



County of Monterey Budget Committee Report

Item No.

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

October 30, 2024

Legistar File Number: BC 24-116

Introduced: 10/14/2024

Current Status: Agenda Ready

Version: 1

Matter Type: Budget Committee

- a. Support amending the Adopted Budget for Housing and Community Development (HCD) - Fund 001, Appropriation Unit HCD002, Unit 8543 to add the following four positions: two Code Compliance Inspector II, one Permit Technician III, and one Associate Planner; and
- b. Support directing the County Administrative Office and the Auditor-Controller to incorporate the approved position changes in the FY2024-25 Adopted Budget and the Human Resources Department to implement the changes in the Advantage HRM system.

RECOMMENDATION:

It is recommended that the Budget Committee support the Housing and Community Development Department's recommendation to the Board of Supervisors to consider:

- a. Amending the Adopted Budget for Housing and Community Development (HCD) - Fund 001, Appropriation Unit HCD002, Unit 8543 to add the following four positions: two Code Compliance Inspector II, one Permit Technician III, and one Associate Planner; and
- b. Directing the County Administrative Office and the Auditor-Controller to incorporate the approved position changes in the FY2024-25 Adopted Budget and the Human Resources Department to implement the changes in the Advantage HRM system.

SUMMARY/DISCUSSION:

The Board of Supervisors (Board) on August 27 and September 10, 2024, passed and adopted regulations for vacation rentals in the Inland Area of unincorporated Monterey County and directed staff to submit the regulations for vacation rentals to the California Coastal Commission. The Staff Report and Attachments for the Vacation Rental Ordinances Board Hearing on August 27, 2024, can be found at this location: <<<https://monterey.legistar.com/LegislationDetail.aspx?ID=6836676&GUID=96AA4932-85C4-49E5-BF12-7E9180E29FDB&Options=&Search=>>>>> (also provided as a clickable link in **Attachment D**). As detailed in the Staff Report and Detailed Discussion presented to the Board on August 27th, staff proposed adding four new positions to support the implementation of the Vacation Rental Ordinances. These four positions would ensure that there would be no impact on the existing levels of service currently provided by HCD.

The four positions requested include:

1. One (1) Assistant/Associate Planner;
2. Two (2) Code Compliance Inspector II; and
3. One (1) Permit Technician III.

HCD has carefully considered the need for these positions and recommends these four positions as the minimum necessary to implement the adopted Vacation Rental Ordinances.

Assistant/Associate Planner

This position is requested to assist with processing Use Permits/Coastal Development Permits for commercial vacation rental applicants; renewal of these permits, which are granted for a 7 year period pursuant to the adopted regulations; and monitoring of compliance with conditions of approval on these permits. The Planner will also coordinate with the Permit Technician on issuance of Vacation Rental Operator Licenses associated with an approved Use Permit/Coastal Development Permit. Based on information available about current vacation rental operations and limits within the adopted regulations, it is estimated that the HCD could receive an influx of up to 300 Use Permit/Coastal Development Permit applications, but we anticipate fewer applications due to the cost and uncertainty associated with the adopted rules. On average, a planner processes approximately two to three Use Permit/Coastal Development Permit applications per month. One planning position is insufficient to handle the anticipated workload on their own initially. HCD will attempt to absorb the remaining workload with existing staff resources and/or consulting services as needed. Without the added position, the public will be impacted by extended permit processing times as existing staff prioritize substantial workloads based on Board priorities and previously submitted applications. This will impact all development permits, not just vacation rentals.

Code Compliance Inspectors (2):

The two Code Compliance Inspector II positions will be assigned to enforcement of the adopted Vacation Rental Ordinances as their first priority. Enforcement includes coordinating with the Planner, Permit Technician, and Treasurer/Tax Collector's Office on tracking and monitoring compliance for permitted vacation rentals and monitoring and tracking advertisements for unpermitted vacation rentals. Code Compliance Inspectors will investigate and monitor vacation rentals throughout the unincorporated areas, which is geographically large and diverse. HCD staff opened 707 cases during the calendar year 2023 and has a current backlog of 2,672 cases, with 1,293 being Priority One cases. Staff classifies cases as Priority One - Three, with Priority One cases being Health, Life, and Safety. The HCD Code Compliance team has nine Code Compliance positions, with two inspectors assigned to Cannabis Compliance Inspections and two inspectors splitting their time between investigating noise complaints and Vacation Rental complaints; that leaves the other five positions the task of addressing all other types of complaints. Moving two inspectors to full-time enforcement of the new Vacation Rental Ordinances will allow Priority One and noise complaints to go unaddressed, which will frustrate the public when their concerns are not addressed promptly.

Permit Technician III:

All three types of Vacation Rentals (Commercial, Limited, and Homestays) require approval of an annual Vacation Rental Operation License (License). The License is a ministerial permit with review limited to ensuring the objective criteria are met. This is an entirely new function within HCD. The Permit Technician III position would be responsible for reviewing all Vacation Rental Operation Licenses annually and maintaining a comprehensive list of permitted vacation rentals by type. It is anticipated that HCD could receive as many as 800 license applications annually. Without this position, this work would need to be absorbed by existing staff at the permit center, which will impact the public by increasing wait times at the permit center counter, extending permit process times as

work gets prioritized, and potentially having reduced hours at the permit center while existing staff attempts to manage the new and existing workloads.

It is HCD's opinion that if these staff positions are not approved, levels of service for all permit processing will be impacted, enforcement efforts will be impacted, and oversight of the Vacation Rental Ordinances will not meet public expectations. Therefore, HCD submitted the Requests to Classify (RTC) to Human Resources and is bringing this budget request to the Budget Committee today to formally request these additional positions.

FINANCING:

The recommended additional positions will result in additional yearly salary and benefits expenses of approximately \$297,497 for FY 2024-25, assuming the positions are hired in January 2025.

Currently, HCD anticipates absorbing the expense by using salary savings due to vacancies since July 1, 2024, and additional revenues from Use Permits, Coastal Development, and License applications.

The positions will result in ongoing annual salary and benefits expenses estimated at \$594,993 for FY2025-26 in Appropriation Unit HCD002, Unit 8543. The additional positions will be subsequently incorporated in the upcoming budget preparation cycle. Increased revenues associated with implementing the Vacation Rental Ordinances are expected to offset these expenditures. The additional revenue will consist of the newly adopted Board fee for the License and the fees for the Use Permits and Coastal Development Permits for Commercial Vacation Rentals. Staff also included projections for the Vacation Rental Ordinances program implementation, which include a projection for expenditures and revenues over a nine-year and seven-year period, which is attached as

Attachment C.

OTHER AGENCY INVOLVEMENT

The County Administrative Office has reviewed this report, and the Human Resources Department has approved the RTCs, which are attached as **Attachment B.**

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Reviewed by: Melanie Beretti, AICP, Chief of Planning, 831-755-5285

Approved by: Craig Spencer, HCD Director

The following are attached to the Staff Report:

Attachment A - New Positions - Housing and Community Development

Attachment B - Request to Classify

Attachment C - Projected Expenditures and Revenues for the Vacation Rental Ordinances Implementation Program

Attachment D - Clickable link to the August 27, 2024, Staff Report and Attachments