



**A Report to the
Austin City Council**

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Short-term Rentals Audit

April 2012



Office of the City Auditor

City Auditor

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REPORT SUMMARY

We identified 1,500 STR properties within the City's full purpose jurisdiction. Out of the 900 properties where owner information was available, we found that 563 owners occupy the property and 337 do not occupy the property. Furthermore, 73 owners were found to own more than one STR property. We also found that there were 1,007 calls for service to 911 and 311, and 14 code compliance violations.

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GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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April 2012



Audit Report Highlights

Why We Did This Audit

This audit was conducted as part of Council's Resolution No. 20120112-068, approved on January 12, 2012.

What We Recommend

We did not issue any recommendations in this audit.



For more information on this or any of our reports, email oca_auditor@austintexas.gov

SHORT-TERM RENTALS AUDIT

Mayor and Council,

I am pleased to present this audit on Short-term Rentals.

BACKGROUND

On January 12, 2012, the City Council approved a resolution directing the City Auditor to complete a review of short-term rentals in the City of Austin. Short-term rentals (STRs) are primarily residential properties that are rented out by owners for short periods of time.

OBJECTIVE AND SCOPE

To review and analyze STRs, including:

- Number and general location
- Owner-occupied versus non-owner occupied
- Distance between the STR and non-owner occupied locations
- Calls for service received by 311 and 911 for calendar year (CY) 2011
- Police and Code Compliance citations for CY 2011
- Comparative analysis between STR locations and neighborhoods

WHAT WE FOUND

We identified 1,500 STR locations in the City of Austin. We also determined ownership status for 900 properties, 563 of which are owner-occupied. In addition, we identified 1,007 instances of call and citation matches with the identified STR properties.

We appreciate the cooperation and assistance we received from Austin Energy, Austin Police Department, Code Compliance, Communications and Technology Management, Municipal Court, and Planning and Development Review staff during this audit.

Kenneth J. Mory, City Auditor

BACKGROUND

On January 12, 2012, the Austin City Council approved resolution number 20120112-068 directing the Office of the City Auditor to perform a review of short-term rentals in the City of Austin. Short-term rentals (STRs) are primarily residential properties that are rented out by owners for short periods of time.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Conduct a review of STRs in the City of Austin to include:

- the number and general locations of STRs, providing an analysis of:
 - properties where the homeowner lives on-site from those where the homeowner does not live on-site; and
 - patterns regarding the distance between the location of the rentals and their owners that do not live on-site.
- 311 and 911 calls for service as well as police and code compliance citations issued at these locations for calendar year 2011.
- the number and type of calls and citations at STR locations versus the number and type of calls and citations for the neighborhood generally.

Scope

STR identification was conducted during February and March 2012. Call and citation analysis was conducted using Calendar Year (CY) 2011 data.

Methodology

To accomplish our audit objectives, we performed the following steps:

- Conducted interviews with STR industry professionals, neighborhood groups, and City staff
- Researched and obtained data from STR websites listing rentals in the Austin area
- Obtained Hotel Occupancy Tax registrations from the City of Austin and State of Texas
- Identified STR locations and ownership information using the Travis Central Appraisal District (TCAD), where available, and removed duplicate records
- Obtained call and citation data from appropriate City of Austin departments
- Identified relevant call and citation data and prepared data to be mapped
- Utilized GIS software to map the STR location and the call and citation data
- Conducted analyses to match STR locations to corresponding call and citation data
- Analyzed call data identified at STR locations and compared with citywide call data for call types listed in Appendix A

A more in-depth discussion of the methodology used in this audit, as well as accompanying assumptions made and limitations encountered are contained in Appendices A through C, which are located at the end of this report.

AUDIT RESULTS

Finding 1: Out of 1,500 properties identified on various short-term rental (STR) websites, 900 properties had available ownership information.

We identified 1,500 STR properties between February and March 2012. Of those properties, we identified 900 STR locations with ownership information. We were unable to determine specific ownership information for the remaining 600 STR locations. The locations of identified STR properties are represented in Exhibit 2, and STR property information by ZIP Code is represented in Exhibit 3 and Exhibit 4.

For the 900 properties with ownership information, there were 563 owner-occupied properties and 337 non-owner-occupied properties. For the properties that are not owner-occupied, 235 (69.7%) live in Austin and the average distance between the STR location and the owner's primary residence is 3.5 miles. Exhibit 1 summarizes the ownership status of the STR properties identified.

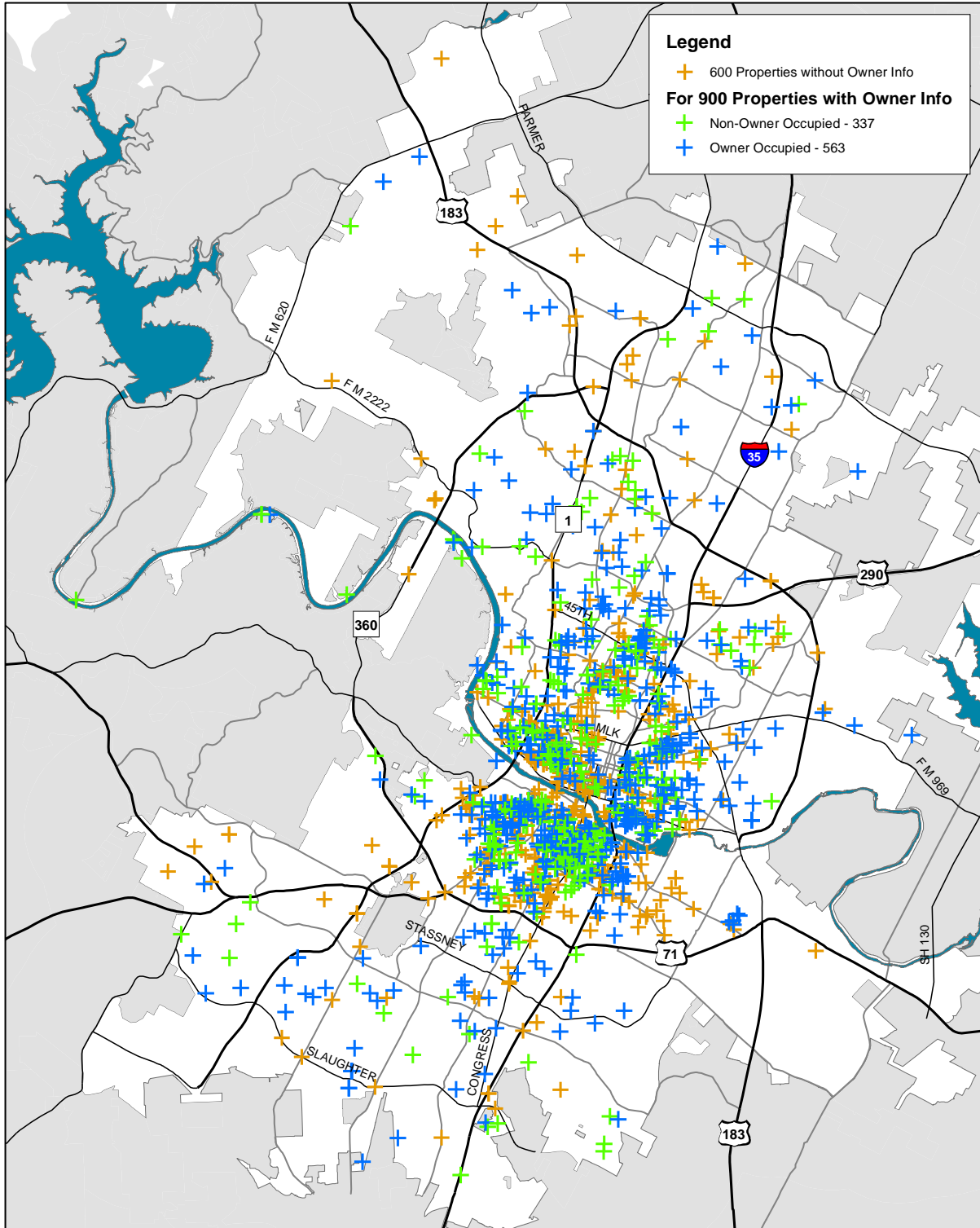
EXHIBIT 1
Short-term Rental Ownership Information for Austin, Texas

Owner Location	Count	Percent
Austin, occupies STR property	563	62.6
Austin, does not occupy STR property (address or PO Box)	235	26.1
Central Texas, including: Blanco, Cedar Park, Driftwood, Dripping Springs, Georgetown, Hutto, Kyle, Lakeway, Leander, Manchaca, Marble Falls, Pflugerville, Round Rock, San Marcos, Spicewood, Westlake Hills	31	3.4
Rest of Texas	31	3.4
Out of State, including: Arkansas, Arizona, California, Colorado, Florida, Guam, Hawaii, Illinois, Maryland, Missouri, New Mexico, Nevada, New York, Oklahoma, Oregon, South Dakota, Washington	40	4.5
Total with Owner Information	900	100.0

SOURCE: OCA analysis of short-term rental information as of March 2012.

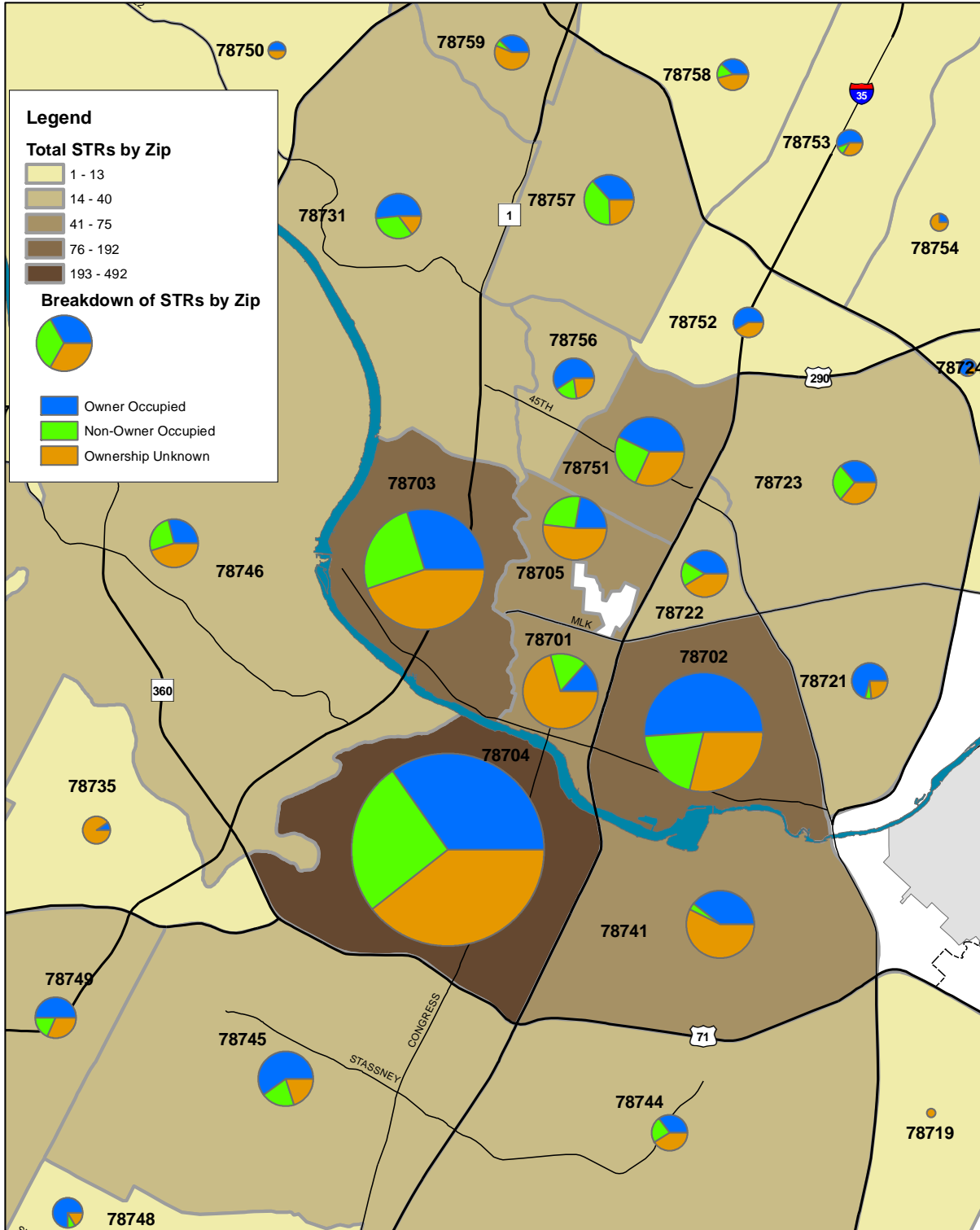
In addition, for the 900 properties listed above, we identified 718 single-property owners and 73 owners that possess more than one STR property. Those 73 own a total of 182 properties, so the average number of STR properties per multi-property owner is 2.5 and the range is 2 to 9. Overall, for the 900 STR properties identified, the average STR property per owner is 1.1.

EXHIBIT 2 Locations of 1,500 Short-term Rental Properties



SOURCE: OCA analysis of website data (Feb-Apr 12), City/State registration data (4Q 2011), and TCAD ownership data (Mar-Apr 12)

EXHIBIT 3 Locations of Short-term Rental Properties by ZIP Code



SOURCE: OCA analysis of website data (Feb-Apr 12), City/State registration data (4Q 2011), and TCAD ownership data (Mar-Apr 12)

EXHIBIT 4
Number of Short-term Rental Properties by ZIP Code

Zip Code	Owner Occupied	Non-Owner Occupied	Ownership Unknown	Total	Percent
78704	171	127	194	492	32.8
78703	57	49	86	192	12.8
78702	96	38	54	188	12.5
78701	10	12	53	75	5.0
78751	27	16	20	63	4.2
78741	24	2	35	61	4.1
78705	12	14	28	54	3.6
78745	24	8	8	40	2.7
78757	12	13	8	33	2.2
78746	9	8	14	31	2.1
78722	12	5	12	29	1.9
78731	14	9	4	27	1.8
78723	9	7	9	25	1.7
78756	13	4	5	22	1.5
78749	11	4	7	22	1.5
78721	12	1	4	17	1.1
78744	6	4	7	17	1.1
78759	6	1	9	16	1.1
78758	5	2	6	13	0.9
78748	9	1	2	12	0.8
78752	7		5	12	0.8
78735	1		9	10	0.7
78753	5	1	3	9	0.6
78727	2	2	2	6	0.4
78747	1	4		5	0.3
78730		1	4	5	0.3
78724	3		1	4	0.3
78750	2		2	4	0.3
78754	1		3	4	0.3
78733	1	2		3	0.2
78736	1		2	3	0.2
78729			2	2	0.1
78726		1		1	0.1
78732		1		1	0.1
78717			1	1	0.1
78719			1	1	0.1
Total	563	337	600	1,500	100.0

SOURCE: OCA analysis of website data (Feb-Apr 12), City/State registration data (4Q 2011), and TCAD ownership data (Mar-Apr 12).

FINDING 2: There were 1,007 calls for service for 311 and 911, as well as fourteen code compliance citations that matched 438 short-term rental properties in the City of Austin.

Using the call and citation categories listed in Appendix A, Exhibit 5¹ lists call and citation results associated with STR properties as well as the number of calls and citations noted citywide.

**EXHIBIT 5
Call and Citation Information Associated With
Identified Short-term Rental Properties, CY 2011**

Call/Citation Category	Number (STRs)	Number (Citywide)	Percent (STRs)
311 Calls	429	112,397	0.4
911 Calls	578	384,867	0.2
Austin Police Department Citations*	Not available	29,477	Not available
Code Compliance Citations	14	5,817	0.2

SOURCE: OCA analysis of short-term rental information (as of March 2012) and CY 2011 City 311, 911, Austin Police Department, Code Compliance, and Municipal Court data.

* We are unable to provide reasonable assurance that the 9 APD citation matches identified at STR locations is representative of the number of APD citations issued at STR locations due to data limitations related to the specificity of address information in the applicable data set.

FINDING 3: The number and type of calls for service to 311 and 911 at STR locations was compared to the number and type of calls for service for the neighborhood generally.

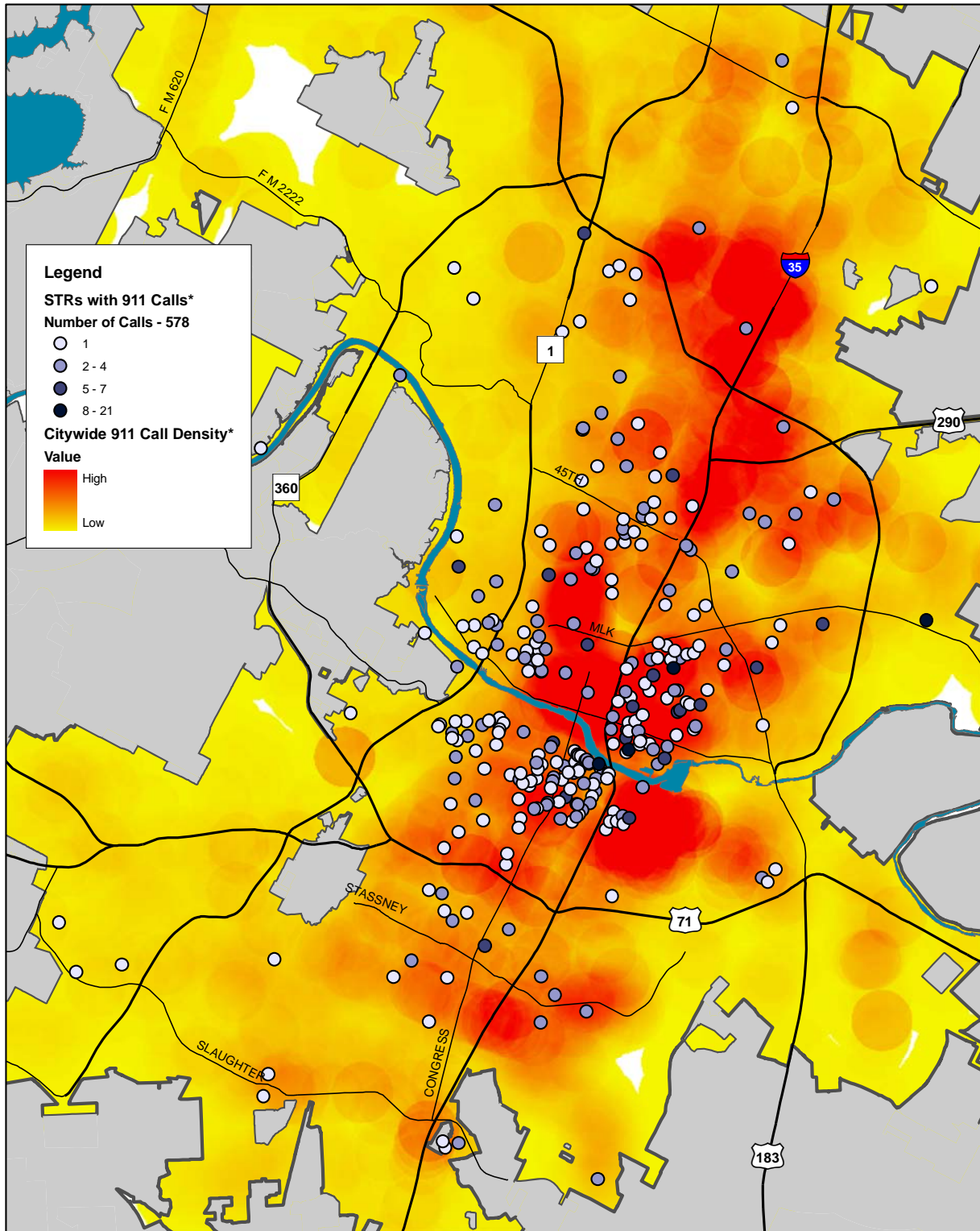
Exhibit 6 shows the results of the 311 calls for service comparison. The “dots” represent 311 calls for service at STR locations. Darker red dots indicate more calls at that location, whereas lighter red dots indicate fewer calls at that location. For the neighborhood data, we created a “heat map” effect from all the 311 calls. Darker blue areas indicate the most calls, green areas indicate fewer calls, and yellow areas indicate the fewest calls.

Exhibit 7 shows the results of the 911 calls for service comparison. The “dots” represent 911 calls at STR locations. Darker blue dots indicate more calls at that location, whereas lighter blue dots (that may appear to be white) indicate fewer calls at that location. For the neighborhood data, we created a “heat map” effect from all the 911 calls. Darker red areas indicate the most calls, orange areas indicate fewer calls, and yellow areas indicate the fewest calls.

¹ CY 2011 calls and citations were matched to STR locations identified during February – March 2012 and may not have been associated with an STR when made or issued.

EXHIBIT 7

911 Calls* at STR Properties Compared to 911 Calls Citywide*



SOURCE: OCA analysis of 911 Call Data for CY11 and STR locations
* Restricted to call categories listed in Appendix A

We also analyzed the size of STR properties (in square feet). The average size for all STR properties with 311 and 911 calls for service is 1,394 square feet.² We found that there were 28 STR properties that had more than five calls for service. The average size for those STRs is 1,584 square feet.

We also determined the average size of the STR based on ownership status. The average size for owner-occupied STRs with more than five calls is 1,487 square feet, and the average size for STRs that are not owner-occupied with more than five calls is 1,891 square feet.

In addition, we analyzed the type of call and citation tied to STR properties. The top 311 call types for STR properties, accounting for 89% of calls, are listed in Exhibit 8. Overall, the 311 calls for service data set listed the same top call type categories, generally, and these top categories accounted for 85% of calls for 311 citywide.

EXHIBIT 8
Top 311 Call Categories for STRs
(Top categories account for 89% of STR 311 calls)

Call Source and Type	Owner-Occupied	Non-Owner Occupied	Ownership Unknown	Total
Austin Resource Recovery (ARR) Cart Management	51	34		85
Code Compliance	48	22	3	73
Water Waste Report	39	9		48
ARR Missed Garbage	38	9		47
APD Nonemergency – Unavailable	22	13	8	43
ARR Missed Recycling	22	6		28
Street Light Issue – Address	13	1	4	18
ARR General	8	6		14
ARR Billing Inquiry	10	3		13
ARR Call Transfer – CIC Only	4	8		12
Total	255	111	15	381

SOURCE: OCA analysis of STR locations and OCA analysis of 311 call data sets for CY 11.

The top 911 call types for STR properties, accounting for 73% of calls, are listed in Exhibit 9 below. The 911 calls for service citywide data set listed the same five call types, generally, as the STR data set, and nine of the top STR call types are represented in the top thirteen categories for 911 calls citywide. However, the number of calls related to “Alarm Robbery” and “Burglary Residence” were higher in the STR data set than in the citywide data set.

² For the purpose of square foot analysis, we eliminated one outlier, an 8,214 square foot commercially zoned STR property.

EXHIBIT 9
Top 911 Call Categories for STRs
(Top categories account for 73% of STR 911 calls)

Call Source and Type	Owner-Occupied	Non-Owner Occupied	Ownership Unknown	Total
Alarm Burglar	90	28	2	120
City Ordinance Violation*	60	33	3	96
Suspicious Person	39	17	1	57
ID Property Crimes	22	11	3	36
Service	18	4		22
Burglary Residence	10	10		20
Suspicious Vehicle	12	7		19
Check Welfare Service	8	6		14
Disturbance Other	7	7		14
Alarm Robbery	11	2		13
Parking Violation	8	4	1	13
Total	285	129	10	424

SOURCE: OCA analysis of STR locations and OCA analysis of 911 call data sets for CY 2011.

* APD staff indicated that City Ordinance Violation types vary, but most are related to noise and parking.

In addition, Exhibit 10 reflects code compliance citations for STR properties by owner information status, where known. Due to the limited number of code compliance citations identified at STR addresses, we did not conduct a comparative analysis of all code compliance citations.

EXHIBIT 10
Code Compliance Citation Categories for STRs (all)

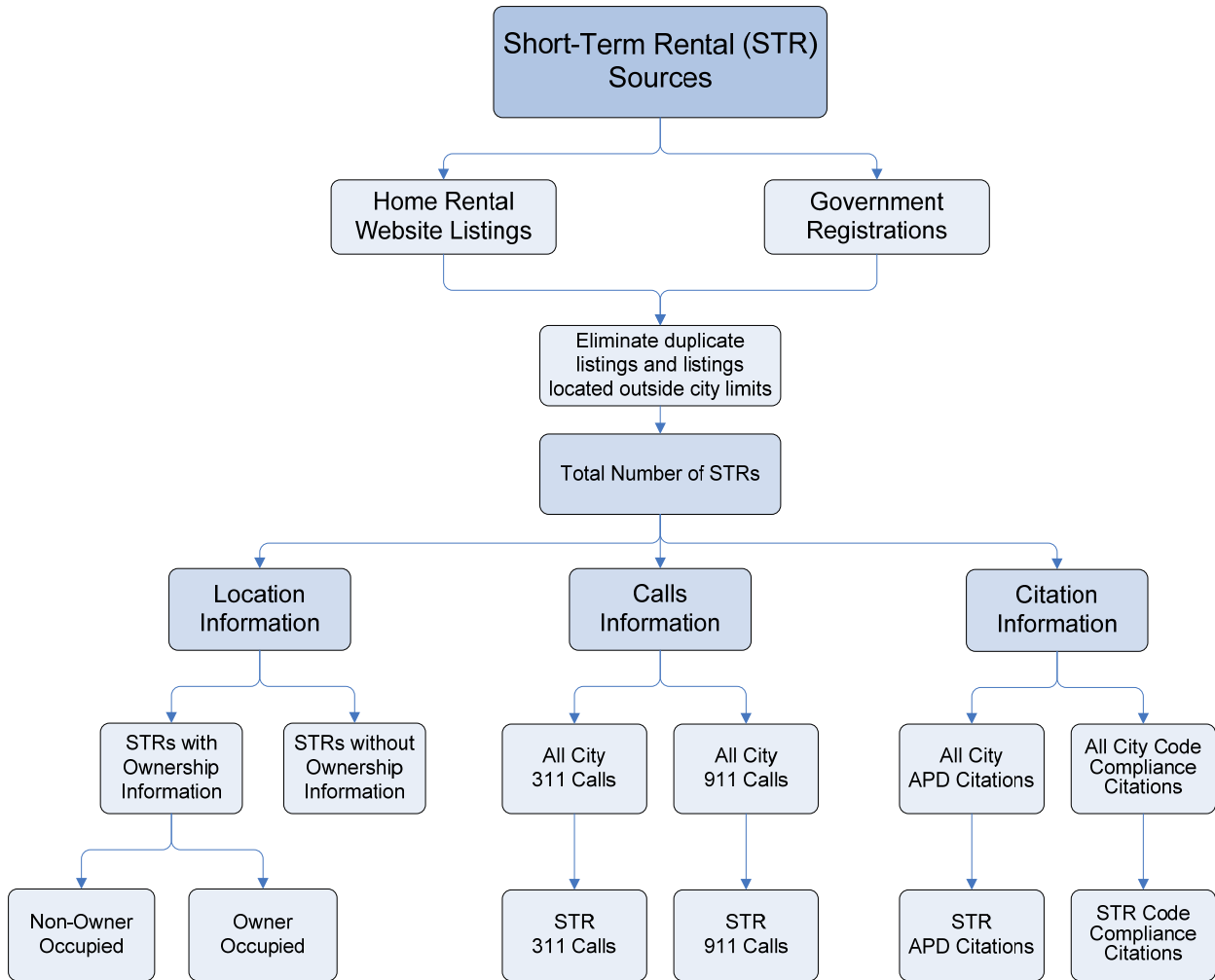
Citation Source and Type *	Owner-Occupied	Non-Owner Occupied	Ownership Unknown	Total
Code Compliance – AMANDA				
Vacation Rental by Owner (VRBO) and Work Without Permit (WWOP)		2		2
Fence	1			1
Prohibited Use - Advertising		1		1
Recreational Vehicle(s)	1			1
Storage Building Disrepair			1	1
Structural, Electrical/Plumbing, Pests		1		1
WWOP - New Addition	1			1
WWOP - Retaining Wall	1			1
Code Compliance – Notice (Code Abatement)				
Accumulated Rubbish	2	1		3
Illegal Dumping			1	1
Overgrown Sidewalk	1			1
Total	7	5	2	14

SOURCE: OCA analysis of STR locations and OCA analysis of Code Compliance data sets for CY 2011.

* In the absence of a single “type” field in the code compliance databases, OCA defined these fields as listed in the table above based on other fields in the databases.

METHODOLOGY FOR CONDUCTING STR ANALYSIS

Our methodology for identifying Short-term Rental (STR) locations and conducting an analysis of ownership status as well as call and citation information was conducted according to this flowchart.



SOURCE: Summary of OCA methodology and work performed.

Also, we removed call and citation type categories from our data set analysis to exclude traffic (except parking) and other call and citation types that would not apply to a fixed, residential location. A summary of the call and citation type categories included in our analysis is listed on the following page.

Summary of Call and Citation Categories Included in STR Analysis

311 Call Categories	
Austin Police Department Non-emergency	Drainage/Flooding Issues
Austin Resource Recovery Issues	Energy Issues/Power Outage
Basic Needs	Parking Issues
Bicycle Issues	Pedestrian/Sidewalk Issues
Code Compliance	Street Lighting/Alley Issues
Concerns in the Right-of-Way/Debris in Street	Tree Issues
Construction Issues	Water Theft/Waste Reports
Council Action Forms	
911 Call Categories	
All call types, including parking, with the exception of traffic and directed patrol	
Austin Police Department Citation Categories (Class C data set)	
Alcohol/Drug Issues including Public Intoxication	Parking Issues
Assault	Pedestrian Issues
Bicycle Issues	Property Issues
Building Code Issues	Prostitution
Criminal Mischief	Reckless Damage
Curfew Issues	Smoking Issues
Disorderly Conduct	Solicitation Issues
Fire Issues	Solid Waste Issues
Firearms Issues	Theft Issues
Gambling Issues	Vehicle Issues
Litter Issues	Zoning Issues
Noise Issues	
Austin Police Department Citation Categories (Call A & B Misdemeanor data set)	
Alcohol/Drug Issues including Public Intoxication	Gambling Issues
Assault	Litter Issues
Criminal Mischief	Noise Issues
Curfew Issues	Pedestrian Issues
Disturbance Issues	Reckless Damage
Emergency Protective Order	Solicitation Issues
Fighting Issues	Theft Issues
Firearms Issues	Violations of City Ordinance
Fireworks Issues	Violations of State Law
Code Compliance Citation Categories (AMANDA system data set)	
All citation types with the exception of "Signs"	
Code Compliance Violation Categories (CC Track system data set)	
All violation types (e.g. tall weeds and grass, trash, illegal dumping)	

SOURCE: OCA analysis of City 311, 911, Municipal Court, Austin Police Department, and Code Compliance data.

ASSUMPTIONS MADE ABOUT DATA USED IN STR ANALYSIS

STR Locations

- If a property is listed on any of the home rental websites reviewed, we assume it is being used as a short-term rental at the time of the analysis.
- We assume that the photographs, maps, and information contained on web-based advertisements are true and correct. However, we used web-based mapping tools to conduct a virtual, visual verification of the advertised location to an address location. In addition, we verified other advertised information through a comparison to City and Travis Central Appraisal District (TCAD) data.
- If an STR is identified to be within the City's Full Purpose Jurisdiction and that status is confirmed based on available property information, then it is considered to be located within the City of Austin.

Ownership

- We assume that a home is owner-occupied if the location address of the STR is the same as the mailing address indicated in the TCAD property database. For duplexes or other multi-unit properties, an STR is considered as owner-occupied if the owner's mailing address is on the same TCAD parcel.
- We recognize that there are STR owners that do not live in Austin, but utilize a management company to manage their property or properties and the management company address appears as the mailing address for our analysis.
- Mailing addresses indicated as a P.O. Box in the City of Austin with a homestead exemption are assumed to be an owner-occupied property for our analysis.
- Mailing addresses indicated as P.O. Box in the City of Austin without a homestead exemption are assumed to not be owner-occupied for our analysis.
- For the distance analysis, mailing addresses indicated as a P.O. Box outside of the city and those in the City of Austin, but without a homestead exemption, are plotted to the center of the associated ZIP code.

311 and 911 Call Data Sets

- "311 calls for service" means all calls for service citywide through the 311 system, including all code compliance complaints.
- "911 calls for service" means all 911 calls for service citywide (i.e. Police, Fire, and EMS calls).
- We removed call type categories related to traffic with the exception of parking and other call types that would not apply to a fixed, residential location.
- For 311 calls, if a record contained a standard service request number and an address, then we included it in our analysis.
- For 911 calls, officer-initiated actions were not included in our analysis.

Austin Police Department, Municipal Court, and Code Compliance Citation Data Sets

- We removed citation type categories related to traffic (except parking) and other citation types that would not apply to a fixed, residential location.
- For the APD Class A & B misdemeanor citations, there may have been duplicate offense records for the same location. We mapped only a single address and linked all the associated offense data to that location in the GIS mapping software for use in our comparative analysis.
- For Class C citations filed with the Municipal Court, we assumed that all the case data received indicates that a citation was written.
- For Code Compliance violations (CVs), we excluded cases coded as “CC” and assumed that they are only complaints that may not have resulted in a violation.
 - We also excluded cases noted as “CL” as they may have resulted in citations, but indicated pending litigation.
- For Code Compliance CC Track abatement notices, we assumed items contained in this data set were a violation and/or a citation when specifically noted.

LIMITATIONS IN STR ANALYSIS

Our analysis depended on a precise match of STR location addresses identified in our research and the location of the subject of a call and/or citation. None of the call and citation data sets have a method to identify or classify a location as a short-term rental, other than an address.

Some of the limitations encountered in our analysis of call and citation data sets include:

- Blank house number and/or street address fields
- Non-address related information in the address field, such as dates and/or formulas
- Address fields may contain an intersection, block numbers, zones, and other non-specific address information
- Address fields may contain misspelled or ambiguous street names
- Data sets may contain duplicate entries for the same address, call, or citation
- Valid addresses that are in apartment or condominium complexes may not always contain a unit number to allow for a precise match

Additionally, Travis Central Appraisal District (TCAD) parcel information was used to verify ownership status for STR locations in our analysis. However, TCAD is an independent entity and not within the City's jurisdiction. Additionally, time constraints prevented us from obtaining permission from TCAD in order to perform data reliability testing on this data source.

During the fieldwork phase of this audit, we observed that the GIS software used to map locations was not able to capture every instance of multiple calls and/or citations made at a single location. This seemed to be a prevalent issue for apartment or condominium addresses where a unit number may not be available to be identified in the data set. The audit team manually investigated each match identified through this circumstance to determine if the GIS software captured all the calls and/or citations related to the single address.