

Board Meeting Date: April 24, 2018
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Steve Monowitz, Community Development Director
Subject: EXECUTIVE SUMMARY: Amend the Planning and Building Department's Planning Service Fee Schedule to add a fee to cover the cost of reviewing Short Term Rental (STR) Permits

RECOMMENDATION:

Adopt a Resolution amending the Planning and Building Department's Planning Service Fee Schedule to add a "Short Term Rental Permit" fee.

BACKGROUND:

On June 6, 2017, the Board of Supervisors approved an ordinance that regulates the renting, on a short term basis, of residences within the Coastal Zone of San Mateo County. The ordinance includes a list of required submittal documents and a process for reviewing and approving an application. However, at the time of ordinance adoption, Staff had not conducted research on an appropriate fee level for the processing of this new permit.

Since the adoption of the ordinance in June, County Staff has been working with California Coastal Commission (CCC) staff to certify the zoning amendment. Staff has also been researching short-term rental application fees of other jurisdictions to establish a range of fees, as well as analyzing the anticipated amount of staff time necessary to process an application. Based upon this analysis, Staff is proposing a processing fee of \$300, which includes public noticing as required by the ordinance.

DISCUSSION:

County Ordinance 2193, adopted April 10, 1973, authorizes the setting of Planning Department fees by resolution of the Board of Supervisors. State law requires that fees not exceed the estimated reasonable cost of providing the service for which the fee is charged. Staff calculations show that the proposed fees would equal but not exceed the cost of the service the Department provides.

Based upon the application review process (discussed in detail in the attached report), Staff estimates two hours of processing time (at \$100/hr - the average planners' salaries and overhead) plus a portion (\$100) of the contract with the County's proposed outside vendor – Host Compliance.

Host Compliance specializes in short term rental compliance monitoring and enforcement solutions. Their software will actively monitor over 25 different STR websites to identify new and existing listings within geographic areas that the County specifies. Host Compliance will then identify the address of the listing and forward onto the County any listing that does not currently have an STR permit for enforcement action. The cost of these services is dependent upon the number of estimated listings that have been preliminarily identified. At the present time, Host Compliance estimates that there are approximately 160 unique listings within the area subject to the STR ordinance.

This number of listings could fall once the County starts actively enforcing the STR ordinance. Some homeowners may choose to stop advertising because the complications of renting their house as an STR outweigh the income they have earned. Others may have been utilizing their Second Dwelling Unit as an STR, which is not allowed under the adopted STR ordinance.

County Counsel has reviewed and approved the resolution as to form.

The proposed amendment to the Planning Department fee schedule contributes to the 2025 Shared Vision outcomes of a Livable and Environmentally Conscious Community because the underlying project (implementation of the Short Term Rental Ordinance) for which the fee is required ensures that coastal resources and the residential character of coastal neighborhoods are protected while providing a framework in which residents can provide visitor serving accommodations within their homes

FISCAL IMPACT:

The proposed \$300 fee will generate an estimated \$48,000 in the remaining FY 2018. A portion of that revenue (\$8,000) will be used to pay the contract with Host Compliance. The projected revenue is based upon an estimated 160 permit applications (the current number of STR listings that have been identified within the Coastal Zone). The proposed revenue will allow the Department to process this new permit type without incurring additional unfunded costs. It is anticipated that there will be no Net County Cost associated with this action.