

ORDINANCE NO. O2024.52

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, AMENDING THE TEMPE CITY CODE, CHAPTER 16A – LICENSE AND BUSINESS REGULATIONS, ARTICLE X. – SHORT-TERM RENTALS AND VACATION RENTALS, RELATED TO REGULATIONS FOR ACCESSORY DWELLING UNITS.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, as follows:

Section 1. That Section 16A-213 of the Tempe City Code, pertaining to accessory dwelling unit residency, is hereby amended to read as follows:

Sec. 16A-213. License required; penalties.

(A) *License required.* Prior to use of a property as a short-term rental, the owner shall obtain an annual short-term rental license from the City. Renting, or offering for rent, a short-term rental without complying with the license requirement in this Section 16A-216 is prohibited.

(B) *License applications.* The owner of a proposed short-term rental shall submit to the City a license application on a form furnished by the City. The license application shall be signed by the applicant and shall contain the following minimum information, which shall be made publicly available:

- (1) The physical address of the residential property proposed to be used as a short-term rental.
- (2) The name, address, and telephone number of the owner for which the short-term rental registration certificate is to be issued. If the property owner is an entity, the legal name of the entity and its statutory agent.
- (3) The name, address, and telephone number of each designee of the owner, if any.
- (4) The full name, address, and twenty-four (24) hour telephone number of the individual who will serve as the emergency point of contact.
- (5) Proof of a valid transaction privilege tax license.
- (6) Acknowledgment by the owner of an agreement to comply with all applicable laws, regulations, and ordinances, including the requirement that the owner and each designee shall not be a registered sex offender, been convicted of any felony act that resulted in death or serious physical injury or been convicted of any felony use of a deadly weapon within the past five (5) years.

(7) Attestation of compliance with the notification required in this article.

(8) Evidence of liability insurance appropriate to cover the short-term rental in the aggregate of at least five hundred thousand (\$500,000.00) or evidence that each short-term rental transaction will be provided through a platform that provides equal or greater primary liability insurance coverage for the short-term rental.

(9) Evidence the short-term rental property is registered with Maricopa County Assessor's Office in accordance with A.R.S. § 33-1902 and Tempe City Code Section 21-25. A short-term rental of a room or rooms within a property is exempt from this requirement.

(10) If the applicant is an individual, proof of lawful presence in the United States in accordance with A.R.S. §§ 1-502 and 41-1080.

(C) *License fee.* Every application, including any renewal application, for each short-term rental license under this Article shall be accompanied by a non-refundable fee of two hundred fifty dollars (\$250.00). For any new short-term rental license issued by the City on or after July 1 of any calendar year, the short-term rental license for the remaining portion of the calendar year shall be imposed at a twenty-five percent (25%) discount of the annual short-term rental license fee.

(D) *Issuance; reasons for denial.* The City shall issue or deny the license within seven (7) business days after receipt of a complete application, except that the City may deny issuance of a license for any of the following reasons:

(1) The applicant failed to provide the information required under subsection B;

(2) The applicant failed to pay the license fee required under subsection C;

(3) The applicant provided false information;

(4) The owner or designee of the owner: (i) is a registered sex offender; (ii) has been convicted of any felony act that resulted in death or serious physical injury; or (iii) has been convicted of any felony use of a deadly weapon within five (5) years of submitting the application; or

(5) At the time of application, the owner has a suspended license for the same short-term rental or any of the following applies: (a) one violation at the short-term rental that resulted in or constituted any of the offenses described in Section 16A-221; or (b) three (3) violations of this article at the vacation rental within a twelve (12) month period, not including an aesthetic, solid waste disposal or vehicle parking violation that is not also a serious threat to public health and safety.

(E) *Notice of denial; appeal.* The City shall give notice of the denial of an application to the applicant by mailing or emailing the notice to the applicant at the address listed on the application. The notice of the denial shall inform the applicant of the right to appeal the denial as provided for in Section 16A-222.

(F) *Maintaining accurate information; violations.* All applicants and persons holding licenses issued pursuant to this article shall give written notice to the City of any change in information submitted in connection with an application for a license or renewal of a license. The notice shall be provided to the City not less than ten (10) days prior to the effective date of the change. Any information required for an application under Section 16A-213 is deemed to be material for purposes of this Section 16A-213. A violation of this subsection is a civil offense.

(G) *Term of license; renewal application.* A license issued pursuant to this article may be renewed by the Financial Services Director or designee for successive annual periods following the initial license if the license holder is in compliance with this article. Licenses shall expire annually on December 31. If a license is not timely renewed, a short-term rental is considered to be operating without a license and is subject to penalties imposed by the City. Licenses which are not renewed within thirty (30) days after expiration shall be deemed cancelled and subject to the original application process. Except where the City has received a new application along with the requisite fees, it shall be unlawful for any person to operate a short-term rental after the expiration date recorded upon the face of the short-term rental license.

(H) *Operating without a license; penalties.* A short-term rental that fails to apply for a license within thirty (30) days of the license application being made available by the City shall immediately cease operations. In addition to any other penalty pursuant to the City Code, the City may impose a civil penalty of up to one thousand dollars (\$1,000.00) per month against the owner if the owner or owner's designee fails to apply for license within thirty (30) days of receiving the written notice of violation from the City. Representations or advertisements including online listings that reference the property, house or dwelling unit location within the City are prima facie evidence that a short-term rental is operating in the City.

(I) *Non-transferable.* No license shall be transferable either as to location or as to person.

(J) *Implementation.* The Licensing Officer or designee shall develop the necessary forms and/or database necessary to implement this Section 16A-213.

(K) *Residency.* Owners of a short-term rental or vacation rental shall reside on the property if the property contains an accessory dwelling unit (ADU) that was constructed on or after the effective date of this amendment to this section (December 20, 2024) and is being used as a short-term rental or vacation rental. Unless the time period specified in Arizona Revised Statutes (A.R.S) Section 12-1134, subsection G has expired (December 20, 2027), this paragraph shall not apply to any property owner who has the right to build an accessory dwelling unit (ADU) on the property owner's property before the effective date of this amendment to this section whether or not the accessory dwelling unit has been built.

(Ord. No. O2023.01, § 1, 1-5-23)

Section 2. Pursuant to City Charter, Section 2.12, ordinances are effective thirty (30) days after adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE,
ARIZONA, this 21st day of November, 2024.



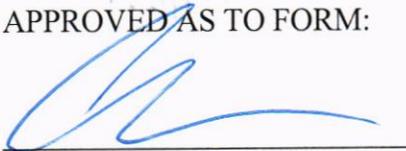
Corey D. Woods, Mayor

ATTEST:



Kara A. DeArrastia, City Clerk

APPROVED AS TO FORM:



Eric C. Anderson, City Attorney