In Austin, short-term rental (STR) hosts who comply with regulations are far more likely to be penalized than hosts that do not comply. Specifically, delaying payment by just one month decreases the likelihood you’ll ever have pay by 20%. Additionally, larger fees are less likely to be paid. Hosts are 50% less likely to pay their fine for every $50 increase in the total fine amount.

Hosts chooses not to comply for a number of reasons. First, STR regulations are confusing. Just understanding which category a host falls into requires scouring municipal code. As a reference, there are three STR types. Type 1 is owner occupied,[[1]](#footnote-1) Type 2 is not owner occupied and not part of a multifamily unit, and Type 3 is not owner-occupied but is part of a multifamily unit.[[2]](#footnote-2) Understanding basic STR categories is

Additionally, fee amounts and exxplanations are not available to the public – at least not in any reasonable way. A resident might get a mailed fee request, but there’s no way to validate the

Second, STR hosting is expensive. A first-time STR license costs $572 and annual renewals cost $313.[[3]](#footnote-3) Licensing costs are the same regardless the STR type. All STR types pay the same licensure fees.

Third, and most importantly, the City does not enforce compliance.

Becauase of these factors, it’s is likely that, in 2019, Austin failed to collect $2.5M in fees. According to the Austin Code Department, “over 10,000 properties in Austin advertise as short-term rentals, but only about 2,500 of them are licensed.”[[4]](#footnote-4)

This is especially pertinent given the recent decision by Texas’ Appeals Court regarding Austin’s ban on short term rentals for “non-homestead residential properties by 2022”[[5]](#footnote-5) as unconstitutional.

1. <https://library.municode.com/tx/austin/codes/land_development_code?nodeId=TIT25LADE_CH25-2ZO_SUBCHAPTER_CUSDERE_ART4ADRECEUS_SPCRESHRMREUS_S25-2-788SHRMRETY1RE> [↑](#footnote-ref-1)
2. <https://library.municode.com/tx/austin/codes/land_development_code?nodeId=TIT25LADE_CH25-2ZO_SUBCHAPTER_CUSDERE_ART4ADRECEUS_SPCRESHRMREUS_S25-2-790SHRMRETY3RE> [↑](#footnote-ref-2)
3. <http://www.austintexas.gov/department/short-term-rental-registration-program> [↑](#footnote-ref-3)
4. <https://www.statesman.com/news/20190723/study-finds-75-of-austin-short-term-rentals-are-illegal> [↑](#footnote-ref-4)
5. <https://www.kvue.com/article/money/austins-short-term-rental-bans-unconstitutional/269-17a9365e-9ec7-4e91-895e-49775429901d> [↑](#footnote-ref-5)