



# Highlights

## Why We Did This Audit

Kansas City developed regulations to administer how short term rentals operate in the city. The city continues to receive complaints about the illegal operation and neighborhood nuisance related to these operations.

Evaluating hosts' compliance with permit requirements can help identify opportunities for improving city regulations of these activities.

This audit is partly based on public suggestions.

## Objective

Are short term rental hosts complying with city registration regulations?

## Background

A short term rental is when a person or business ("host") provides a ("property" or "unit") house, apartment, or other non-traditional hotel residence for rent as overnight lodging for less than 30-days. A host may be an owner, renter, or investor that does not occupy the property.

The host typically lists the unit on an intermediary website. Common third-party websites include companies like Airbnb, VRBO, Flipkey, and HomeAway. Short term rentals grew in popularity throughout the U.S. during the 2010's.

The city council passed an ordinance regulating short term rental use in Kansas City in 2018.

[Click here to view the full report.](#)

## PERFORMANCE AUDIT – December 2022

### Short Term Rental Permit Regulations Have Gaps; Permit Enforcement and Revenue Impacted

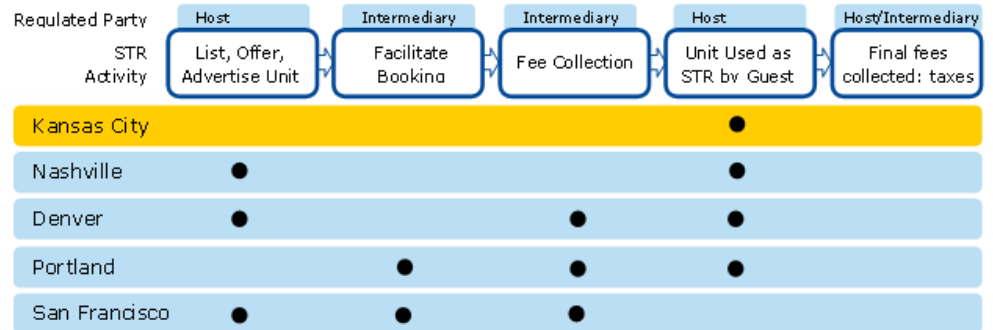
#### What We Found

Few short term rental units comply with city permit requirements. As of August 2022, only 11% of the estimated 1,900 short term rental units in Kansas City had permits. Only 7% of hosts have complied since 2018.

Without permits, the city does not have key information and resources for enforcement including:

- Who is operating a short term rental and where.
- Over \$1 million in missed permit fees during life of program.
- Received \$17,568 in renewal fees, much less than expected.

City regulations are difficult to enforce and do not address the intermediaries' role. Kansas City does not prohibit the listing or booking of an unpermitted unit. Other cities prohibit these activities and develop a working relationship with intermediaries.



Specifying record requirements for short term rentals (such as unit addresses listed on platforms, host contact, and booking information) in city code and improving communication with intermediaries can help improve permit compliance and give the city information needed to better enforce both permit and nuisance compliance.

City Planning and Development reports struggling to process the average of 290 applications received each year. Staff reviewing these applications have other primary development duties. If the city implements these recommendations, the department could receive 10 times the number of annual applications, overwhelming staff.

#### What We Recommend (full list on back)

We make recommendations directed towards improving permit compliance through changes to the city's ordinance that regulates short term rentals, improving the city's communication with intermediaries, and considering the impacts these changes will have on City Planning and Development staff.

We believe implementing these recommendations will improve permit compliance and provide the city with over \$440,000 in first year permit fees and over \$680,000 in annual renewal fees over the next four years.



## Recommendations

---

1. The director of city planning development should propose for City Council consideration an ordinance that prohibit hosts from listing, offering, or advertising short term rentals without a permit.
2. The director of city planning and development should submit for City Council consideration an ordinance that addresses the role of intermediary websites facilitating transactions for unpermitted short term rentals while providing methods for intermediaries to demonstrate reasonable attempts to comply with permit rules.
3. The director of city planning and development should establish a point of contact with all intermediaries and setup a process to communicate information related short term rental regulations.
4. The director of city planning and development should establish clear record requirements for short term rental hosts and intermediaries a process for the city to obtain listing, booking, and host information.
5. The director of city planning and development should evaluate their staffing needs based on anticipated permit activity and associated fee revenue to determine the necessary staffing levels to manage the short term rental program.



**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](mailto:cityauditor@kcmo.org)

 @KCMOCityAuditor

[KCMO.GOV/CITYAUDITOR](http://KCMO.GOV/CITYAUDITOR)