

Attachment 2

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VACATION RENTAL
CODE COMPLIANCE ENFORCEMENT OUTLINE
DECEMBER 8, 2021

PURPOSE:

Improve compliance with County regulations related to vacation rentals, also known as short-term rentals, in the unincorporated areas of Monterey County.

COMPONENTS:

Phase 1 - Public Outreach and Education – 30 Days

Provide information and guidance for greater communication and coordination among those involved at multiple levels in vacation rental operations.

Desired outcome (goal): Efficient and effective communication of existing code compliance regulations regarding vacation rental operations.

Objectives:

- Inform vacation rental operators of regulations
- Inform public of compliance strategies for VR operations
- Support consistent information sharing at multiple platforms
 - Chamber of Commerce
 - Real estate agents
 - Vacation Rental marketing companies
 - Newspapers
 - Online/County website
 - Direct mail
 - others

Programmatic actions:

- Draft notices for publication
- Draft vacation rental informational mailers for direct mail communication to identified VR operators
- Hold or sponsor county-wide discussion forums

Phase 2 – Enforcement – 12 to 18 Months

Provide varying levels of code compliance response and guidance to those involved in noncompliant vacation rentals operations.

Desired outcome (goal): Increased compliance with regulations regarding vacation rental operations.

Objectives:

- Inform vacation rental operators of a path toward compliance with regulations
- Reduce noncompliance

Programmatic actions:

- Divide list of non-compliant operators into the following two groups:

Group 1: Not paying TOT and those that are ineligible for permitting based on location

Group 2: Paying TOT and land use unpermitted

- Produce and deliver notices of specific noncompliance
 - Draft vacation 30 Day Notice
 - Draft vacation Administrative Citation
- Respond (letter, site visit) to nuisance complaints from both Hotline and phone/email/website, and Sheriff department referrals
- Compile evidence
- Provide progressive enforcement action for noncompliance (administrative citation, fines, stipulated agreements, administrative hearings)

Information and Data Management

Desired outcome (goal) - Increase the use and usefulness of available information

Objectives:

- A reliable clearinghouse for information useful to the public and vacation rental operators related to vacation rental permitting and code compliance.
- Coordinate with the Treasurer Tax Collector regarding Transient Occupancy Tax (TOT) reporting/remittance

Programmatic actions:

- Create a web-based site with links to, and direct delivery of examples, templates, guidelines and contacts for vacation rental related policies, procedures, and regulations
- Receive quarterly reports, or have real-time updates via website of TOT data

Third Party/Technology

Desired outcome (goal) - Increase the use of third-party services/technology in vacation rental advertisement monitoring, complaint hotline, and violation notification

Objectives:

- Utilize third party vendor to track information regarding advertised vacation rental operations
- On a regular basis, assess contract services for update

Programmatic actions:

- Track advertised vacation rental operations
- Produce, deliver, and track a series of communications with vacation rental property owners/operators regarding code compliance strategies
- Produce reports on vacation rental locations, frequency, communications
- Design performance measures for the Program that utilize and relate to the results of vacation rental reports

Staff

Desired outcome (goal) - Increase HCD staff by one Supervising Code Compliance Inspector, one Code Compliance Inspector II, and one Office Assistant at a total cost of approximately

\$380,000 for these enhanced code enforcement efforts

Objectives:

- Increase HCD staff to handle vacation rental code compliance activities

Programmatic actions:

- Track TOT information and third-party data regarding communications/notices sent
- Respond to VR complaints reported directly to HCD, third party Hotline calls & Sheriff department referrals
- Complete entire compliance process, up to and including administrative hearings, if required.

Financial

Desired outcome (goal) – Use citation payments and TOT to fund the vacation rental code compliance efforts, with emphasis on full cost recovery.

Objectives:

- Obtain reliable and sustainable funding to support vacation rental code compliance (ongoing and future)

Programmatic actions:

- Adopt new citation fees for Vacation rental operations (would require future adoption by Board)
 - \$1000/day first offense (Currently \$100/day)
 - \$2000/day second offense (Currently \$200/day)
 - \$5000/day third offense (Currently \$500/day)
 - Or a percentage of nightly rate charged for VR
- Allocate TOT revenue generated from vacation rentals to HCD
 - \$380,000 for increased staff costs
 - \$57,000 third party services
 - \$10,000 estimated cost of hearing officer for 2-4 hearings per year.

Host Compliance Data Summary, 11/02/2021

Table 1. Monterey County - Short Term Rentals

Unpermitted, Advertised Short-Term Rental Units

| | Unregistered TOT | Registered TOT | TOT Registration Undetermined | Total |
|------------------------------|---------------------|-------------------|----------------------------------|-------|
| District 5 | 111 | 332 | 59 | 502 |
| All other Districts Combined | 19 | 57 | 21 | 97 |
| Total | 130 | 389 | 80 | 599 |

Table 2. District 5 - Short Term Rentals

Unpermitted, Advertised Short-Term Rental Units

| | Unregistered TOT | Registered TOT | TOT Registration Undetermined | Total |
|-----------------------------------|---------------------|-------------------|----------------------------------|-------|
| Carmel LUP; LDR zone | 4 | 11 | 9 | 24 |
| Big Sur | 1 | 14 | 0 | 15 |
| All Remaining Areas of District 5 | 106 | 307 | 50 | 463 |
| Total | 111 | 332 | 59 | 502 |

Table 3. Proposed Enforcement Prioritization – District 5

Unpermitted, Advertised Short-Term Rental Units

GROUP 1:

| | |
|--|-----|
| Unregistered for TOT | 106 |
| Ineligible for Permitting Based on Land Use Plan or Zoning | 39 |

GROUP2:

| | |
|-------------------------------|-----|
| Registered for TOT | 307 |
| TOT Registration Undetermined | 50 |

Total 502