

Proposed enforcement/compliance system for vacation rentals

The San Diego Community Working Group on STVR recommends that upon passage of vacation rental regulations, Code Compliance will distribute an RFP to attract a high-tech company that is expert in vacation rental enforcement/compliance to help create an effective public-private system of enforcement/compliance for San Diego.

Details about the operation, staffing, and budget of such a system are explained on the following pages. We strongly recommend that permit fees be specifically dedicated to enforcement/compliance. Thank you.

Proposed STR Enforcement Administration

Assumptions:

1. 1% STR cap city-wide, plus Mission Beach = 6,481 STVR permits city-wide.
2. 1% of STRs will generate a complaint in any 24-hour period = 64.81 complaints per 24-hour period.
3. 80% of complaints can be resolved telephonically by code enforcement.
4. 20% of complaints will require a response to the property by code enforcement.
5. Complaints will skew toward nighttime and weekends, so staff needs to be scheduled accordingly.
6. Dispatching a code enforcement officer to a property will take, on average, 3 hours of time including responding, contacting, report writing, and returning to the office.
7. Phone resolution takes 30 minutes.
8. Code enforcement personnel work an eight-hour shift.

A 24/7 Enforcement System That Works for All

The basics of the proposal:

9. A system is created to allow people to call in a complaint 24-hours a day and reach a code enforcement person. (See following pages for charts.)
10. The code enforcement person logs the call and, if the situation warrants, either calls the 24-hour representative of the property in question to have them address the problem or dispatches a code enforcement officer and/or police. The complainant is advised that the issue is slated for resolution within 1½ hours. They may call back after that time if the problem is not resolved.
11. If the 24-hour contact person for the property cannot be reached within one hour, a violation is logged and personnel are sent to the property to resolve the problem.
12. If the 24-hour contact person for the property can be reached, they are given one hour to resolve the issue and report back that it is resolved.
13. If the original complainant calls back after 1 ½ hours to report that the problem persists, a code enforcement officer or police are sent.

Rapid, computer-based enforcement is the key to a lasting VR solution

This will eliminate the toxic environment that has been a barrier to an enduring vacation rental solution. It will replace the current ineffective enforcement system with a computer/phone-based system operated by Code Compliance and a private partner. It will provide same-day, rapid relief to impacted neighbors. Here's how:

1 **The City will partner with a high-tech STR enforcement firm to gather 24/7 contact information from permits** for vacation rentals, including owner/contact name & phone number. Then, it will conduct a publicity campaign to educate citizens to call a dedicated vacation rental hotline number with complaints.

2 **The enforcement system will use phone calls to 24/7 contacts to function as the first response to vacation rental complaints.**

- Following a complaint to the vacation rental hotline number, Code Compliance enforcement officers or trained staff from the high-tech partner will call the 24/7 vacation rental contact.
- These calls will explain that a complaint has been made, detail the nature of the complaint, and explain ordinances that may apply.
- The calls also will let the 24/7 contact know that no violation has been determined at this point. However, the 24-7 contact will be advised that if a follow-up complaint is called in after a reasonable period (1 hour), a Code Compliance enforcement officer will be dispatched to investigate the complaint at the site. If the officer determines a violation is occurring, fines may be levied against the vacation rental host and renters.

3 **Track the complaint in real time.**

The complainant will be given an incident number that can be used to track the status of the complaint online. Following the City's call to the vacation rental contact, the time of that call, and one of two messages will be added to a web page dedicated to the complaint on the City's vacation rental web section:

- Contact advised of complaint
- Contact did not answer (a violation of ordinance)

4 **Complainant may call the vacation rental hotline number back** if the disturbance continues an hour after the time the incident number and message (above) was posted on the City website.

- At that point, the incident will be escalated to require an on-site visit by Code Compliance and/or the police.
- Investigating officers will determine if fines/penalties are warranted.
- If the Code Compliance officer determines police assistance is needed, he/she will make that call.
- The incident will be updated on the City's website and be trackable only by using the incident number (to protect privacy).
- Complainants also can use software to document evidence of violations on the page accessed via the incident number.
- Incident reports will be accessible by the City Attorney's office.

Proposed hours of staffing requirements:

- 14. Phone complaints per day: $6481 \times 1\% = 64.81 \times 80\% \times 30 \text{ minutes} = 25.92 \text{ hours per day}$
- 15. On-site responses per day: $6481 \times 1\% = 64.81 \times 20\% \times 3 \text{ hrs} = 38.88 \text{ hours per day}$
- 16. Total: 64.8 hours per day average, 453.6 hours per week
- 17. Proposed schedule not including supervision, office staff, etc.

Shift	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
3 am-11 am	3C	2C	2C	2C	2C	3C	3C
11 am-7 pm	3C	2C	2C	2C	2C	3C	3C
7 pm-3 am	4C	2C	2C	2C	2C	4C	4C

Projected Vacation Rental Enforcement Costs

It is strongly recommended that permit fees be dedicated to enforcement.

18. The staffing requirements and 24/7 schedule outlined on the previous page would result in 11.34 Code enforcement officers. That is rounded up to 12 officers.
19. Additionally, three supervisors (administrators) are recommended. These administrators would supervise staff and work with private partner on compliance.
20. An additional 4 Code enforcement officers would be needed to fill in for vacations.
21. Combining these, a total of 19 Code Compliance staffers are thus recommended.
22. For this projection, \$100,000 is estimated for each staffer, for a total of \$1.9 million.
23. An RFP for a high-tech enforcement/compliance partner should be sent out after passage of an ordinance. The cost of a private partner is estimated at \$700,000.
24. Additional funding of \$400,000 should be built into the enforcement budget for work done by other departments, publicity campaigns, material costs, etc.
- 25. Total annual vacation rental enforcement costs are thus projected at \$3 million.**

Projected Revenue for Enforcement

Again, it is strongly recommended that permit fees be dedicated to enforcement.

26. It is estimated that 4,000 home-sharing permits would be issued by the City. A minimal permit fee of \$30 would result in home-sharing revenues of \$120,000.
27. A 1% cap for STRs would result in 5,400 STRs, plus 1,081 for Mission Beach. That is a total of 6,481 STR permits to be issued by the City.
28. If projected enforcement costs are \$3 million, and home-sharing permits would generate \$120,000, that leaves a balance of \$2,880,000 needed for enforcement.
29. Dividing 6,481 into \$2,880,000 means the City could break even on its vacation rental budget by charging STRs an annual permit fee in a range beginning at \$445.
30. Only permit fees are included in this analysis. However, a high-tech enforcement/compliance private partner would almost certainly result in increased revenue from fines and an increased rate of compliance for TOT payments.