

**THE CITY OF CASTLE HILLS, TEXAS
ORDINANCE NO. 2026-02-10-A**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CASTLE HILLS, TEXAS, AMENDING SECTIONS 50-516 THROUGH 50-524 IN ARTICLE V OF CHAPTER 50 OF THE CODE OF ORDINANCES CONCERNING SHORT-TERM RENTALS TO ADOPT NEW SECTIONS 50-516 THROUGH 50-525 OF ARTICLE V OF CHAPTER 50 OF THE CODE OF ORDINANCES AND TO PROVIDE, UPON CONVICTION OF A VIOLATION OF ANY PROVISIONS OF SECTIONS 50-516 THROUGH 50-525, FOR (1) A PENALTY OF A FINE AS SET FORTH IN SECTION 1-17 OF THE CODE OF ORDINANCES OF THE CITY AND (2) POSSIBLE SUSPENSION OR REVOCATION OF ANY SHORT-TERM RENTAL CERTIFICATE OF OCCUPANCY ISSUED FOR THE SHORT-TERM RENTAL WHERE THE VIOLATION OCCURRED, WITH IT BEING A SEPARATE OFFENSE FOR EACH DAY A VIOLATION IS FOUND TO HAVE OCCURRED.

WHEREAS, after receipt by City officials of concerns related to activities at a property for which a short-term rental certificate of occupancy had been issued and concerns that a second short-term rental certificate of occupancy would be sought for a property in close proximity to a property with a short-term rental certificate of occupancy, city staff met with affected residents in March, 2025; and

WHEREAS, City residents expressed concerns that the operation of certain short-term rental property has resulted in repeated non-compliance with City requirements related to trash disposal, parking, and noise; and

WHEREAS, City residents also expressed concerns that a property located near an existing short-term rental property had been purchased for use as or conversion to another short-term rental property in the same block as the existing short-term rental property; and

WHEREAS, at its Regular City Council meeting held on April 8, 2025, the City Council heard additional citizen complaints about activities at a certain short-term rental property and concerns that a second short-term rental property might be established in the same block; and

WHEREAS, at its April 8, 2025, meeting, the City Council adopted a moratorium on issuance of new short-term rental certificates of occupancy and directed the City Zoning Commission to review the provisions in Sections 50-516 through 50-524 of the Code of Ordinances as to short-term rental properties to address the stated concerns of affected City residents; and

WHEREAS, at its May 13, 2025, Regular City Council meeting, the City Council extended the moratorium on issuance of new short-term rental certificates of occupancy; and

WHEREAS, the Zoning Commission conducted public hearings on possible amendments to Sections 50-516 through 50-524 of the Code of Ordinances regarding short-term rental properties on May 6, 2025, June 3, 2025, August 5, 2025, and September 2, 2025; and

WHEREAS, at the four public hearings conducted by the Zoning Commission on possible amendments to the City Ordinance concerning short-term rental properties, citizen concerns regarding

trash disposal, parking, noise, proximity of short-term rental properties, and not renewing short-term rental certificates of occupancy of non-compliant properties were addressed by numerous residents with such concerns being about short-term rental properties owned and operated by non-residents of the City; and

WHEREAS, at the four public hearings conducted by the Zoning Commission on possible amendments to the City Ordinance concerning short-term rental properties, citizens also requested that the Zoning Commission consider limitations on the number of occupants at a short-term rental property and limitations on the number of issued short-term rental certificates of occupancy, among other things; and

WHEREAS, the Zoning Commission carefully considered the comments it received during its four public hearings on possible amendments to the short-term rental property provisions in the City Zoning Code and adopted Resolution 2025-09-02 on September 2, 2025, with its recommended changes to the short-term rental property provisions in Sections 50-516 through 50-524 of the Code of Ordinances in order to address citizen concerns and minimize the negative impact on neighboring properties and residents emanating from short-term rental properties; and

WHEREAS, the City Council conducted a public hearing on proposed amendments to Article V of Chapter 50 of the Code of Ordinances concerning short-term rental properties at its council meeting on September 9, 2025; and

WHEREAS, the City Council received additional comments on the proposed amendments to Article V of Chapter 50 of the Code of Ordinances at its November 18, 2025, Council meeting; and

WHEREAS, the City Council believes that it is important to fairly regulate short-term rental properties and to minimize the impact on neighboring properties and residents of non-compliant short-term rental properties for the benefit of the entire community; and

WHEREAS, the City Council has determined that amendments to Sections 50-516 through 50-524 of Article V of Chapter 50 of the Code of Ordinances of the City are necessary in order to protect the best interests of the community.

NOW, THEREFORE, IT IS ORDAINED BY THE CITY COUNCIL OF THE CITY OF CASTLE HILLS, TEXAS, that:

SECTION 1. Article V of Chapter 50 of the Code of Ordinances of the City is hereby amended in accordance with the terms and provisions on Exhibit “A” attached to this Ordinance.

SECTION 2. As to the holders of existing short-term rental certificates of occupancy as of the date of adoption of this Ordinance, the amendments to Sections 50-516 through 50-525 of Article V of Chapter 50 of the Code of Ordinances of the City will be effective on and after the earlier of the (1) date of expiration of the current short-term rental certificate of occupancy for such property, or (2) the next date of the renewal of the short-term rental certificate of occupancy for such property and the existing rules for short-term rental properties are continued for the period prior to expiration or renewal of a short-term rental certificate of occupancy in force on the date of adoption of this Ordinance. For any short-term rental certificate of occupancy issued after the date of adoption of this Ordinance, the provisions of Sections 50-516 through 50-525 of Article V of Chapter 50 of the Code of Ordinances of the City shall be applicable on March 1, 2026.

SECTION 3. The City Secretary is directed to, within 5 business days of the adoption of this Ordinance, post a copy of this Ordinance inclusive of Exhibit “A” to this Ordinance on the City’s website with such posting to remain on the City website until the online City Municipal Code is updated to incorporate the amended language for Sections 50-516 through 50-525 of Article V of Chapter 50 of the Code of Ordinances of the City.

SECTION 4. The City Secretary is directed to have the caption of this Ordinance published in the official newspaper of the City for two days within thirty calendar days after adoption of this Ordinance.

SECTION 5. The City Manager shall provide a report on Short-Term Rental Permits and Operations to the City Council during December of each year beginning December 2026.

SECTION 6. This Ordinance shall be effective on March 1, 2026, but applicable in accordance with the terms of Section 2 of this Ordinance.

ADOPTED on this 10th day of February 2026.

JR Treviño, Mayor

ATTEST:

Nichole Heinrich, TRMC, City Secretary

ARTICLE V. SHORT-TERM RENTAL

Sec. 50-516. Purpose.

The purpose of this article is to establish regulations for the use of privately-owned dwellings as short-term rentals, to minimize negative ancillary impact on surrounding properties, and to ensure the collection and payment of hotel occupancy tax.

Sec. 50-517. Definitions.

As used in this article, the following terms shall have the following meanings:

City. The City of Castle Hills, Texas.

Guest. The overnight occupants renting a short-term rental property for a specified period and the daytime visitors of the overnight occupants.

Local contact person. The owner, operator, or person designated by the owner or the operator, who shall be available 24 hours per day for the purpose of responding to concerns or requests for assistance related to the owner's short-term rental.

Operator. The owner or the owner's authorized representative who is responsible for compliance with this article while advertising and/or operating a short-term rental.

Owner. The person or entity that holds legal title to the short-term rental property.

Short-term rental. A privately owned dwelling, including, but not limited to, a single-family dwelling, multiple family attached dwelling, apartment house, hostel, condominium, duplex, or any portion of such dwelling or the property on which a dwelling is located including (without limitation) a swimming pool, tennis court, sport court, pickleball court, backyard or gazebo, rented by the public for consideration, and used for dwelling, lodging or sleeping purposes for any period less than 30 consecutive days, but shall not include habitable accessory buildings as per section 50-61(a).

The following are exempt from the regulations under this article: hotel, motel, public or private club, hospital and medical clinic, nursing home or convalescent home, foster home, halfway house, transitional housing facility, and any housing operated or used exclusively for religious, charitable or educational purposes

Short-term rental certificate of occupancy. A certificate of occupancy issued by the city authorizing the use of a privately-owned dwelling as a short-term rental.

Short-term rental property. One or more habitable rooms forming a single habitable division within a short-term rental, or an entire undivided short-term rental, which is advertised to be occupied, is occupied, or is intended to be occupied by a single party of guests under a single reservation and/or single rental payment.

Sec. 50-518. Short term rental certificate of occupancy required.

It shall be unlawful for any person or entity to rent, or offer to rent, any short-term rental without a valid short-term rental certificate of occupancy issued under this article.

Sec. 50-519. Short term rental certificate of occupancy registration fee and application.

(a) Prior to renting real property as a short-term rental, an applicant shall submit to the City Permit Clerk an application for a short-term rental certificate of occupancy using a format and method promulgated by the city manager or his/her designee and obtain a short-term rental certificate of occupancy approved by the City Manager. The application form shall require, at a minimum, the following information from applicants:

- (1) The name, address, email and telephone number of the owner of the short-term rental.
- (2) The name, address, email and 24-hour telephone number of the local contact person.
- (3) The address of the short-term rental.
- (4) The proposed occupancy limits of the short-term rental.
- (5) A diagram showing the proposed layout of the property use and any on-site parking available for the short-term rental which includes a diagram.
- (6) The applicant must submit a copy of the recorded deed to the short-term rental property showing the applicant as the Grantee of the short-term rental property.
- (7) A general description of any food service to be offered to guests of the short-term rental.
- (8) Payment of a non-refundable application fee in accordance with the City Fee Schedule.

(b) An applicant for a short-term rental certificate of occupancy shall pay to the city a non-refundable certificate of occupancy fee in accordance with the City Fee Schedule.

(c) A separate short-term rental certificate of occupancy application and certificate of occupancy fee must be submitted for each individual short-term rental property. Each individual short-term rental property shall be assigned a unique certificate of occupancy number upon certificate of occupancy issuance by the city.

(d) Prior to issuance of a short-term rental certificate of occupancy and prior to issuance of any renewal of a short-term rental certificate of occupancy, the operator shall pay a non-refundable inspection fee in accordance with the City Fee Schedule and shall allow an on-site inspection of the short-term rental property by a city code enforcement officer to ensure compliance with the following:

- (1) The requirements set forth in section 50-520(a) of this article; and
- (2) The requirements set forth in section 50-520(b) of this article.

(e) A short-term rental certificate of occupancy issued under this article shall be valid for a period of one calendar year from the date of issuance. The short-term rental certificate of occupancy shall expire immediately upon any change in ownership of the short-term rental property.

(f) The owner has a duty to notify the city within 20 calendar days, in writing, of any changes to information submitted as part of a short-term rental certificate of occupancy application under this article.

(g) An application for short-term rental certificate of occupancy may be denied if the owner has had a short-term rental certificate of occupancy suspended or revoked during the previous 365 calendar days.

(h) The total number of short-term rental properties in the A Single-Family District, AA Single-Family District, and in the B Duplex District is limited to no more than one-twelfth of the total number of single-family and duplex properties on a single street. An application for a short-term rental certificate of occupancy will be denied if granting the certificate of occupancy would violate this provision.

(i) No short-term rental property shall be within 1000 feet of any part in any direction of another short-term rental property. Measurement shall be from the property lines of the property which is the subject of the application to the property line of other property. An application for a short-term rental property will be denied if granting the certificate of occupancy would violate this provision.

(j) A maximum of fifteen (15) short-term rental certificates of occupancy issued to owners of short-term rental property who are residents of the city shall be active within the city at any time. If a short-term rental application is received by the city from an owner who is a resident of the city when the city has fifteen (15) such issued and active short-term rental certificates of occupancy, the application will be denied. An owner who is a resident of the city shall provide with the application written proof of city residence in the form of appraisal district documentation of homestead, a current utility bill, or other written proof acceptable to the City Manager.

(k) A maximum of ten (10) short-term rental certificates of occupancy issued to owners of short-term rental property who are not residents of the city shall be active within the city at any time. If a short-term rental application is received by the city from an owner who is not a resident of the city when the city has ten (10) such issued and active short-term rental certificates of occupancy, the application will be denied.

Sec. 50-520. Short-term rental operational requirements.

(a) The operator shall post the following information in a prominent location within the short-term rental property, using a form promulgated by the city:

- (1) The unique short-term rental certificate of occupancy number assigned to the short-term rental property;
- (2) Operator name and telephone number;
- (3) Local contact person name, telephone number, and email address;
- (4) The location of on-site parking spaces available for guests;
- (5) The occupancy limits;
- (6) Instructions to guests concerning disposal of garbage and handling of garbage containers; and
- (7) Notification that the guests are responsible for compliance with all applicable laws, rules and regulations pertaining to the use and occupancy of the short-term rental, and that guests may be fined by the city for violations of this article.

(b) The operator shall operate a short-term rental in compliance with the following:

- (1) Zoning regulations prescribed for the zoning district in which such short-term rental is located, set forth in Chapter 50 of the Code of Ordinances.
- (2) Castle Hills Sign Ordinance, as applicable, set forth in Chapter 34 of the Code of Ordinances.
- (3) Maximum occupancy limits of two adults per bedroom and a total of not more than 10 total persons even if there are more than 5 bedrooms.
- (4) Castle Hills Hotel Occupancy Tax Ordinance, any Castle Hills Hotel Occupancy Tax Ordinance on or after adoption of the ordinance from which this chapter derives.
- (5) Swimming pool barrier requirements prescribed by the Building Inspector pursuant to the International Swimming Pool and Spa Code, 2021.
- (6) Street parking prohibited as set forth in Chapter 44 of the Code of Ordinances.
- (7) Chapter 26, Nuisances of the City of Castle Hills Code of Ordinances.
- (8) Castle Hills Garbage Collection Ordinance, set forth in Chapter 20 of this Code of Ordinances.
- (9) In compliance with Sections 92.254 and 92.255 of the Texas Property Code, there shall be a working smoke alarm at least (i) in each separate bedroom, (ii) in a corridor that serves multiple bedrooms, and (iii) on each level of the dwelling unit.

(10) A minimum of at least one carbon monoxide detector must be on each floor or level of dwelling unit if the dwelling unit is equipped with natural gas, propane, and/or an attached garage.

(11) Rental of a short-term rental must be for at least one night.

(12) During any period when a short-term rental is occupied or intended to be occupied by guests, the local contact person shall be available 24 hours per day for the purpose of responding to concerns or requests for assistance related to the condition, operation, or conduct of guests of the short-term rental. The local contact person shall respond within 60 minutes of being notified of concerns or requests for assistance regarding the operation or conduct of guests of the short-term rental, and shall take immediate remedial action as needed to resolve such concerns or requests for assistance.

(13) No mobile food vendor is permitted to operate at a short-term rental property.

(c) Any advertisement that promotes the availability of a short-term rental, listed in any medium, including but not limited to, newspaper, magazine, brochure, website or mobile application, shall include the current short-term rental certificate of occupancy number assigned by the city.

(d) A short-term rental certificate of occupancy is valid for one year from the date of issuance. An application for renewal must be filed at least 30 days prior to expiration. The holder of a short-term rental certificate of occupancy must submit an application for renewal in the format and method promulgated by the city manager or his/her designee. A certificate of occupancy will not be renewed if two violations of city ordinances have been found by the municipal or another court to have occurred on the property during the last 12 months.

(e) Short-term rental certificates of occupancy are not transferrable. If the certificate of occupancy holder sells the property, the short-term rental certificate of occupancy automatically expires on the date of recording of the conveyance instrument in the office of the County Clerk of Bexar County.

Sec. 50-521. Notification of complaints.

Complaints related to the operation of a short-term rental, including, but not limited to, complaints concerning noise, garbage, parking, and disorderly conduct by guests, shall be reported to the city's code enforcement office during business hours and to the police department after business hours.

Sec. 50-522. Compliance with other law.

The owner, operator, local contact person, and guests shall comply with all applicable laws, rules and regulations pertaining to the operation, use, and occupancy of a short-term rental. The owner shall not be relieved from any civil or criminal liability for a violation of this article, regardless of whether such violation is committed by the owner, operator, local contact person, or guest of the owner's short-term rental.

Nothing in this article shall be construed to relieve any person or owner of any other applicable requirements of federal, state, or local law, rules, or regulations. Nothing in this article shall be construed to provide any property owner with the right or privilege to violate any private conditions, covenants, and restrictions applicable to the owner's property that may prohibit the use of such owner's property as a short-term rental as defined in this article.

Sec. 50-523. Variances. The owner of a proposed short-term rental property or an existing short-term rental property may apply for a variance from the city Board of Adjustment by filing an application for variance under the procedures for such an application. Such application will be set for a hearing before and consideration by the Board of Adjustment.

Sec. 50-524. Compliance and penalty provision.

(a) It shall be unlawful for any person or entity to violate any provision of this article. Proof that a violation of this article occurred at a short-term rental shall create a rebuttable presumption that the owner of said short-term rental is jointly liable for such violation along with the person whose conduct violated this article.

(b) Any violation of this article is a Class C misdemeanor offense and, upon conviction, shall be punished by a fine as set forth in section 1-17 of the Code of Ordinances. Each day a violation is found to have occurred shall be a separate violation.

(c) Prosecution under this article shall not require the pleading or proving of any culpable mental state.

(d) Penalties provided for in this article are in addition to any other criminal or civil remedies that the city may pursue under federal, state, or local law.

Sec. 50-525. Certificate of Occupancy suspension or revocation.

Upon conviction for a violation of this article, the municipal court judge may suspend or revoke any short-term rental certificate of occupancy issued for the short-term rental where the violation occurred. The city manager shall notify the owner of a suspension or revocation under this section in writing, sent by certified mail, return receipt requested, and mailed to the address of the owner as set forth on the most recent short-term rental certificate of occupancy application submitted to the city.

Secs. 50-526—50-538. Reserved.