



Legislation Text

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[COMMITTEE SUBSTITUTE FOR] ORDINANCE NO. 230268

Sponsor(s): Councilmember Eric Bunch and Mayor Quinton Lucas

Amending Chapter 56, Code of Ordinances, by enacting new Article VIII, entitled “Short-Term Rental Registration,” which would become effective June 15, 2023, and requires short-term rentals operating in the City to register with the City on an annual basis, pay an annual registration fee, certify various safety information and the identity of the natural person who will reside on the property as a long-term resident or such person who has management control and responsibility for the short-term rental, and provides zoning and density restrictions for non-resident short-term rentals, penalty provisions for both short-term rentals and their booking service providers for non-compliance with such registration requirements, and places recordkeeping requirements on both short-term rentals and their booking service providers.

WHEREAS, a recent City Audit highlighted the proliferation of short-term rentals in the City and potential limitations in City’s capacity to regulate short-term rentals through its existing regulations in Chapter 88 of the City Code, Sections 88-321-01 through 88-321-04, administered and enforced through the City’s Planning and Development Department; and

WHEREAS, on December 15, 2022, the City Council passed Resolution No. 221069, directing the City Manager to begin transition of regulatory duties concerning short-term rentals from the City Planning and Development Department to the Neighborhood Services Department, which included a directive to make any necessary personnel changes, secure any necessary funding, and to propose any appropriate, corresponding amendments to the City’s Code in order to effectuate this transition, and to complete such tasks within 90 days; and

WHEREAS, City seeks to identify short-term rentals operating in the City, better ensure they operate in a manner consistent with public health and safety and promote accountability and preserve the established character of existing neighborhoods, gain contact information for code enforcement and compliance, and encourage the cooperation of short-term rental booking service providers in accomplishing these purposes.

WHEREAS, in connection with the enactment of this new article within Chapter 56, City intends, via separate ordinance, to appropriately revise the existing short-term rental regulations in Chapter 88 of its Code to clarify the overall regulatory approach toward short-term rentals; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 56, Code of Ordinances, is hereby amended by enacting a new Article VIII, entitled “Short-Term Rental Registration,” to read as follows:

CHAPTER 56, ARTICLE VIII.

SHORT-TERM RENTAL REGISTRATION

Sec. 56-801. Effective date and purpose.

The provisions of this article shall become effective June 15, 2023. The purpose of this article is:

(a) To identify those properties in the City that operate as short-term rentals, to better ensure they operate in a manner consistent with public health and safety, and to gain contact information for code enforcement and compliance;

(b) To allow non-resident short-term rentals to operate in the City in a manner that promotes accountability and preserves the established character of existing neighborhoods; and

(c) To encourage the cooperation of short-term rental booking service providers in accomplishing these purposes.

Sec. 56-802. Definitions.

(a) *Advertising* means the act of drawing the public's attention to a short-term rental.

(b) *Booking service provider* means any person or entity who facilitates a transaction between a prospective guest and a person or entity offering a short-term rental.

(c) *City* means the City of Kansas City, Missouri.

(d) *City incentive* means any economic incentive granted by the City or any economic development agency created by the City, including Port KC, in the nature of the capture and redirection, abatement, or exemption of taxes or the issuance of bonds or grants by the City or other City-backed financing.

(e) *Department* means the City's Neighborhood Services Department.

(f) *Director* means the Director of the City's Neighborhood Services Department or their authorized representative.

(g) *Dwelling unit* means one or more rooms arranged, designed or used as independent living quarters for a single household. Buildings with more than one kitchen or more than one set of cooking facilities are deemed to contain multiple dwelling units unless the additional cooking facilities are clearly accessory and not intended to serve additional households.

(h) *Long-term resident* means any natural person who, as of the date the registration is submitted pursuant to Section 56-803: (1) maintains their primary residence on the parcel where the dwelling unit that is the subject of the short-term rental registration is located; and (2) certifies that they will maintain their primary residence on such parcel for a period of twelve months or more after the date the short-term rental registration is submitted.

(i) *Non-resident short-term rental* means any short-term rental whose registrant or proposed registrant has not demonstrated that they are a long-term resident of such dwelling unit, as defined in this article.

(j) *Owner* means any person who, alone or with others, has legal or equitable title to a dwelling unit. A person whose interest in a dwelling unit is solely that of a tenant, subtenant, lessee, or sublessee under an oral or written rental housing agreement shall not be considered an owner.

(k) *Properly permitted Type 2 short-term rental pursuant to Chapter 88 of this Code* means any short-term rental that obtained from the City an administrative approval or a special use permit as a Type 2 or non-owner occupied short-term rental, which has neither lapsed nor been revoked, pursuant to Ordinance No. 170771, as amended by Ordinance No. 220398.

(l) *Properly registered short-term rental pursuant to Chapter 88 of this Code* means any short-term rental that was registered with the City, and whose annual registration has not expired, pursuant to Ordinance No. 170771, as amended by Ordinance No. 220398.

(m) *Primary residence* means the place in which a person's habitation is fixed for the term of the registration, is occupied by such person for a cumulative minimum of 270 days per calendar year and is the person's usual place of return. A person can have only one (1) primary residence.

(n) *Registrant* means the natural person who has (1) identified themselves as the registrant in the registration information and documentation submitted to the director pursuant to section 56-803 either (a) for a resident short-term rental; or (b) a non-resident short-term rental; (2) either owns the dwelling unit, or has a documented right to possess and conduct a short-term rental within the dwelling unit; and (3) has complied with all registration requirements for such dwelling unit in this article.

(o) *Registration period* means the period from the date a registration is issued by the City in Section 56-803 through its expiration twelve months later.

(p) *Resident short-term rental* means any short-term rental whose registrant or proposed registrant demonstrates that they are a long-term resident of such dwelling unit, as required in this article.

(q) *Short-term rental* means any dwelling unit offered, provided, or operated as lodging accommodations to guests in exchange for remuneration for a period of less than thirty (30) consecutive days.

Sec. 56-803. Annual short-term rental registration.

The requirements stated in this section shall not apply to a properly registered short-term rental pursuant to Chapter 88 of this Code. Unless exempted from this section, beginning June 15, 2023, each dwelling unit, before being offered, provided or operated as a short-term rental in the city, shall have its registrant submit the following to the director:

(a) *Fee.* A yearly registration fee of \$200.00. The director shall have authority annually to adjust the user fee listed above to reflect an increase equal to an increase in the consumer price index (all items/all urban consumers/Kansas City, Missouri-Kansas) published by the United States Department of Labor, Bureau of Labor Statistics, provided that the increases are reflective of the costs of the services being provided. If the costs in processing registrations pursuant to this article fall below the user fee being charged, the user fee shall be reduced so that it is equal to or less than the costs of processing such registrations.

(b) *Registration.* The following registration information and documentation, upon forms provided by the director:

- (1) *Dwelling unit.* The exact street address of each dwelling unit that may be offered, provided or operated as a short-term rental during the registration period, the primary intended use of the property on which the dwelling unit is situated, and, for a short-term rental within a multi-unit building, the number of dwelling units in each building on the property.
- (2) *Registrant.* Identification of the registrant by full name, Social Security Number or Federal Tax Identification Number, telephone number, mailing address, email address and date of birth.
- (3) *Owner.* If registrant is not the owner of the dwelling unit, identification of each owner of the dwelling unit by full name, telephone number, Social Security Number or Federal Tax Identification Number, mailing address, email address and date of birth. If the dwelling unit is owned by a corporation, limited liability company, partnership, limited partnership, trust or real estate investment trust, the name and address of any of the following shall be provided:
 - a. for a corporation, a corporate officer and the chief operating officer;
 - b. for a partnership, the managing partner;
 - c. for a limited liability company, the managing or administrative member;
 - d. for a limited partnership, a general partner;
 - e. for a trust, a trustee; or
 - f. for a real estate investment trust, a general partner or an officer.
- (4) *Resident short-term rental.* If the proposed registrant claims to be a long-term resident on the parcel where the dwelling unit to be offered, provided or operated as a short-term rental is located, documentation demonstrating that the proposed registrant is a long-term resident, by certifying that they will maintain primary residence on such parcel for the next twelve months, and providing at least two (2) of the following documents demonstrating that such parcel is their primary residence:
 - a. Proof of valid motor vehicle registration;
 - b. Federal or state tax returns or other financial documentation;
 - c. Proof of voter registration;
 - d. A utility bill; and/or
 - e. Any other legal documentation deemed sufficient by the director that is pertinent to establishing primary residence.
- (5) *Non-resident short-term rental.* If the proposed registrant does not claim to be a long-term resident on the parcel where the dwelling unit to be offered, provided or operated as a short-term rental is located:

- a. A notarized affidavit executed by the proposed registrant stating their full name, telephone number, mailing address, email address, and that they are the natural person who has management control and responsibility for the dwelling unit, and will personally inspect the interior and exterior of such dwelling unit at least once per month during the registration period; and
 - b. Possession of a business license to operate a short-term rental in the dwelling unit, pursuant to Chapter 40 of this Code.
- (6) *Registrant's proof of possession.* Proof of possession of the short-term rental, either by valid warranty deed, valid lease, or other verification of the tenant's right to possession of the dwelling unit. If the proposed registrant does not own the dwelling unit, they must also provide a notarized affidavit from the property owner allowing the proposed registrant to conduct a short-term rental within the dwelling unit.
- (7) *Tax clearance.* Tax clearance letter, issued by the City's Revenue Division of the Finance Department, for proposed registrant and owner.
- (8) *Safety, legal and tax requirements.* Certification by the proposed registrant, and, if proposed registrant is not the owner of the dwelling unit, by the owner, to each of the following requirements:
- a. The dwelling unit complies with all applicable federal, state, and local laws, including but not limited to collection and certification of payment of taxes and procurement of any required licenses and permits, and all property maintenance, building, electrical, mechanical, and plumbing codes.
 - b. If proposed registrant or owner has been involved with the operation of any short-term rental that was been banned or barred from activity in another jurisdiction, a detailed explanation of the circumstances, including the jurisdiction, property address(es), reason for ban or bar, and any documentation pertaining to such ban or bar.
 - c. Posted within each dwelling unit offered, provided and/or operated as a short-term rental is the contact information for the proposed registrant, owner, and other local emergency contact information.
 - d. For a short-term rental within a multi-unit building, a map is posted depicting all evacuation routes by doors in the event of an emergency. The map shall be posted on or immediately adjacent to every required egress door from each unit, but is not required when a door leads directly to the outside of the building at grade level.
 - e. Installed and maintained within the dwelling unit are smoke and carbon monoxide detectors in locations as specified for dwelling units by the Building Code.
 - f. The dwelling unit contains a working fire extinguisher and a working, battery-powered, portable flashlight or lantern or other emergency lighting device that is workable during an electrical power outage.

- g. No more than two persons per each bedroom being rented plus one additional person per dwelling unit, not to exceed eight guests per dwelling unit, shall occupy the dwelling unit at any given time.
- h. No food shall be prepared for or served to guests of any short-term rental by the proposed registrant or owner of the dwelling unit or their agents.
- i. The dwelling unit may not be rented or offered for use as reception space, party space, meeting space, or for other similar events open to non-resident guests.
- j. Proposed registrant and owner will allow inspection of the short-term rental dwelling unit by the city for fire, public safety, health/sanitation and other City Code compliance purposes upon reasonable prior notice (which may be oral or electronic) at times that such unit is not occupied by a short term-rental guest.

(9) *Remedy violations after deregistration.* For any proposed short-term rental that was previously deregistered with the City pursuant to Section 56-804 of this Code, the proposed registrant for such short-term rental must provide additional documentation to the director demonstrating that such Code violation(s) that were the basis for such deregistration have been remedied.

(10) *Certification.* The proposed registrant, and, if proposed registrant is not the owner of the dwelling unit, the owner(s), shall certify via notarized affidavit that the information required in this section is accurate and truthful.

(c) *Zoning and density requirements for non-resident short-term rentals.* To be eligible for registration under this article, a proposed non-resident short-term rental must both be located within a zoning district that, pursuant to Chapter 88 of this Code, allows non-resident short-term rentals, and satisfy the following density requirements:

- (1) If the proposed non-resident short-term rental is in a structure where there are fewer than three dwelling units, the dwelling unit proposed for registration cannot be less than 1,000 feet from the nearest dwelling unit that is either currently registered as a non-resident short-term rental under this article or is a properly permitted Type 2 short-term rental pursuant to Chapter 88 of this Code. In determining whether any such short-term rentals fall within such distance of the proposed dwelling unit seeking registration, the director shall consider any dwelling unit within or intersected by a radius of 1000 linear feet of ground from the dwelling unit, and including any dwelling unit above or below such radius.
- (2) If the proposed non-resident short-term rental is in a structure where there are three or more dwelling units, no registration shall issue for such dwelling unit if 12.5% or more of the dwelling units within such structure are currently registered as short-term rentals under this article or are properly permitted Type 2 short-term rentals pursuant to Chapter 88 of this Code.

The zoning and density requirements stated in this subsection shall not apply to the proposed registration of either a resident short-term rental as defined in this article or any short-term rental that, as of the date the Committee Substitute for Ordinance 230267 becomes effective, was a properly permitted Type 2 short-term rental pursuant to Chapter 88 of this Code that has not subsequently lapsed or been

revoked.

(d) Prohibition for non-resident short term rentals receiving City incentives. No non-resident short term rental operated in a dwelling unit that receives any City incentives, or located within a structure or upon a parcel that receives any City incentives, shall be eligible for registration as a short-term rental during the period any such incentive is awarded. The following shall be exempt from this subsection: a resident short-term rental as defined in this article or any short-term rental that, as of the date the Committee Substitute for Ordinance 230267 becomes effective, was a properly permitted Type 2 short-term rental pursuant to Chapter 88 of this Code that has not subsequently lapsed or been revoked.

(e) Short-term rental limitation for parcel with one principal dwelling unit. Any parcel with only one principal dwelling unit shall be allowed to have only one short term rental, regardless of whether the short-term rental is in the principal dwelling unit or an accessory dwelling unit on such parcel. In this subsection, the terms “principal dwelling unit” and “accessory dwelling unit” shall have the same meanings as provided in Chapter 88 of this Code.

(f) Determination to issue or renew registration. Upon the director’s determination that the requirements of this section have been satisfied, the director shall issue to the registrant a unique registration number for the dwelling unit. Each registration issued under this article shall expire at the end of its registration period and shall be subject to renewal annually. Any renewal registration must comply with all requirements of this section, and will be accepted beginning thirty days before end of the previous registration period and may be made without penalty before the end of the previous registration period.

Sec. 56-804. Deregistration.

(a) Non-resident short-term rental Code violation. A non-resident short-term rental registered under this article may be deregistered under this article when, in the determination of the director, such non-resident short-term rental fails to comply with the requirements of this article or any other provision of this Code, including the provision of false or fraudulent information to the City pursuant to this article.

(b) Resident short-term rental failure to maintain primary residence. Any resident-short-term rental registered under this article may be deregistered under this article when, in the determination of the director, the registrant for such short-term rental fails to maintain their primary residence on the parcel where such dwelling unit is located.

(c) One-year deregistration. Any short-term rental deregistered pursuant to subsections (a) or (b) of this section shall be removed from the City’s list of registered short-term rentals, deemed not in compliance with this article and ineligible to use any registration previously issued by the City pursuant to Section 56-803 and shall not be eligible to register again with the City for a period of one year.

(d) Three-year deregistration. A short-term rental shall be removed from the City’s list of registered short-term rentals, deemed not in compliance with this article and ineligible to use any registration previously issued by the City pursuant to Section 56-803 and shall not be eligible to register again with the City for a period of three years if:

- (1) The short-term rental’s registrant, owner or its agents were convicted of a combined three or more violations of this Code, state or federal law, in the course of operating such short-term rental; and

- (2) The director determines that the operation of the short-term rental presents a present and pervasive threat to or disregard for public health and safety. In determining the existence of any present and pervasive threat to or disregard for public health and safety, the director will consider the following:
- a. The nature and extent of the violations of this Code, state or federal law;
 - b. The impact of any violations of this Code, state or federal law upon innocent parties;
 - c. Actions taken by the owner, registrant or other agent of the short-term rental to abate any violations of this Code, state or federal law;
 - d. The physical characteristics of the property where the short-term rental is located, including the proximity of the property to residential property, parks, churches, schools and playgrounds;
 - e. Whether any harassing or intimidating conduct, as prohibited by law, was committed or permitted by the owner, registrant, or other agent of the short-term rental;
 - f. The extent of any street or sidewalk congestion caused or permitted by the owner, registrant, or other agent of the short-term rental.

(e) Notice and appeal of deregistration decision. Upon determining that any short-term rental is deregistered pursuant to this section, the director shall notify in writing the registrant and owner of such short-term rental of such fact and of the basis for deregistration. Such notice shall advise the registrant and owner that they are entitled to appeal the director's decision to deregister the short-term rental, as provided in Section 56-805.

Sec. 56-805. Appeal.

Any determination made by the City pursuant to this article either not to register or renew a short-term rental, or to deregister a short-term rental, may be administratively appealed as provided for in this chapter or Chapter 48 of this Code.

Sec. 56-806. Change in registration information.

(a) Change in ownership or registrant. If, during any registration period, there is a change in either ownership, or the identity of the person with authority to serve as the registrant, of a dwelling unit registered pursuant to this article, such registration shall no longer be valid, and before again being offered, provided or operated as a short-term rental in the city, such dwelling unit must be issued a new registration by the director pursuant to section 56-803, only after submitting a new fee and all information required by section 56-803.

(b) Other change in registration information. If, during any registration period, there is a change in the registration information previously submitted on behalf of the dwelling unit pursuant to section 56-803, other than a change in either ownership or the identity of person with authority to serve as the registrant, the registrant, and, if the registrant is not the owner of the dwelling unit, the owner, must within 30 days provide the director written notice of such change upon forms provided by the director, and certify such change

pursuant to section 56-803(b)(10). There shall be no penalty for any such registration update if done within 30 days.

Sec. 56-807. Unlawful acts.

A properly registered short-term rental pursuant to Chapter 88 of this Code is exempt from liability for any unlawful act under this section.

(a) *Registration violation.* It shall be a violation of this article to fail to timely register, to provide inaccurate, false or fraudulent registration information required in this article, or to offer, provide or operate as a short-term rental any dwelling unit at any period of time during which such unit is unregistered, deregistered or not in compliance with this article's registration requirements.

(b) *Failure to maintain primary residence.* For any dwelling unit registered as a resident short-term rental pursuant to Section 56-803(b)(4), it shall be unlawful to offer, provide or operate a short-term rental within such dwelling unit without the registrant maintaining their primary residence on the parcel where such dwelling unit is located.

(c) *Advertising violation.* It shall be a violation of this article to advertise any dwelling unit for short-term rental that either (1) is not in compliance with this article's registration requirements or (2) does not display on the face of such advertisement the registration number issued by the City pursuant to Section 56-803.

(d) *Unlawful transactions.* It shall be a violation of this article for any booking service provider to receive payment, directly or indirectly, for a short-term rental located in the city that is not registered pursuant to this article. The absence of a short-term rental on the City's publicly available list of registered short-term rentals, as provided in Section 56-808, shall be prima facie evidence that such short-term rental is not registered with the City pursuant to this article. However, no booking service provider shall be in violation of this subsection for any short-term rental transaction occurring fewer than two days after such short-term rental was removed from City's publicly available list of registered short-term rentals. In addition to obtaining notice from the publicly available list of registered short-term rentals, a booking service provider may request in writing that City send, as a courtesy, individual notice to the booking service provider upon the removal of any short-term rental from the City's registry, by sending such written request to the director via certified mail, and identifying by full name, mailing address and email address the agent of the booking service provider to whom such notice is requested to be sent. The failure of the City to issue such individual notice to a booking service provider upon request, however, shall not relieve the booking service provider of any violations, penalties or liabilities that may be imposed under this article.

(e) *Failure to comply with safety, legal or tax requirements.* It shall be a violation of this article to offer, provide or operate a short-term rental without maintaining any of the conditions, or compliance with any of the requirements, that must be certified by the registrant pursuant to Section 56-803(b)(8).

(f) *Records.* It shall be a violation of this article for any person or entity to fail to comply with Section 56-808.

Sec. 56-808. Records of registrant and booking service provider

(a) Each short-term rental registrant and owner shall maintain, and provide to the City upon request, the following records for the past year:

- (1) Total number of nights the short-term rental was rented to a guest;
- (2) The dates in which the short-term rental was rented by a guest; and
- (3) Any complaints received from guests, local residents or others concerning either any alleged violation of law, including any violation of safety, legal or tax requirements in Section 56-803(b) (8) of this article, or sanitary, health or safety concern allegedly observed on the parcel where the short-term rental is located.

(b) Each booking service provider shall maintain, and provide to the City upon request, the following information for short-term rental transactions facilitated in the city within the past five years:

- (1) The name of the person who offered the short-term rental;
- (2) The address of the short-term rental;
- (3) The dates for which the short-term rental was booked by a guest;
- (4) The price paid by the guest for each short-term rental transaction;
- (5) The short-term rental registration number issued by the city pursuant to Section 56-803; and
- (6) Any complaints received from guests, local residents or others concerning either any alleged violation of law, including any violation of safety, legal or tax requirements in Section 56-803(b) (8) of this article, or sanitary, health or safety concern allegedly observed on the parcel where the short-term rental is located.

(c) The department shall maintain and make publicly available a list of all registered short-term rentals within the city.

Sec. 56-809. Violations.

Any person or entity who fails to comply, or causes or permits any condition that fails to comply, with the requirements of this article shall be guilty of an ordinance violation and, upon conviction thereof, shall be punishable as set forth in Section 56-810. Each day during which any unlawful act, as defined in Section 56-807, occurs or continues shall constitute a separate violation.

Sec. 56-810. Penalties.

Any person or entity convicted of a violation of this article shall be punished for that violation by a fine of not less than \$200.00, but not more than \$1,000.00, or by imprisonment of not more than 180 days or by both such fine and imprisonment.

Sec. 56-811. Subpoenas

For purposes of enforcement of this article, the City shall have the authority to issue subpoenas to compel the attendance and testimony of witnesses, with or without documentary evidence, and the production of books and documents. It shall be unlawful to refuse to obey a subpoena issued pursuant to this section.

Section 2. That the City Manager is directed, one year after the passage of this ordinance, to analyze the effectiveness of this registration program and report to the City Council on the same.

Approved as to form:

Bret Kassen
Associate City Attorney