



Monterey County

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Board Report

Legistar File Number: 18-740

July 17, 2018

Introduced: 7/11/2018

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Receive a report regarding utilizing the third-party vendor, Host Compliance, for Short-Term Rental (STR) Code Compliance;
- b. Authorize the Chair to sign a letter reporting back to the Planning Commission and direct the Secretary of the Planning Commission to deliver the letter to the Commission; and
- c. Provide direction to staff regarding implementing Host Compliance for STR Code Compliance. (Board Referral No.: 2018.10)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a report regarding utilizing the third-party vendor, Host Compliance, for Short-Term Rental (STR) Code Compliance;
- b. Authorize the Chair to sign a letter reporting back to the Planning Commission and direct the Secretary of the Planning Commission to deliver the letter to the Commission; and
- c. Provide direction to staff regarding implementing Host Compliance for STR Code Compliance.

SUMMARY:

On June 19, 2018, the Board of Supervisors received a report from the RMA on STR code enforcement, and provided direction to staff to return on July 17, 2018 with more information pertaining to utilizing the third-party vendor, Host Compliance, to improve the Agency's ability to address STRs which cause nuisances such as noise, trash, and parking congestion. At this meeting, the BOS highlighted a distinction between unpermitted STRs, which may be in noncompliance with existing land-use policy pertaining to transient occupancy, and nuisance STRs, which, in addition to noncompliance with transient occupancy permitting, may also violate County codes pertaining to noise, litter, and parking standards.

Staff has since researched implementation options for launching the 24/7 hotline and web form and seeks direction on these options as well as the costs involved. While the hotline and web form were included in the 2017 contract between Host Compliance and the Office of the Treasurer-Tax Collector (TTC), the 2018 renewal discontinued this service. As such, there are additional costs associated with implementation for the BOS to consider.

Staff recommends utilizing the 24/7 STR complaint hotline and web form offered by the third-party vendor Host Compliance to support code compliance for STRs which pose a nuisance to the community.

Staff has drafted a response letter from the BOS to the Planning Commission (Attachment A) to respond to the Commission's request for direction on STR code enforcement. Staff recommends that

the Board of Supervisors approve the letter and direct staff to transmit the letter to the Commission on the Board's behalf.

DISCUSSION:

During a public hearing on January 31, 2018, the Planning Commission heard public testimony regarding STR activities. The two main concerns raised at the hearing were that community tension is rising due to increased STR activity, and that County staff's limited resources prevent a robust code compliance response to STR complaints. One of the requests of the Commission was to evaluate the possibility of using technology and/or contractors to assist with consistent and predictable code enforcement practices.

In response to the Commission's request, staff prepared a presentation for the BOS on June 19, 2018 on STR code compliance. At this meeting, the BOS discussed the distinction between "unpermitted STRs" and "nuisance STRs". Unpermitted STRs are those which are purported to violate existing County land use regulations relating to transient occupancy of residential property. Nuisance STRs are those which, in addition to noncompliance with transient occupancy permitting, may also violate County codes pertaining to noise, litter, and parking standards. The BOS specified that staff should focus its STR code compliance efforts on nuisance STRs and requested more information on how Host Compliance could be utilized as a third-party vendor for code enforcement.

Staff has since researched the implementation options associated with the 24/7 hotline and web form, as well as potential costs of implementation. The hotline and web form could be implemented immediately for collecting STR related complaints and documenting their frequency and variety. The data analysis dashboard included in the Host Compliance web interface includes such valuable information as:

- number of calls in the past 30 days,
- calls by offending address,
- calls by reporting party, and
- call distribution by complaint type.

OTHER AGENCY INVOLVEMENT:

RMA coordinates with Monterey County Treasurer-Tax Collector on enforcement matters with STRs.

RMA consults County Counsel on code enforcement cases. Therefore, increases in Code Compliance for STR would directly impact County Counsel.

RMA consulted with Sherriff's Office staff regarding the costs and feasibility of response options.

RMA consulted with the Office of Human Resources in researching staff costs and implementation hurdles.

On November 28, 2017, staff presented a draft ordinance to the Planning Commission. The Planning Commission directed staff to present the draft ordinance to all of the Land Use Advisory Committees,

which extended the time to get ordinances completed. Staff anticipates having a draft ordinance to the Planning Commission in June 2018 to make a recommendation to the Board.

Due to the late submission of this board report, the CAO Budget & Analysis Division was not provided adequate time to fully review for potential fiscal, organizational, policy or other implication to the County of Monterey.

FINANCING:

The hotline and web form could be added to the existing TTC contract with Host Compliance for \$6,839. Additional costs would be incurred for any code enforcement activities beyond data analysis of the complaints.

The TTC's current contract with Host Compliance includes sending compliance letters to "unpermitted STRs", however, sending letters to "nuisance STRs" is not included. Staff received an estimate from Host Compliance that sending letters to nuisance STRs would cost approximately \$3,000 per year.

Additionally, staff researched the cost of dispatching a response in real time to STR nuisance complaints, including contracting with a private security firm, dispatching Code Compliance Inspectors in an "on-call" capacity, and connecting complainants with the non-emergency number for law enforcement. Staff also researched certain implementation hurdles for the BOS to consider.

The cost estimates assume that responding to a STR nuisance complaint would take an average of two hours, followed by an additional two hours of in-office processing time to finish the case. The in-office processing time estimates are based on the fully burdened labor rate for Code Compliance Inspectors II (\$75.87/hr), however, this classification is being used for financial estimation purposes only. Should any of these options be pursued further, additional analysis would be required to determine the most appropriate classification of Code Compliance Inspector for the job.

Private Security Firm: Staff estimates that this policy option would cost roughly \$245.23 per response, excluding the administrative costs of contract management. This estimate is based on an average alarm response rate of \$46.75/hour, calculated across the four private vendors contracted with the County. It also includes two hours of the fully burdened labor rate for Code Compliance Inspectors II at \$75.87/hr.

RMA Code Compliance Inspector: Staff estimates that this policy option would cost roughly \$303.46 per response (four hours at \$75.87/hr), plus the annual cost of providing on-call pay for nights, weekends and holidays, which is estimated to be approximately \$16,641.30.

Sheriff's Deputy: Staff estimates that this policy option would cost roughly \$356.97 per response. This estimate is based on two hours of Sheriff's Deputy fully burdened labor rate (\$102.62) plus two hours of Code Compliance Inspector time (\$75.87), however, additional time, and staff costs, may also be incurred by Sheriff's Deputies for report writing and court appearances. It is important to note that in discussing this option with Sheriff's Office staff, it was observed that the Sheriff's Office is experiencing a staff shortage and thus more pressing criminal matters may need to be prioritized.

Any parcel found to be in violation of any code or ordinance can be assessed cost recovery fees of \$180.00 per hour for RMA staff to bring the property into compliance. RMA can also recover costs for services contracted to bring the property into compliance. However, if a complaint does not result in the finding of a violation, RMA costs are not recoverable.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Monterey County Short-Term Rental Code Compliance Policy addresses the Strategic Initiative Policy Areas that promote the growth of a responsible and legal Monterey County Short-Term Rental industry.

Mark a check to the related Board of Supervisors Strategic Initiatives

- ☒ Economic Development
 - Administration
 - Health & Human Services
 - Infrastructure
- ☒ Public Safety

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Reviewed by: Neville Pereira, Chief Building Official

Approved by: Carl Holm, AICP, Director of Resource Management Agency

ATTACHMENTS:

Attachment A - Draft Letter to Planning Commission