



County of San Mateo

Inter-Departmental Correspondence

Department: PLANNING AND BUILDING

File #: 18-310

Board Meeting Date: 4/24/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Steve Monowitz, Community Development Director

Subject: Amend the Planning and Building Department's Planning Services Fee Schedule to add a fee to cover the cost of reviewing Short Term Rental (STR) Permits.

RECOMMENDATION:

Adopt a resolution authorizing the addition of a "Short Term Rental Permit" fee to the Planning Services Fee Schedule.

BACKGROUND:

On June 6, 2017, the Board of Supervisors approved an ordinance that, for the first time, 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 STR permit 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, Staff has been working with California Coastal Commission 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:

1. Authority

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. Government Code Section 66014 also authorizes local governments to recover from permit applicants the cost of preparing the General Plan and development regulations. The Planning Department fee schedule exempts Tree Removal Permits and

Permit Exemptions less than \$500 from paying the General Plan Update Surcharge. Staff is proposing to add the Short Term Rental permit to this list of exempted permits.

2. **Fee Analysis**

To determine the appropriate fee level for this new permit, Staff broke down the application process into four major steps:

1) Review the application for completeness and legibility.

The proposed fee is predicated on the assumption that an applicant will submit everything listed on the application form at the time of submittal and that any drawings or other documents are relevant and legible.

2) Review available records for application accuracy.

The next step in the application process will involve a review of any available records of the subject property to confirm the accuracy of application statements (i.e. - number of bedrooms and availability of parking amongst other items).

3) Send out notice to neighbors and the CCC.

Consistent with Section 6401.3.5 of the adopted ordinance, a courtesy notice shall be given at least ten (10) calendar days prior to a decision to approve or deny the requested short term rental permit. Said notice shall be distributed to the California Coastal Commission, all property owners and residents within 100 feet of the perimeter of the subject parcel on which the short-term rental is proposed, and all other interested parties who have requested, in writing, such notice. A public hearing prior to consideration of the requested STR permit is not required.

4) Project Decision.

Assuming that a complete application has been submitted and all of the information provided has been verified as true and complies with the performance standards stated in the ordinance, then at the conclusion of the noticing period, the Community Development Director can approve the application. A decision letter will then be mailed to the applicant.

Based upon the above application process, 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 will likely 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.

In preparing this report, Staff researched the permit fees of other jurisdictions within California to understand what other jurisdictions are charging for this type of permit.

Sonoma County	\$633 (Vacation Rental Zoning Permit)
San Luis Obispo County	\$54 (Zoning Clearance/Plot Plan)
Sacramento County	\$270
El Dorado County	\$89
City of Grover Beach	\$300 (Administrative Development Permit)
City of San Francisco	\$250
City of Pismo Beach	\$146 (Zoning Clearance)
City of Napa	\$570
City Sacramento	\$125
City of Dana Point	\$150

Amongst the sample Cities and Counties that staff reviewed, there is a wide spread of fee levels, with Staff's proposed fee of \$300 at the median point. In researching the above fees, Staff found there is a wide spectrum of permitting schemes, with some jurisdictions requiring administrative hearings for this type of permit, thus the fee is much higher in those jurisdictions. Staff feels confident that the proposed fee is consistent with California Government Code Section 66014 which limits fees to be collected for planning services those "fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged".

3. **Public Notification**

The Planning and Building Department posted a public notice in the Development Review Center lobby, reception area, counter areas, and posting on the Department's website. Public notification was also published in the San Mateo Times fourteen (14) days in advance of the public hearing as required by State law and mailed to interested parties.

4. **Effective Date for the Amended Fee Schedule**

Section 66017, et. seq., of the California Government Code requires that all local agencies hold a public hearing to consider any proposed new fees. In addition, any action adopting a fee or charge shall be effective no sooner than 60 days following the final action. The effective date for the proposed fee schedule increases or modifications would therefore be Monday, May 14,

2018.

5. 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.