



Council Agenda Report

To: Mayor Pierson and the Honorable Members of the City Council

Prepared by: Lisa Soghor, Assistant City Manager

Approved by: Reva Feldman, City Manager

Date prepared: October 7, 2020

Meeting date: October 26, 2020

Subject: Fiscal Year 2020-2021 Short-Term Rental Permit Fee

RECOMMENDED ACTION: 1) Conduct the Public Hearing; and 2) Adopt Resolution No. 20-57 amending the Fee Schedule for Fiscal Year 2020-2021 to add a Short-term Rental (STR) Permit Fee and finding the action to be exempt from the California Environmental Quality Act.

FISCAL IMPACT: The City contracts with Host Compliance to track short-term rentals. The Host Compliance platform reflects that there were 438 properties in or near Malibu advertised for short-term rental as of October 2, 2020. Assuming all properties apply for a STR Permit in Fiscal Year 2020-2021, the proposed \$294 STR Permit Fee will generate approximately \$129,000 in revenue to offset the costs of providing the services necessary to process the permit.

DISCUSSION: On April 27, 2020, the City Council adopted the Fee Schedule for Fiscal Year 2020-2021. The STR Permit Fee was not included the adopted fee schedule as the City did not have a STR permit system in place at that time.

On September 29, 2020, the City Council adopted Ordinance No. 468 enacting a STR Permit system to regulate short-term rentals effective January 15, 2021.

As of January 15, 2021, all eligible property owners wishing to rent their property on a short-term basis or advertise to rent their properties on a short-term basis are required to have a STR Permit. In order to issue STR Permits, the City needs to establish a STR Permit Fee.

State law mandates that municipalities such as the City of Malibu charge customers only the fees necessary to recover the services provided and prohibits charging fees above and beyond the services rendered.

The City has analyzed the cost to review, process and administer the STR Permit. These costs include staff time for administration, finance, code enforcement, and environmental health as well as the City's contract with Host Compliance to provide online permit services, Transient Occupancy Tax payment processing and a 24/7 STR Hotline. The City's contract with Host Compliance is \$40,105.68 per year. The STR Permit fee will be established at \$294. This fee is based on the following:

	Hourly rate	Time per permit	Cost per permit
Code Enforcement	\$175.00	0.25 hour	\$43.75
Environmental Health	\$189.00	0.25 hour	\$47.25
Administration & Finance	\$112.00	1.00 hour	\$112.00
Subtotal			\$203.00
Per permit cost of Host Compliance services			\$91.00
Total			\$294.00

The Pursuant to Government Code section 66017(a), the new fees shall be effective 60 days from the date of adoption of this resolution. If Council adopts Resolution No. 20-57, the permit fee would be effective as of December 26, 2020.

Staff is currently working to develop the STR Permit Application and the permit review process to include an online permit application system hosted by the City's STR consultant, Host Compliance. The City plans to have the STR Permit Application available well in advance of the January 15, 2020 deadline as it may take up to 30 days to review each application; however, the City will not approve STR Permits until the fee becomes effective.

Staff will continue to monitor the costs associated with the new STR Permit system and will propose updates to the Permit Fee if needed as part of the proposed Fee Schedule for Fiscal Year 2021-2022.

ATTACHMENTS:

1. Resolution No. 20-57
2. Public Hearing Notice

RESOLUTION NO. 20-57

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MALIBU AMENDIN THE FEE SCHEDULE FOR FISCAL YEAR 2020-2021 TO ADD A SHORT-TERM PERMIT FEE AND FINDING THE ACTION TO BE EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

The City Council of the City of Malibu does hereby find, order and resolve as follows:

SECTION 1. Recitals.

A. On April 27, 2020, the Schedule of Fees for Fiscal Year 2020-2021 was adopted by the City Council by Resolution No. 20-18 and amended on May 26, 2020, by Resolution No. 20-21.

B. On September 29, 2020, City Council adopted Ordinance No. 468 amending Title 17 (Zoning) of the Malibu Municipal Code and adding Chapter 17.55 (Short-term Rental Ordinance) to establish provisions to regulate short-term rental of property citywide, updating Chapter 15.44 pertaining to onsite wastewater treatment systems and short-term rentals and finding the action exempt from the California Environmental Quality Act.

C. The Adopted Schedule of Fees for Fiscal Year 2020-2021 does not include a Short-Term Rental Permit fee.

D. On October 26, 2020, a duly noticed public hearing was held to consider establishing the Short-Term Rental Permit Fee. The City Council has reviewed the fee and finds that the fee for the Short-Term Rental Permit does not exceed the reasonable costs of services directly conferred to the payer. The City Council further finds that the fee for costs of regulation does not exceed the reasonable cost of regulation by the City.

SECTION 2. The Short-Term Rental Permit Fee is hereby established as \$294.

SECTION 3. Environmental Review.

The Council finds that the adoption and implementation of this resolution is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that this action may have a significant effect on the environment and section 15064(e) which exempts purely economic regulations.

SECTION 4. The City Clerk shall certify adoption of this resolution and shall cause the same to be processed in the manner provided by law. Pursuant to Government Code section 66017(a), the fee increases and new fees shall be effective 60 days from the date of adoption of this resolution.

PASSED, APPROVED, and ADOPTED this 26th day of October 2020.

MIKKE PIERSON, Mayor

ATTEST:

HEATHER GLASER, City Clerk
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

CHRISTI HOGIN, City Attorney

**NOTICE OF PUBLIC HEARING
CITY OF MALIBU
CITY COUNCIL**

The Malibu City Council will hold a public hearing on Monday, October 26, 2020 at 6:30 p.m. regarding the creation of a fee for a Short-Term Rental Permit for Fiscal Year 2020-2021. The public hearing will be held via the Zoom application only in order to reduce the risk of spreading COVID-19 and pursuant to the Governor's Executive Orders N-25-20 and N-29-20 and the County of Los Angeles Public Health Officer's Safer at Home Order (revised March 21, 2020). Consistent with the requirements of Government Code section 66016, data on costs and revenue sources relating to the Permit will be available on the City's website 10 days prior to the meeting.

HOW TO VIEW THE MEETING: No physical location from which members of the public may observe the meeting and offer public comment will be provided. Please view the meeting, which will be live streamed at <https://malibucity.org/video> and <https://malibucity.org/VirtualMeeting>.

HOW TO PARTICIPATE BEFORE THE MEETING: Members of the public are encouraged to submit email correspondence to citycouncil@malibucity.org before the meeting begins.

HOW TO PARTICIPATE DURING THE MEETING: Members of the public may speak during the meeting through the Zoom application. You must first sign up to speak before the item you would like to speak on has been called by the Mayor and then you must be present in the Zoom conference to be recognized.

If there are any questions regarding this notice, please contact Renee Neermann, Finance Manager, at (310) 456-2489, ext. 222.

RENEE NEERMANN, Finance Manager

Publish Date: October 8 and October 15, 2020