

CAPISTRANO BAY DISTRICT
AGENDA REPORT
June 28, 2022

Quality of Life – Short Term Rentals

ITEM 11b

Renter Recovery Fee

In late 2005 the Board began looking into the possibility of assessing a fee on all rentals in the community. The issue stemmed from the impact of rental activity and associated problems that consume staff time that could otherwise be spent on activity for which the District was originally established, since dealing with renters is not listed as an authorized service in the District's Charter.

The Board, after careful consideration, took action to establish a \$50 fee on each rental as it rolled over, whether weekly or monthly. The program was set up and ran for about 6 months when legal counsel recommended it be terminated, for the simple reason that the City Municipal Code, at that time, prohibited short-term and vacation rentals in the City's RSF zones. This meant the District couldn't legally charge a fee on an otherwise prohibited activity.

Since then, the City has amended the Municipal Code to legalize STR's and Vacation Rentals which opens the door for the District should it choose to reinstate the fee program. However, the District has not taken action at this time.

Attached is a report on how rental activity impacts the District's resources (from 2014) plus a summary (Rental Oversight Plan) of how the District interacts today with rentals.

Since STR's are now legal in the City, the District can legally assess a fee as long as findings can justify the assessment and the fee amount is no more than the cost to deliver the services.

The following attachments help explain the burden on District services.

***Report of Cost Impact Related to Rental Activity in the Capistrano Bay Community
During the Summer Season – Memorial Day through Labor Day***

June 2014

The Capistrano Bay Community is a popular summer vacation destination. On any given week through the summer months, as many as 40 different rentals will be occupied here on Beach Road. That works out to over 20% of the entire community of 186 homes and duplexes. The District established a *Renter Recovery Fee* in 2006 and was charging \$50 per week for each incoming rental family or group for the season.

Almost every renter coming into the community requires some assistance or management at one time or another during their week-long stay. Some of the obvious and more noticeable issues with renters are:

- illegal parking, excessive trash, illegal/smokey fires, loud parties late into the night
- unmanaged children riding bikes, scooters and skateboards w/o helmets
- dogs running loose, kids digging large holes on the beach then leaving them

The District conservatively estimates that the on-duty security force spends roughly 20 hours per week in dealing with the above-listed activities. With a patrol officer on duty around the clock, this works out to about 11% of the officers' collective time through the summer. Also, in trying to keep track of and make note of all renter-related incidents, many of the encounters are simply not recorded due to the officers failing to write everything down. In the month of July there were 68 written (noted on a daily security log) entries from the patrol officers alone, not including those that went unrecorded and not including gate activity. Twenty hours almost seems an underestimate but however conservative the estimate, a reasonable weekly cost is as follows:

20 hrs X 22.00/man hr (in 2014) = \$440/week

Other less noticeable and intangible impacts are of an administrative nature as follows:

- phone calls, Mgr. review of security reports, email correspondence with rental managers, weekly review of ongoing rental occupancy lists for guard gate, nightly vehicle counts and oversight of summer trash collection program.

Staff estimates that about 45 minutes each day is tied up with rental activity in the District's administrative office. The Manager's salary, converted to an hourly rate, is being used since everything performed administratively for the District is the Mgr's responsibility:

3.75 hrs/week X 55.00/man hr (in 2014) = \$206.25/week

Estimate of monthly impact \$2584/mo (\$440+\$206 = \$646 X 4 weeks)

The District had to cease the renter fee after only six months since it was learned that STR's were illegal within the City. However, with the legalization by the City of short-term rentals here in 2014, the District is now in a better position to resume such a fee.

CAPISTRANO BAY DISTRICT
Rental Oversight Plan
2022

From years of observing and dealing with the summer renter activity, District Management can safely report from experience that the single Code Enforcement Officer for the City's new short-term rental program will not be able to keep up with the level of management necessary to meet the standard set by the City in their recently established permit program nor the standard expected by the residents of the Beach Road community.

A successfully managed rental program by the City will benefit the community in several ways:

- Reduced occupancy limits will decrease noise/disturbances
- Increased city awareness and code enforcement will also decrease noise/disturbances
- Established vehicle limits will reduce traffic and illegal parking problems
- Permit process will flush out some violators and eliminate some rentals
- The bed tax will also weed out some rentals

The District can augment the City's program and thereby benefit the community by being proactive in the following areas:

- Continue handing out the basic *Essential Community Rules* notices to incoming renters
- Ensure that all Railroad parking areas are posted with proper NO PARKING/TOWING signage
- Issue parking citations to all illegally parked vehicles and tow if necessary
- Continue counting renter-related vehicles at the entrance
- Count vehicles parked at rentals and report to code enforcement
- Watch for rental activity at non-permitted addresses and report to code enforcement
- Regular daily/weekly reporting to code enforcement of all other perceived violations

Over occupancy and excess vehicles are probably the two most troublesome elements of the summer vacation rental season. The District has requested from the City an occupancy list and a vehicle list, by rental address, that District security can use to assist code enforcement in making sure the rentals are in compliance.

Over Occupancy

To be clear about the definition, this term refers to the number of people allowed to stay overnight. It does not necessarily limit the occupancy during the day or while having a party or other get-together. For example, if the actual occupancy was eight persons but there were clearly 25 people at the rental during the day and into the evening this does not necessarily constitute a violation. We would somehow need to determine how many are actually sleeping there. This comes from conducting a regular vehicle count starting in the evening and checking each hour through about 4:00 AM. Vehicles still at the location in those late hours are clearly spending the night. This information can then be transmitted to City code enforcement for evaluation and action.

Excess Vehicles

City code enforcement has made it clear that there will only be two vehicles per rental unit as the standard limit. Those rentals that are duplexes will actually be permitted to have four vehicles on the driveway. Rental owners may try to negotiate with the City for an increase in the number of vehicles

but code enforcement will have to bring that request to the District for consideration prior to granting such a variance. Excess vehicles will serve as a potential indicator of over occupancy.

District security will have to maintain a close vigilance over parked vehicles. During the daytime and into the evening hours, any number of rentals may have additional vehicles. If invited guests exceed the parking accommodations at the rental, those additional vehicles will have to park in the community overflow area near the entrance. The intent will be to issue parking citations and then tow if the owner of the parking area requests such action.

NO PARKING Signage

It will be essential to get as many owners on board as possible with the new NO PARKING/VIOLATORS WILL BE TOWED signs posted in the Railroad parking areas. The signs are address-specific and are posted to be clearly noticeable. It will also be essential to ensure all NO PARKING signs, including the existing older ones are clear and not blocked from view by vegetation.

Education at the point of Entrance

The District currently hands out four standard items to incoming guests:

- A paper guest pass printed with the destination address AND their vehicle license plate with a heavy bright red mark drawn across the top of the pass – easily noticeable from ten feet away – this allows instant ID by security of all rental-related vehicles.
- A full sheet of paper containing the list of all the community rules and regulations
- A half-sheet notice of the posted speed limit
- The top handout is also a half-sheet color printed short list of *Essential Community Rules*

The majority of summer vacation renters arrive at the gate on Saturday afternoons. Renters begin showing up after lunch and the guest driveway gets very busy all afternoon. The gate officer has limited time to go through the rules and regulations and typically will instruct the guest to keep the pass on the dashboard in plain view at all times as s/he hands the pass and the handouts over and reminds them of the 15 mph speed limit. The color handout goes on the top as it is the most noticeable and if the guest is going to read any of this it will be whatever catches their eye and is printed in large type.

It is simply not practical to try to 'reach' guests with a long verbal delivery of the rules and regulations. The reality is that the rental owner should be ensuring that their rental clients are educated. With this new City program the owner stands to pay a fine and lose his right to rent if the renter client violates the rules.

Monitoring of rental activity in non-permitted homes

District security can easily watch for this activity by following the City's list. The City will have to be proactive in keeping this list updated and the District will likewise have to be diligent in reporting rental activity to the City.