

AUDIT SCOPE STATEMENT – August 1, 2022

Short Term Rental Program

Background

A short term rental is when a host provides a house, apartment, or other non-traditional hotel residence for rent as overnight lodging to a guest. A host may be an owner/occupier, renter, or investor in the property. The host typically lists the unit on a third-party website for a rental period of less than 30-days. Common third-party websites include companies like Airbnb, VRBO, Turnkey, and Whimstay. Short term rentals grew in popularity throughout the U.S. during the 2010's.

The city began regulating short term rentals in February of 2018. The City Planning and Development Department oversees the city's short term rental regulations in City Code of Ordinances Sec. 88-321. These regulations require hosts to verify their zoning is eligible to operate as a short term rental, complete necessary notifications or receive neighbor approvals, and receive a permit on an annual basis. As part of the registration process, the host agrees to comply with certain rules around the safe occupancy and operation of a lodging business.

Why audit the short term rental program?

The city receives complaints about the illegal operation and disturbances related to short term rentals. Evaluating host compliance with city short term rental registration regulations could help ensure hosts register short term rentals with the city and are held accountable when in violation of city ordinances. In addition to complaints, residents also suggested we audit this program.

The widespread use short term rentals may impact the city's ability to collect convention and tourism taxes and hotel, motel, or tourist court fee (arena fee) assessed in Kansas City. These taxes and fees are used for convention center operations, a range of tourism activities, and to retire arena debt. Evaluating these impacts can help the city strategize what steps to take in response to the proliferation of short term rentals.

Audit objectives

Our objective is to answer the following questions:

- Are short term rental hosts complying with city registration regulations?
- Do short term rentals impact city convention and tourism taxes and the arena fee?

Audit methods

We will compare registration data to sources of listing data, categorize 311 complaints about short term rentals, assess the design of city's processes to register short term rentals, analyze sales tax and room night data, compare Kansas City short term rental city code to other city's laws and regulations.

Anticipated release date

We plan to issue the audit report in November 2022.



**KANSAS CITY
MISSOURI**

Office of the City Auditor

Douglas Jones, CGAP, CIA, CRMA – City Auditor

21st Floor, City Hall, 414 E. 12th St.

Kansas City, Missouri 64106

816-513-3300

cityauditor@kcmo.org

[@KCMOCityAuditor](https://twitter.com/KCMOCityAuditor)

[KCMO.GOV/CITYAUDITOR](https://www.kcmo.gov/cityauditor)