

**MINUTES
SHORT TERM RENTAL
IMPACT COMMITTEE
JULY 14, 2023 – 11:00 AM
CITY HALL BOARDROOM**

1. CALL TO ORDER:

The Short-Term Rental Impact Committee met in regular session with the following members and City staff present:

2. ROLL CALL:

Members Present

Marcie Bell
Denise Owens
Casey Gates Ward
Carrie Harbarger (arrived: 11:15 a.m.)
Todd Buhr (via teleconference)
Ken Wampler (via teleconference)
Patti Brown (via teleconference)

Staff Present

Rey Bailey, City Clerk
Troy Williams, Code Compliance Director
Noel Bell, Building Official
Darlene Lebold, Admin Asst, Code

Visitors

Guy Tadlock
Alice Tadlock
Darryl Shelton
Karen Shelton
Melisa Garza – Emerald Coast Association of Realtors

Vice-Chair Marcie Bell announced that they do not have a physical quorum at this time. They have 3 members present and 3 members participating by telephone. This meeting will be treated as a workshop where no official actions can be taken.

3. APPROVAL OF MINUTES:

A. June 23, 2023

B. June 30, 2023

Approval of above meeting minutes moved to the next meeting due to lack of a voting quorum.

4. NEW BUSINESS

A. Misdemeanor Charges – STR Code Violation

B. Home Exchange Program – Discussion

There was a consensus amongst the committee members to move agenda items 4A and 4B above to the next meeting agenda when they can be discussed in the presence of the Land Use Attorney who was investigating the legal aspects of the subject matters.

Referencing agenda item 4A, Committee member Todd Buhr encourages everyone to study Chapter 14 of the current Destin Code of Ordinances Article 2 dealing with noise prior to the next meeting. He stated that it has its own separate penalty which goes through a graduated offense whereby fourth offense or four or more violations occurring within any six months period is considered a misdemeanor of the second degree punishable by a fine of no more than \$500 or a sentence not more than 60 days in jail, or both. He added that it would be useful in their discussion of this topic.

At this time, Committee member Carrie Harbarger joined the meeting.

C. Funding options to build resources for short-term rental code enforcement – Discussion

Code Compliance Director Troy Williams announced they have asked for additional personnel for the Fiscal Year 2024 Budget.

Ms. Bell noted that she has pledged her support for increased funding to build resources for code enforcement at the last meeting.

Mr. Williams stated that raising the short-term rental registration fees may be something the committee can consider taking before the council as it can assist in a lot of things.

The City Clerk announced that the City Council will establish the millage rate at the July 17th meeting, after which they can only lower and not raise the millage rate per state statutes.

Mr. Buhr stated that although the committee can certainly lend their support to the Code Compliance Department, this is an issue that they should carefully and formally address in their report since their charter is to report impact of short-term rentals.

Ms. Patti Brown stated that short-term rentals are responsible for a lot of issues for which they need code enforcement action, adding she would not want to see other businesses get their fees increased. They need to be able to draw the money from the right source for adequate staff in order to enforce the things they are presenting to the council.

Committee member Ken Wampler noted that short-term vacation rental fees have more than quadrupled during the past several years, increasing from \$50.00 to \$750.00. He stated that he has invested a lot of time adding up the violations that are recorded by code enforcement relating to the big 3 issues – trash, noise, and parking – and the majority may have been related to vacation rentals, but it is not 100 percent. He continued that he is a firm believer that the bad offenders need to be paying their fair share, and so if they go before the city council and ask them to raise fees, they need to make sure it is not a blanket increase for vacation rentals; adding they need to find a way to penalize the bad actors.

Ms. Brown stated that they have not been fining people enough for the violations. They have been issuing a lot more warnings.

Ms. Bell noted that Mr. Troy Williams has only been the Code Compliance Director for a few months, and that a lot of the things this committee has been discussing and which are the sources of their frustrations have been going on way before his arrival.

According to Mr. Williams, there are warnings and citations that are being issued, but short-term renters changeover frequently. There are some inherent processes they are trying to work out internally, such as whether to increase the level of fines from one week to another when they are dealing with different people committing similar violations. He also stated there are some citations that they can issue to the owner of the resident, however, everything about code enforcement takes time. There are a lot of background work and investigation that goes into it. That is where having additional personnel would help.

Ms. Brown stated that a lot of the responsibilities should fall under the rental agents. They should be required to give people in written form information regarding rules and regulations. She continued that the short-term rental agents have failed the residents and short-term rental owners by not giving advance directions to their visitors. It is the code enforcement officers that come around educating everyone, and that the time spent doing that costs a lot of money. Ms. Brown also stated that they should be able to fine the rental agents rather than the guests for illegal parking.

Mr. Williams noted this is the type of discussion they should be having with the Land Use Attorney. She will be the one to make the determination whether the city has the ability to punish the rental agents. He added that the rental agents act as the manager for the rental agency, but they are not always physically present on the property.

According to Mr. Wampler, it could also work if they fine the property owner. They will not be happy with it and blame the rental agent for not doing their job.

Mr. Buhr noted that the Hollywood, Florida code reads, *"In addition to any fines, another remedy described herein, or provided for by the law, is that the City Manager shall suspend the vacation rental license upon a third violation of this chapter in any continuous 12-month period. Such suspension of the vacation rental license shall be for a period of one year."* He added that all it takes is one vacation rental company to get suspended for everyone to pay attention.

Ms. Bell noted that she has also been searching for historical information regarding the short-term rental fees and investigating the data. For instance, she wanted to know how much money the city paid to purchase the new trucks and all the equipment when they switched over from code enforcement to code compliance. But the exact numbers are not easy to pinpoint as they are combined in the budget. She added that in order for this committee to have an actual true data with regards to budget, staff would have to go in and break those numbers down. This committee will be operating blindly without the true data.

Mr. Buhr stated that the Finance Director can be very instrumental in obtaining this information and it would be beneficial to invite her to one of their meetings. Even though she is also fairly new to the city, historical information on the budget should be archived and accessible

to her. He added that this committee's report should be comprehensive and factual, and everything needs to be backed up by data. It has to be defensible along with the city's fee structure.

Committee member Ward asked how many violations a business can get before they are shutdown.

Mr. Williams explained that there is a process that they follow. There are warnings issued or fines imposed on the violators; and then a Notice of Violation and Notice of Hearing issued before they can take the individual before the city's Special Magistrate for resolution.

Mr. Buhr clarified that the City of Destin does not have a mechanism to revoke anybody's business license. They can issue someone a ticket as often as necessary, but they have no mechanism to revoke their license as long as they pay the fines. He added that there is also no mechanism to deny someone a business tax receipt as long as they submit the proper paperwork.

Mr. Wampler noted that the business tax receipt has not been updated since the 1990s. He was a member of the BTR Task Force which was created by the council several years ago. They spent 9 months creating recommendations to the council that would have updated the BTR code to today's standards which has the authority to reject, fine, or suspend individual's ability to conduct business in the City of Destin; but these recommendations were never implemented.

D. Input Data Base – Florida Keys (Destimetrics)

Ms. Bell stated that they have originally requested this information because she thought Okaloosa County participated in it and might have the information for the city.

Mr. Wampler stated that if they are looking for statewide statistics on vacation rentals which Okaloosa County TDC uses for analyzing the past and projecting the future from the occupancy average daily rate (ADR) revenue that generate sales tax/bed tax that goes to the cities and county, he will be able to provide a copy of those reports. He just needs to know the kind of statistics this committee wants as well as the time period to run the reports.

Following a brief discussion, the committee requested a report that provides a variety of information depicting the short-term rental financial situation from 2018 to the present.

E. Items for the next agenda

Mr. Buhr would like to include analysis of short-term rental code or potential changes to the code as a topic of discussion on the next meeting agenda. His reference documents will be the Walton County and Hollywood Florida code documents, copies of which were provided to the committee earlier this month. He stated this is an opportunity to use other jurisdiction's best practices and make improvements to the city's codes. He would like to hear recommendations from the Code Compliance Director and Community Development Director regarding changes to the code.

Ms. Bell urged everyone to review the materials in advance of the next meeting.

Ms. Bell would like to add to the next agenda some discussions regarding definitions within city codes for the different types of properties, such as single-family residence, hotel/motel, and boarding house. She would also like to include the two items they were not able to discuss today – Misdemeanor Charges – STR Code Violations, and the Home Exchange Program.

5. PUBLIC COMMENTS:

Mrs. Karen Shelton, a Destin resident, asked how it can be proven that someone is renting their property without registering with the city.

According to Mr. Williams, his code officers can find advertising online. They could also investigate once they receive complaints from the neighboring properties.

Mrs. Shelton recommends imposing a fine so high that would deter this type of action.

Mr. Darryl Shelton, a Destin resident, noted that this committee has been charged with reporting the impact of short-term rentals to the residents of the city, and that it is incumbent upon this committee to not only consider what has happened in the past but also what is coming down in the future. One of the things he has observed which has started this year with Airbnb was advertising the rent so low to encourage more occupants. The average nightly charge per room is \$67.00. People are sharing the room and pay a lot less for each room. They share bathrooms, kitchens, and swimming pools. This will have a big impact in the neighborhood especially when occupancy requirements are not being enforced.

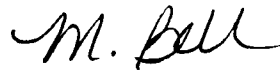
Mr. Guy Tadlock, a Destin resident, stated that occupancy data is important for this committee and the City of Destin to better understand the impact of short-term rentals.

Mr. Wampler stated that the Okaloosa County Clerk of Courts currently collects that information and provides a monthly report. The other data set he is able to obtain from the TDC could provide that information.

6. NEXT MEETING DATE: Tuesday, July 25, 2023, 10:00 AM

ADJOURNMENT

Having no further business at this time, the meeting was adjourned at 12:40 PM.



Marcie Bell, Vice-Chair