonably feasible.
 - a. A city-wide payment system is currently under development (Communications and Technology Management Department).
- C. Establish a waiting list for homeowners seeking a license for a Type 2 STR in a census tract that has reached the 3% cap allowed under the regulations.
 - a. A waiting list currently exists.

3. The ordinance required by this resolution should be presented to Council for consideration within 70 days. Changes that do not require code amendments should be fully implemented within 6 months, with monthly updates to be provided until all of the changes have been implemented.

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WHEREAS, on February 15, 2013, the Planning & Development Review Department provided a report to Council outlining several recommendations to improve the STR regulations; **NOW, THEREFORE**,

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

1. The City Council initiates code amendments to Title 25 (*Land Development*) and directs the City Manager to process an ordinance that achieves the following objectives:
 - (A) Amend the requirements for Type 1 STRs to allow an owner who is present on the property to rent one room on a short-term basis, without renting the entire structure.
 - (B) Create a Type 3 STR for multi-family properties, with the same application requirements as Type 1 and Type 2 STRs, and any additional restrictions deemed appropriate.

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- (C) Repeal Subsection (C) of Section 25-2-788 (*Short-Term Rental (Type 1) Regulations*).
- (D) Amend Section 25-2-790(B)(2) to eliminate the requirement for applicants to provide a fax number.
- (E) Add notification to neighborhood association contacts using electronic notification.
- (F) Adjust the notification fee to reflect the direction in Subsection (E) and provide for a refund to applicants who previously paid the original fee.
- (G) Provide that operation of an STR without a proper license is an offense under Section 1-1-99 (*Offenses; General Penalty*) punishable by a fine of up to \$2,000 per day.
- (H) Include any other code amendments that are necessary to implement the additional direction in Part 2 of this resolution.

2. The City Manager is further directed to:

- (A) Create a publicly available map and online database of short-term rentals.
- (B) Develop online payment options and transition to an entirely online payment and registration process as soon as is reasonably feasible.
- (C) Establish a waiting list for homeowners seeking a license for a Type 2 STR in a census tract that has reached the 3% cap allowed under the regulations.

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3. The ordinance required by this resolution should be presented to Council for consideration within 70 days. Changes that do not require code amendments should be fully implemented within 6 months, with monthly updates to be provided until all of the changes have been implemented.

ADOPTED: February 28, 2013 ATTEST: Jannette S. Goodall
Jannette S. Goodall
City Clerk