



Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

## MEMORANDUM

**TO:** Naomi Kelly, City Administrator  
Kevin Guy, Director, Office of Short-Term Rentals

**FROM:** Ben Rosenfield, Controller  
Michelle Allersma, Director of Budget & Analysis, Controller's Office

**CC:** Mayor Edwin Lee  
Members of the Board of Supervisors  
Clerk of the Board

**DATE:** September 9, 2016

**SUBJECT:** **Short-Term Residential Rental Registry Fee –  
Municipal Code Authorized Fee Increases**

Chapter 41A of the Administrative Code requires the Controller to adjust the short-term rental registration fee to recover the costs of operation without producing revenue that is significantly more than the costs of administering the short-term rental laws, which includes registering hosts and enforcement of Chapter 41A. The applicable code section may be found online here:

[http://library.amlegal.com/nxt/gateway.dll/California/administrative/chapter41aresidentialunitconversionandde?f=templates\\$fn=document-frame.htm\\$3.0\\$g=\\$x=](http://library.amlegal.com/nxt/gateway.dll/California/administrative/chapter41aresidentialunitconversionandde?f=templates$fn=document-frame.htm$3.0$g=$x=)

Given these requirements, the short-term rental registration fee amount will increase from \$50 to \$250. This increase will go into effect in 60 days from the date of this memorandum, absent legislative action, to allow for time to implement the revised fee level. The fee amount is calculated using prior year costs net of annualized prior year penalties collected divided by the expected number of applicants in FY2016-17.

We note that while this increase in the fee will ensure full cost-recovery for all registration and enforcement actions, it may reduce compliance rates for businesses required to register under the program. Registration costs currently account for approximately 16% of total program costs, with approximately 84% of costs attributable to enforcement and other activities.

Please feel free to contact either of us with questions at (415) 554-7500.

cc: Board of Supervisor's Budget & Legislative Analyst  
Mayor's Budget Office  
City Administrator, Chief Fiscal Officer