

SUBJECT: Implementing regulations for certain short-term rental units

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 5 ayes — Lozano, Bernal, Cortez, Cunningham, Hayes
1 nay — J. González
3 absent — Gates, Romero, Tepper

WITNESSES: For — Michelle Villanueva (*Registered, but did not testify*: Kenneth Flippin, US Green Building Council Texas Chapter; Debra K. Hughes)

Against — Thomas Blauvelt, Mayor - Volente, TX; Stephanie Ashworth, Texas Neighborhood Coalition; Sean Brown, Village of Volente; Timothy McMillan, Village of Volente City Council; Scott Attwood; Alix Brewer; Pat Sablatura; (*Registered, but did not testify*: Brie Franco, City of Austin; Sally Bakko, City of Galveston; Angela Hale, City of McKinney; Christine Wright, City of San Antonio; Angela Hale, McKinney Chamber of Commerce; Justin Bragiel, Texas Hotel and Lodging Association; JJ Rocha, Texas Municipal League; Sofia Avant-Mier)

BACKGROUND: Some have suggested that creating a standard regulatory framework for short-term rental units for certain municipalities could help to provide more clarity and guidance to property owners.

DIGEST: CSHB 3169 would amend the Local Government Code to implement a standardized regulatory framework for short-term rental units. The bill would apply only to a municipality with a population of less than 1,000 individuals and that borders Lake Travis.

The bill would define a "short-term rental unit" as a dwelling that was intended for use as the home of a person, family, or household, including single-family and multi-unit buildings, apartments, condominiums, cooperatives, and timeshares. A dwelling also would have to be rented wholly or partly for a fee, and for a period of less than 30 consecutive

days to be considered a short-term rental unit.

The bill would authorize a municipality to prohibit:

- the use of a short-term rental unit to promote activities that were illegal under municipal or other law;
- the provision or management of the unit by a registered sex offender or any person having been convicted of a felony;
- the serving of food to a tenant unless the serving of food at the unit was otherwise authorized by municipal law;
- the rental of the unit to a person younger than 18 years of age; or
- the rental of the unit for less than 24 hours.

A municipality could require a unit provider to:

- designate an emergency contact that was responsible for responding to complaints regarding the unit;
- have the unit inspected on an annual basis by the local building code department or fire marshal, as applicable, to verify that the unit met state and municipal requirement; and either
- maintain property and liability insurance for the unit in an amount required by the municipality; or
- provide proof that the short-term rental unit listing service used to list the unit maintained property and liability insurance for the unit in an amount required by the municipality.

Under the bill, a municipality could not:

- adopt or enforce an ordinance, rule, or other measure that prohibited or limited the use of property as a short-term rental unit, or was applicable solely to short-term rental units, or short-term rental unit providers, short-term rental unit tenants, or other persons associated with short-term rental units; or
- apply a municipal law, including a noise restriction, parking requirement, or building code requirement, or other law, to short-term rental units in a manner that was more restrictive or otherwise inconsistent with the application of the law to other similarly

situated property or persons.

The bill would not prohibit:

- a lessor, through the terms of a lease agreement, from restricting the use of the leased property as a short-term rental unit; or
- a property owner from placing a restrictive covenant or easement on the property that restricted the future use of the property as a short-term rental unit; or
- a municipality from contracting with a third party, which could potentially be a short-term rental unit listing service, to provide services that assisted in ensuring compliance with municipal requirements imposed in accordance with these provisions.

The bill would take effect September 1, 2023.