

CITY OF ST. AUGUSTINE

MEMORANDUM

TO: John Regan, P.E.
City Manager

DATE: September 28, 2020

RE: Resolution 2020-27 Establishing Registration Fees, Annual Registration Renewal Fees, Late Fees for Annual Registration Renewal and Re-Inspection Fees for Short Term (Vacation) Rentals

On January 27, 2020, the City Commission passed Ordinance 2019-50, which regulates short term (vacation) rentals.

Currently there are approximately 600 short term (vacation) rental units in the city. If we add up the costs for the annual administration of this program and divide this number by 600, then it comes out to approximately \$500 per rental unit.

On July 27, 2020, the City Commission considered a \$500 flat fee for initial registration and a \$500 annual registration renewal fee to be paid each subsequent year after the initial registration. The City Commissioners directed staff to research a tiered fee approach based on property size and by properties which have a homestead tax exemption.

City staff has researched vacation rental fees from other cities and the research has shown that some communities charge a flat fee per property, some charge a flat fee per unit (ex. a duplex is 2 units), some communities charge using a tiered fee schedule based on square footage and some use a tiered approach based on the number of bedrooms and at least one community (Sebastian) does not charge any fees.

Per State law, a residence that has a homestead tax exemption can not be rented for more than 30 days per calendar year for 2 consecutive years and maintain their homestead tax exemption. (F.S. 196.061)

A property owner with a homestead tax exemption can remove a portion of their residence from the homestead tax exemption (ex. a guesthouse, a bedroom, etc.) and use that portion as a vacation rental while maintaining the remainder of the house under their homestead tax exemption.

If a homesteaded property owner rents a portion of their property as a vacation rental, the St. Johns County Property Appraiser will reassess that portion of the property and adjust the property taxes accordingly. With that in mind, there is no requirement that the property owner

remains “on site” when the property is rented. The number of homesteaded properties that are renting a portion of their home as vacation rental units is not known.

If the City Commission wants to pursue a tiered approach to fees one method would be to have a rate schedule tied to the number of rental bedrooms. If the tiered rate system is applied to square footage, it may lead to confusion and animosity regarding what should (and what should not) be included in the square footage (ex. Do porches count?, Do rooms with no access to a visitor count?, Do stairwells count?, Can a property owner appeal the square footage determination? Does the City have to physically measure each space or does it rely on the St. Johns County Property Appraiser?)

If the tiered fee schedule is based on the number of bedrooms, that figure will be identified on the registration form and it will be verified by the annual inspection. In addition, a base rate can be reviewed and approved by the City Commission each year to account for administrative expenses related to the program. The FY 2020/2021 tiered rate schedule is broken down in the attached table.

Option # 1 – No Fees

Option # 2 – Flat Fee - \$500 per unit for Registration and Annual Renewal and \$100 Late Renewal Fee and \$50 Re-Inspection Fee

Option # 3 – Tiered Rate Schedule - \$73.81 per rental bedroom + a Base Rate of \$294.48 and \$100 Late Renewal Fee and \$50 Re-Inspection Fee

- **Studio Rental- \$294.48**
- **One Bedroom- $(\$294.48 + \$73.81) = \$368.29$**
- **Two Bedrooms- $(\$294.48 + \$147.62) = \$442.10$**
- **Three Bedrooms- $(\$294.48 + \$221.43) = \$515.92$**
- **Four Bedrooms- $(\$294.48 + \$295.24) = \$589.73$**
- **Five Bedrooms- $(\$294.48 + \$369.05) = \$663.54$**

Please place Resolution 2020-27 on the September 28, 2020 City Commission agenda.

If you have any questions, please let me know.



David Birchim, AICP
Director, Planning and Building

FY 2020/2021 Short Term Rental Registration Rates

Host
Compliance
Identified
STRs

621	Bedrooms	% of Total from Host Compliance Report	# of homes with bedrooms type	adjusted for unknown bedrooms	# of total bedrooms	Total cost per unit based on # of bedrooms
	0	5%	31	48	0	\$ 294.48
	1	21%	130	147	147	\$ 368.29
	2	29%	180	197	393	\$ 442.10
	3	21%	130	147	441	\$ 515.92
	4	6%	37	54	215	\$ 589.73
	5	2%	12	29	145	\$ 663.54
	unknown	16%	99			
		100%	621	621	1341	

Salary & Benefit Estimates	Total Cost of Program	Included in Base Rate	Included in Per Bedroom Rate
Fire Inspector	67,000	16,750	50,250
Code Enforcement	65,000	16,250	48,750
Vacation Rental Mgr	70,000	70,000	-
Special Magistrate	15,000	15,000	
Host Compliance	34,862	34,862	
1/2 Admin Staff	30,000	30,000	
	281,862	182,862	99,000

Total Units 621

Base Rate \$ 294.48

Total Bedrooms 1341

Per Bedroom Rate \$ 73.81

Late Fee \$ 100.00

RESOLUTION NO. 2020-27

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF ST. AUGUSTINE, FLORIDA, ADOPTING A FEE SCHEDULE INCLUDING REGISTRATION FEES, ANNUAL REGISTRATION RENEWAL FEES, LATE FEES FOR ANNUAL REGISTRATION RENEWAL AND RE-INSPECTION FEES FOR SHORT TERM (VACATION) RENTALS IN THE CITY OF ST. AUGUSTINE, THEREFORE HEREBY ADOPTING THE FEE SCHEDULE AS PER SEC 28-63 SCHEDULE OF FEES, OF THE CODE OF THE CITY OF ST. AUGUSTINE.

WHEREAS, Ordinance 2019-50 requires the registration and annual inspection of short term (vacation) rentals in the City of St. Augustine; and

WHEREAS, the costs to administer the program to monitor, register and inspect short term (vacation) rentals should be born by the owners of such short term (vacation) rentals; and

WHEREAS, a fee schedule needs to be adopted to reflect fees for short term (vacation) rental registration, short term (vacation) rental annual registration renewal and late fees for annual registration renewal; and

WHEREAS, fees can be adopted and amended by the City Commission from time to time; and

WHERAS, the fees that are imposed by the city are rationally related to, and proportionate with, the actual costs of administering all aspects of the ordinances creating such regulations; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ST. AUGUSTINE, FLORIDA, THAT

Section 1. Upon the effective date of this resolution the fee schedule, shall be adopted by resolution of the City Commission.

Section 2. Short Term (Vacation) Rental Fees

1. Base fee of \$294.48 per rental unit and a fee of \$73.81 per rental bedroom (per rental unit) for initial registration. This fee will also apply to the annual registration renewal for each rental unit and for each rental bedroom for each subsequent year after the initial registration, calculated using the City of St. Augustine's adopted Fiscal Year (Sept 31-Oct1)
2. Late Fee for Annual Registration Renewal - \$100
3. Re-Inspection Fee for Code Compliance Inspection and/or Fire-Safety Inspection - \$50 per re-inspection upon failure of initial unit inspection by either the City Code Enforcement Division or the City Fire Department or their Designated Representatives

Section 3. Severance of Invalid Provisions. If any section, subsection, sentence, clause, phrase, word or provision of this resolution is held to be invalid or unconstitutional by a court of competent jurisdiction, then said holding shall not be so construed as to render invalid or unconstitutional the remaining provisions of this resolution.

Section 4. Effective Date. This resolution shall become effective on October 1, 2020.

ADOPTED in Regular Session of the City Commission for the City of St. Augustine, Florida this _____ day of _____, 2020.

CITY OF ST. AUGUSTINE, FLORIDA

Tracy Upchurch, Mayor-Commissioner

ATTEST:

City Clerk, Darlene Galambos
(Corporate Seal)