



SHORT TERM RENTAL ACTIVITY IN KILLEEN

DS-22-049

April 19, 2022

Background

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- In 2010, Ordinance 10-006 amended Chapter 31 of the Code of Ordinances, amending Article I, Section 31-2 changing the definitions of:
 - ▣ Boardinghouse, lodging house
 - ▣ Dwelling, single family
 - ▣ Family
- Adding the definition of:
 - ▣ Housekeeping unit
 - ▣ Transient

Definition from Article I, Section 31-2

- Boardinghouse or lodging house, shall mean a building other than a hotel where sleeping rooms are rented to four (4) or more adults for compensation, pursuant to previous arrangements for definite periods of time, but not to the public or transients.
- Dwelling, single-family, shall mean a building designed for or occupied exclusively by one (1) family. Where a single-family dwelling unit is rented, all adult residents must jointly occupy the entire premises, under a single written lease, for a period of at least thirty (30) consecutive days.
- Housekeeping unit shall mean a group of persons jointly occupying a single dwelling unit, including the joint use of and responsibility for common areas, and sharing household activities, responsibilities and expenses.
- Transient shall mean a person who occupies a dwelling unit or sleeping unit for less than thirty (30) consecutive days.

Background

- The overall effect of that ordinance change **prohibits** the rental or leasing of single-family housing to the public or transients for a period of less than thirty (30) consecutive days
- This practice is known as short-term rentals (STR)
- The ordinance change in 2010 was done to maintain the integrity of single-family neighborhoods

Current Situation

- The number of housing units STR's (AirBnb, VRBO, HomeAway, etc.) registered with STR companies in Killeen has grown rapidly from 2010
- Several STR's are on Craig's List to avoid tracking from STR compliance vendors
- STR's in Killeen are currently not allowed in single family zoning per the existing ordinance, but are allowed in R-2 and above
- STR's are required to pay Hotel Occupancy Taxes at 7% of the rental rate
- Owners & operators listing property on STR sites are running a business, according to Texas law
- Recent research shows that there approximately 200 short term rentals listed in Killeen with none of them paying the HOT tax.

Current Situation

- In 2021 the Killeen rental activity on **just two sites (Airbnb, VRBO)** that manage STR's, the City could have collected approximately \$194,688 in HOT tax
- STR listing services are not obligated to inform any owners of local codes, nor collect the HOT tax
- Possible revenue from a registration program +\$40,000
- There are over 30 STR sites that have registered properties in Killeen, + non monitored sites
- No required inspections for health and safety measures, i.e., smoke alarms, fire extinguishers, adequate egress, parking, etc.
- Very few complaints, but not actively tracking

Map of STR's in Killeen

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str-experience.munirevs.com/admin/

Additional Tools open

Average Daily Rate
\$110.57

New Listings
(Current Month)
192

Advertisements Pending Review

	VRBO	FlipKey	AirBnB	Other	All
TOTAL	114	0	472	180	766

Outreach and Review Status

	VRBO	FlipKey	AirBnB	Other	All	%	Properties
Compliant Properties							
Fully Compliant	0	0	0	0	0	0.00	0

Texas Cities with STR Registration Programs

- Georgetown
- Waco
- College Station
- Austin
- Fredericksburg
- Galveston
- Dallas
- Fort Worth
- Arlington
- Houston
- Corpus Christi
- Many more.....

Example listings of STR's in Killeen

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Entire residential home in Killeen
Spacious home with a jetted tub and a pool!
6 guests · 3 bedrooms · 3 beds · 2 baths
Wifi · Kitchen · Washer · Dryer
4.84 (61 reviews)
\$235 \$135 / night



e

STR listed in Killeen

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Updated ranch-style home with over 1700 square feet located in quiet area of Killeen. \$167/night



STR listed in Killeen

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About this rental \$135 per night

•House

•3 bedrooms

- 4 beds
- Sleeps 6

•2 bathrooms

- 2 full baths



Path Forward?

- Knowing the approximate number of STR's that are operating in Killeen, would city council want to consider:
 - Amending the ordinance allowing STR's in R-1 zoning and;
 - Use a STR compliance vendor to create/manage a registration program, track compliance, collect HOT tax and;
 - Have STR compliance vendor track STR properties and actively work with owners to ensure residential preservation and safety is adhered to
 - Follow through with appropriate code compliance from city departments

Path Forward?

- STR compliance vendor fees services is approximately \$ 10,000 to \$44,000 depending on level of involvement
- Can use HOT tax to pay for STR vendor fees
- HOT taxes are used to support the Killeen Civic & Conference Center operations and to also fund the Killeen Arts Commission.

Path Forward?

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■ Amend Ordinance

- to allow STR's in R-1 zoning and develop STR program for compliance
- permitting/registration (avg. \$100-\$200 annually)
- tax portal for HOT tax payment/collection
- 24/7 Hotline reporting program for complaints
- Code compliance and safety inspections of housing units.

Path Forward?

- Do not amend the ordinance
 - continue to let STR's operate in R-1 single family settings
 - not collect any revenue from STR's to offset operational costs at KC3
 - not perform any safety inspections for STR's
 - Continue code compliance on complaint basis
 - not provide additional HOT revenue to community groups through Killeen Arts Commission application processes.