

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Kevin Guy, Director, Office of Short-Term Rental Administration and Enforcement
John Rahaim, Director, Planning Department

FROM: *ll for* Alisa Somera, Legislative Deputy Director
Land Use and Transportation Committee

DATE: October 25, 2016

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by the City Administrator on October 18, 2016:

File No. 161052

Ordinance amending the Administrative Code to provide that the Short Term Rental registration application fee will be calculated each year based on Consumer Price Index, instead of a cost recovery analysis.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: alisa.somera@sfgov.org.

c: Scott Sanchez, Planning Department
Lisa Gibson, Planning Department
AnMarie Rodgers, Planning Department
Aaron Starr, Planning Department
Joy Navarrete, Planning Department
Jeanie Poling, Planning Department

1 [Administrative Code - Changing Calculation of Short Term Rental Registration Fee]

2
3 **Ordinance amending the Administrative Code to provide that the Short Term Rental**
4 **registration application fee will be calculated each year based on Consumer Price**
5 **Index, instead of a cost recovery analysis.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.
8 **Deletions to Codes** are in ~~*italics Times New Roman font*~~.
9 **Board amendment additions** are in double-underlined Arial font.
10 **Board amendment deletions** are in ~~Arial font~~.
11 **Asterisks (* * * *)** indicate the omission of unchanged Code
12 subsections or parts of tables.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Findings. It is in the City's interest to register every short term rental host. A sharp
15 increase in the fee could be a disincentive to registration. Accordingly, the City should not
16 adjust the fee each year to recover all its costs in administering the program, but should
17 charge a fee that will not discourage individuals from complying with the Short Term Rental
18 Program. Instead, the City will adjust this fee each year to reflect changes in the regional
19 Consumer Price Index.

20 Section 2. The Administrative Code is hereby amended by revising Section 41A.5(g) to
21 read as follows:

22 **SEC. 41A.5. UNLAWFUL CONVERSION; REMEDIES.**

23 * * * *

24 **(g) Exception for Short-Term Residential Rental.**

25 * * * *

1 **(3) Short-Term Residential Rental Registry Applications, Fee, and**
2 **Reporting Requirement.**

3 (A) Application. Registration shall be for a two-year term, which may be
4 renewed by the Permanent Resident by filing a completed renewal application. Initial and
5 renewal applications shall be in a form prescribed by the Department. The Department shall
6 determine, in its sole discretion, the completeness of an application. Upon receipt of a
7 complete initial application, the Department shall send mailed notice to the owner of record of
8 the Residential Unit, informing the owner that an application to the Registry for the unit has
9 been received. If the Residential Unit is in a RH-1(D) zoning district, the following additional
10 requirements shall apply: the Department shall also send mailed notice to any directly
11 associated homeowner association that has previously requested such notice and to any
12 owners and occupants within 300 feet of the property; the Department shall hold the
13 application for 45 days after sending such notice; and the Department shall review and
14 consider any information submitted by any such homeowner association, neighboring owner
15 or occupant, or member of the public regarding the eligibility of the permanent resident and/or
16 the residential unit for listing on the Registry received during the 45-day hold period.

17 Both the initial application and any renewal application shall contain
18 information sufficient to show that the Residential Unit is the Primary Residence of the
19 applicant, that the applicant is the unit's Permanent Resident, and that the applicant has the
20 required insurance coverage and business registration certificate. In addition to the
21 information set forth here, the Department may require any other additional information
22 necessary to show the Permanent Resident's compliance with this Chapter 41A. Primary
23 Residency shall be established by showing the Residential Unit is listed as the applicant's
24 residence on at least two of the following: motor vehicle registration; driver's license; voter
25 registration; tax documents showing the Residential Unit as the Permanent Resident's

1 Primary Residence for home owner's tax exemption purposes; or utility bill. A renewal
2 application shall contain sufficient information to show that the applicant is the Permanent
3 Resident and has occupied the unit for at least 275 days of each of the two preceding
4 calendar years. Upon the Department's determination that an application is complete, the unit
5 shall be entered into the Short-Term Residential Rental Registry and assigned an individual
6 registration number.

7 (B) Fee. The fee for the initial application and for each renewal shall be
8 \$50, payable to the Director. The application fee shall be due at the time of application.
9 Beginning with fiscal year ~~2014-2015~~ 2017-2018, fees set forth in this Section may be adjusted
10 each year, without further action by the Board of Supervisors, ~~as set forth in this Section to reflect~~
11 changes in the two-year average Consumer Price Index (CPI) change for the San Francisco/San Jose
12 Primary Metropolitan Area. No later than April 15 of each year, the Director shall submit the
13 Department's current Fee Schedule to the Controller, who shall apply the CPI adjustment to produce a
14 new Fee Schedule for the fiscal year beginning July 1. No later than May 15 of each year, the
15 Controller shall file a report with the Board of Supervisors reporting the new Fee Schedule and
16 certifying that the fees do not produce revenue that exceeds the costs of providing the services for
17 which each permit fee is charged. No later than September of each year, the Department's Fee
18 Schedule showing the current fee amounts inclusive of annual adjustments shall be posted on the
19 Department's website, and made available upon request at the main office of the Department.

20 *Within six months of the operative date of this ordinance and after holding a duly noticed*
21 *informational hearing at the Planning Commission, the Director shall report to the Controller the*
22 *revenues generated by the fees for the prior fiscal year and the prior fiscal year's costs of establishing*
23 *and maintaining the registry and enforcing the requirements of this Chapter 41A, as well as any other*
24 *information that the Controller determines appropriate to the performance of the duties set forth in this*
25 *Chapter. After the hearing by the Planning Commission, but not later than August 1, 2015, the*

1 ~~Controller shall determine whether the current fees have produced or are projected to produce~~
2 ~~revenues sufficient to support the costs of establishing and maintaining the registry, enforcing the~~
3 ~~requirements of this Chapter 41A and any other services set forth in this Chapter and that the fees will~~
4 ~~not produce revenue that is significantly more than the costs of providing such services. The Controller~~
5 ~~shall, if necessary, adjust the fees upward or downward for the upcoming fiscal year as appropriate to~~
6 ~~ensure that the program recovers the costs of operation without producing revenue that is significantly~~
7 ~~more than such costs. The adjusted rates shall become operative on July 1.~~

8 (C) Reporting Requirement. To maintain good standing on the Registry,
9 the Permanent Resident shall submit a quarterly report to the Department beginning on
10 January 1, 2016, and on January 1, April 1, July 1, and October 1 of each year thereafter,
11 regarding the number of days the Residential Unit or any portion thereof has been rented as a
12 Short Term Residential Rental since either initial registration or the last report, whichever is
13 more recent, and any additional information the Department may require to demonstrate
14 compliance with this Chapter 41A.

15 * * * *


16
17 Section 3. Effective Date. This ordinance shall become effective 30 days after
18 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
19 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
20 of Supervisors overrides the Mayor's veto of the ordinance.

21
22 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
23 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
24 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
25 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

1 additions, and Board amendment deletions in accordance with the "Note" that appears under
2 the official title of the ordinance.

3

4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6 By: 
7 KATE H. STACY
8 Deputy City Attorney

8

9

n:\legana\as2016\1700175\01138851.docx

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

LEGISLATIVE DIGEST

[Administrative Code - Changing Calculation of Short Term Rental Registration Fee]

Ordinance amending the Administrative Code to provide that the Short Term Rental registration application fee will be calculated each year based on Consumer Price Index, instead of a cost recovery analysis.

Existing Law

Administrative Code Section 41A.5(g)(3)(B) currently sets the application fee for a Short Term Rental registration at \$50 and provides that such fee would be increased to reflect the actual cost of providing the service. More specifically, it directs the Controller to determine whether the current fees have produced or are projected to produce revenues sufficient to support the costs of establishing and maintaining the registry, enforcing the requirements of Chapter 41A and any other services set forth therein, and that the fees will not produce revenue that is significantly more than the costs of providing such services. The Controller would, if necessary, adjust the fees upward or downward for the next fiscal year to ensure that the program recovers the costs of operation without producing revenue that is significantly more than such costs.

Amendments to Current Law

The ordinance would delete the requirement that the Short Term Rental registration fee would be increased to recover the full costs of providing the services and enforcing the requirements of Chapter 41A. Instead the Controller would adjust the fee to reflect any changes in the regional Consumer Price Index, beginning in Fiscal Year 2017-2018.

n:\legana\as2016\1700175\01138853.docx