

CITY OF CARPINTERIA

**SHORT-TERM RENTAL ADMINISTRATIVE
POLICIES AND PROCEDURES**

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TABLE OF CONTENTS

		Page
I.	GLOSSARY	1
II.	INTRODUCTION	3
III.	DEFINITIONS.....	4
IV.	KEY DATES AND DEADLINES	5
V.	VACATION RENTALS.....	6
	A. Vacation Rental Overlay District.....	6
	B. Issuance of Vacation Rental Licenses.....	6
	1. Issuance of Vacation Rental Licenses in First Year Following Adoption of STR Regulations.....	6
	2. Renewal and Issuance of Vacation Rental Licenses in Subsequent Years	9
	C. Denial of STR Application for Vacation Rental License	10
	D. Amortization of Nonconforming Vacation Rentals.....	10
	E. Interpretation of Prohibition on Transferability of Vacation Rental License	11
	F. Application Fee for Vacation Rental License.....	11
	G. Submission of TOT Under Vacation Rental License	11
	H. Revocation of Vacation Rental License.....	11
VI.	HOME STAYS.....	13
	A. Issuance of Home Stay Licenses.....	13
	B. Renewal of Home Stay Licenses	13
	C. Denial of STR Application for Home Stay License	13
	D. Application Fee for Home Stay Licenses	13
	E. Submission of TOT Under Home Stay License	14
	F. Revocation of Home Stay License.....	14

I. GLOSSARY

This glossary provides definitions for many of the terms used in these STR Administrative Policies and Procedures

City	City of Carpinteria.
City Council	City Council of the City of Carpinteria.
CMC	Carpinteria Municipal Code.
Home Stay	A type of short-term rental where the owner remains in the residential unit during the entire rental period. A home stay does not include the hosting of personal guests, home exchanges or vacation rentals. Tents, yurts and RVs are not allowed as a part of a home stay rental.
Home Stay License	A license that allows the owner of a Residential Unit to use his or her Residential Unit as a Home Stay.
Nonconforming Vacation Rental	A Vacation Rental that is located outside of the Vacation Rental Overlay District that meets the requirements specified in section 14.47.190 of the CMC.
Ranked Vacation Rental License List	A list the City creates pursuant to a lottery performed by City staff to rank Residential Unit(s) on the Vacation Rental License List. Residential Unit(s) will be considered for Vacation Rental License(s) based on their ranking.
Residential Unit	A building or portion thereof designed for or occupied in whole or in part, as a home, residency, or sleeping place, either permanently or temporarily, and containing not more than one kitchen per residential unit, but not including a hotel or boarding house, lodging house or motel. For the purposes of the CMC, residential unit includes the term dwelling unit and housing unit. See also CMC section 14.08.190 "Dwelling".
Short-Term Rental	The rental of a residential unit for a period of thirty (30) consecutive calendar days or less, subject to all applicable city land use regulations, permit/licensing requirements, and payment of fees and/or taxes, including transient occupancy tax as defined in Chapter 3.20 of the CMC. Short-term rentals include both vacation rentals and home stays. Tents, yurts and

RVs are not allowed as a part of a short-term rental.

STR Regulations

The City's comprehensive regulations governing short-term rental use throughout the City, adopted as Ordinance No. 708.

STR Administrative Policies and Procedures

This document which sets forth the City's administrative policies and procedures for implementation of the STR Regulations.

STR Application

A Business Tax License and Transient Occupancy Tax Certificate application for Short-Term Rental Use that the owner of a Residential Unit must fill out and submit to the City's Community Development Department to apply for a Vacation Rental License.

TOT

Transient Occupancy Tax.

Vacation Rental

A type of short-term rental where the owner of the residential unit does not remain in the residential unit during the entire rental period. Vacation rentals typically include the rental of an entire dwelling or premises. For the purposes of the CMC, a vacation rental does not include time shares, home stays or home exchanges. Tents, yurts and RVs are not allowed as a part of a vacation rental.

Vacation Rental License

A license that allows the owner of a Residential Unit to use his or her Residential Unit as a Vacation Rental.

Vacation Rental License List

A list of individuals interested in receiving a Vacation Rental License that the City creates upon receipt of an application for a Vacation Rental License.

II. INTRODUCTION

The City of Carpinteria's ("City") comprehensive regulations governing short-term rental use throughout the City ("STR Regulations"), codified in the Carpinteria Municipal Code ("CMC") as Chapter 14.47 and 14.52, will become effective on July 1, 2017. This document sets forth the City's administrative policies and procedures for implementation of the STR Regulations ("STR Administrative Policies and Procedures").

Pursuant to CMC sections 14.47.240 and 14.52.210, the City Manager has the authority to adopt and amend the STR Administrative Policies and Procedures as necessary to implement the intent of the STR Regulations. The City Council of the City of Carpinteria ("City Council") may also request amendments to the STR Administrative Policies and Procedures.

III. DEFINITIONS

The STR Regulations include the following definitions:

14.08.312 - Home Stay. "Home Stay" means a type of short-term rental where the owner remains in the residential unit during the entire rental period. A home stay does not include the hosting of personal guests, home exchanges or vacation rentals. Tents, yurts and RVs are not allowed as a part of a home stay rental.

14.08.541 - Residential Unit. "Residential Unit" means a building or portion thereof designed for or occupied in whole or in part, as a home, residency, or sleeping place, either permanently or temporarily, and containing not more than one kitchen per residential unit, but not including a hotel or boarding house, lodging house or motel. For the purposes of the CMC, residential unit includes the term dwelling unit and housing unit. See also CMC section 14.08.190 "Dwelling".

14.08.562 - Short-Term Rental. "Short-Term Rental" is defined as the rental of a residential unit for a period of thirty (30) consecutive calendar days or less, subject to all applicable city land use regulations, permit/licensing requirements, and payment of fees and/or taxes, including transient occupancy tax as defined in Chapter 3.20 of the CMC. Short-term rentals include both vacation rentals and home stays. Tents, yurts and RVs are not allowed as a part of a short-term rental.

14.08.627 - Vacation Rental. "Vacation Rental" means a type of short-term rental where the owner of the residential unit does not remain in the residential unit during the entire rental period. Vacation rentals typically include the rental of an entire dwelling or premises. For the purposes of the CMC, a vacation rental does not include time shares, home stays or home exchanges. Tents, yurts and RVs are not allowed as a part of a vacation rental.

IV. KEY DATES AND DEADLINES

The following chart sets forth key dates and deadlines under the STR Regulations.

First Year Following Adoption of STR Regulations (2017)	
May 1, 2017	Application period opens for Vacation Rental Licenses
June 1, 2017	Deadline for existing license holders to submit application for Vacation Rental License
June 30, 2017	Deadline for owners not currently operating valid Short-Term Rental to submit application for inclusion in lottery for Vacation Rental License
July 1, 2017	New TOT Certificate/Business License cycle begins STR Regulations Effective Application period opens for Home Stays (no deadline)*
July (date TBD), 2017	Lottery held to rank owners not currently operating valid Short-Term Rental; additional Vacation Rental Licenses issued

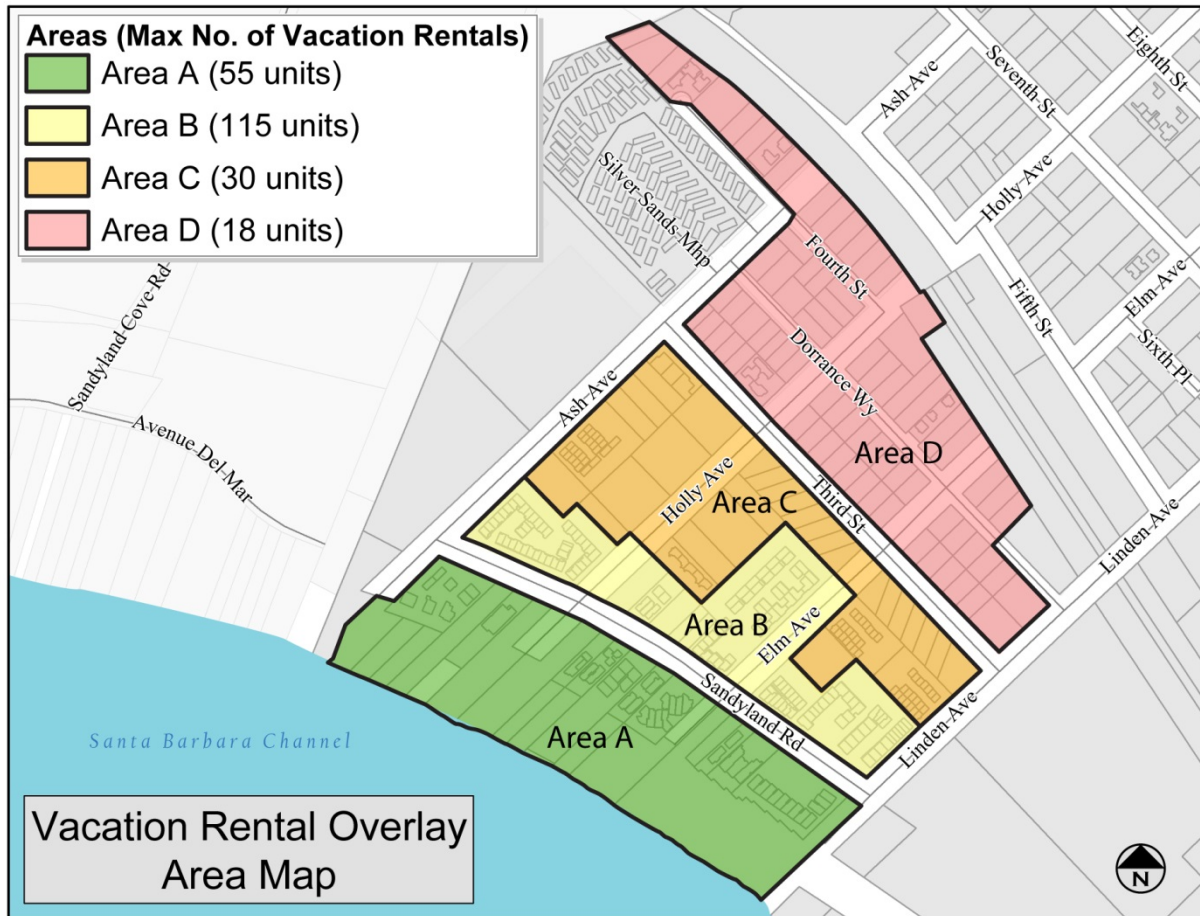
Subsequent Years (Starting in 2018)	
May 1	Application period opens for Vacation Rentals*
June 30	Deadline for existing license holders to renew Vacation Rental and Home Stay Licenses Deadline for owners not currently operating valid Short-Term Rental to submit application for inclusion in lottery for Vacation Rental License
July 1	New TOT Certificate/Business License cycle begins
July (date TBD)	Lottery held to rank owners not currently operating valid Vacation Rental; additional Vacation Rental Licenses issued

* After July 1, 2017, the City will accept applications for Home Stay Licenses on a rolling basis.

V. VACATION RENTALS

A. Vacation Rental Overlay District

The Vacation Rental Overlay District map depicted below was adopted as part of the STR Regulations. This map identifies the four areas (i.e., Area A, B, C, and D) that comprise the Vacation Rental Overlay District. Section 14.47.090 of the CMC sets forth the maximum number of Vacation Rental Licenses the City is authorized to issue in each of these four areas.



B. Issuance of Vacation Rental Licenses

1. Issuance of Vacation Rental Licenses in First Year Following Adoption of STR Regulations

Pursuant to the STR Regulations, Vacation Rentals are allowed in a specified number of Residential Units within the Vacation Rental Overlay District. In the initial year following the effective date of the STR Regulations, the City will follow the process outlined below to issue licenses allowing the use of a Residential Unit as a Vacation Rental (“Vacation Rental License”). The process will differ depending on whether or not the owner of the Residential Unit

was operating a Short-Term Rental under a valid license as of the effective date of the STR Regulations.¹

In order to operate a Vacation Rental after June 30, 2017, the owner of a Residential Unit must apply for and receive a Vacation Rental License from the City under the STR Regulations. All Vacation Rentals must be operated in compliance with the Operating Standards set forth in section 14.47.080 of the CMC.

a. Procedure for Owner of Residential Unit Who Holds an Existing License to Operate a Vacation Rental

The owner of a Residential Unit holding a valid license to operate a Short-Term Rental upon the effective date of the STR Regulations (i.e., July 1, 2017) is eligible to apply for and receive a Vacation Rental License from the City. The City will accept applications for a Vacation Rental License from May 1, 2017 through June 1, 2017. At the City Manager's discretion, applications submitted before or after these dates may not be reviewed and/or processed until the subsequent application cycle and may be subject to sections 14.47.070, 14.47.090, 14.47.100, and 14.47.180 of the CMC and the procedure outlined in section V(B)(1)(b) of these STR Administrative Policies and Procedures.

The application requirements for Vacation Rentals are located in sections 14.47.070, 14.47.090, 14.47.100, and 14.47.180 of the CMC. In order to apply for a Vacation Rental License, the owner of the Residential Unit must fill out and submit a Business Tax License and Transient Occupancy Tax Certificate Application for Short-Term Rental Use ("STR Application") to the City's Community Development Department located at 5775 Carpinteria Avenue, Carpinteria, California 93013. A Copy of the STR Application is available at City Hall. Each STR Application should specify the area (i.e., Area A, B, C, or D) within the Vacation Rental Overlay District where the Residential Unit is located.

Prior to June 30, 2017, the City will review each submitted STR Application. No later than July 1, 2017, the City will issue a Vacation Rental License to each owner of a Residential Unit that meets the requirements set forth in the STR Regulations and in this Section of the STR Administrative Policies and Procedures. The City's issuance of a Vacation Rental License pursuant to this process will count against the maximum number of Vacation Rental Licenses the City is authorized to issue within each area (i.e., Area A, B, C, and D) of the Vacation Rental Overlay District (*see* CMC § 14.47.090(a)).

b. Procedure for Owner of Residential Unit Who Does Not Hold an Existing License to Operate a Vacation Rental; Lottery Procedure

Concurrent with the above process of re-licensing existing Short-Term Rental operators under the STR Regulations, the City will also be accepting applications from owners of Residential Units who do not currently hold a valid license to operate a Short-Term Rental but who wish to use their Residential Unit(s) as a Vacation Rental under the STR Regulations. The City will

¹ To be holding a valid license to operate a Short-Term Rental prior to the effective date of the STR Regulations, an owner must hold both a current business license and transient occupancy tax ("TOT") certificate.

begin accepting such applications for a Vacation Rental License on May 1, 2017. Upon receipt of an application for a Vacation Rental License, the City will add the owner's name to a list of individuals interested in receiving a Vacation Rental License ("Vacation Rental License List").

The application requirements for Vacation Rentals are located in sections 14.47.070, 14.47.090, 14.47.100, and 14.47.180 of the CMC. In order to apply for a Vacation Rental License, the owner of the Residential Unit must fill out and submit an STR Application to the City's Community Development Department located at 5775 Carpinteria Avenue, Carpinteria, California 93013. A Copy of the STR Application is available at City Hall. Each STR Application should specify the area (i.e., Area A, B, C, or D) within the Vacation Rental Overlay District where the Residential Unit is located.

On July 1, 2017, the City will determine how many remaining Vacation Rental Licenses the City is authorized to issue, taking into account the number of existing Short-Term Rental operators that have been re-licensed pursuant to the process outlined in the preceding section of these STR Administrative Policies and Procedures. For example, the STR Regulations authorize the City to issue a total of fifty-five (55) Vacation Rental Licenses in Area A of the Vacation Rental Overlay District. By way of example only, if forty (40) existing Short-Term Rental operators receive a Vacation Rental License under the process outlined in the preceding section of these STR Administrative Policies and Procedures, the City would be authorized to issue an additional fifteen (15) Vacation Rental Licenses for Residential Units located in Area A of the Vacation Rental Overlay District.

In order to determine which Residential Unit(s) on the Vacation Rental License List will receive a Vacation Rental License, the City will advertise and hold a lottery in a public setting as soon after July 1, 2017 as feasible. Each name appearing on the Vacation Rental License List as of 12:00 p.m. on July 1, 2017 will be entered into the lottery. The lottery will be performed by City staff, who will assign a sequential number to each name in the lottery based on the order in which the name is drawn. This list will constitute the "Ranked Vacation Rental License List" and will specify the area (i.e., Area A, B, C, or D) within the Vacation Rental Overlay District in which the Residential Unit is located. Starting with the first owner listed on the Ranked Vacation Rental License List, and continuing sequentially, the City will review each owner's STR Application and, upon determination that the STR Application complies with the STR Regulations, will issue Vacation Rental Licenses to applicants until the maximum number of Vacation Rental Licenses has been issued in each of the four areas (i.e., Area A, B, C, and D) of the Vacation Rental Overlay District. In consideration for participation in the lottery process, each owner shall agree to waive all claims, indemnify and hold harmless the City for any and all liability for any injury or damages arising out of, or in connection with, the owner's participation.

If an additional Vacation Rental License becomes available prior to June 30, 2018, the City will offer that Vacation Rental License to the highest ranked individual remaining on the Ranked Vacation Rental License List upon a determination that the application complies with the STR Regulations. STR Applications received by the City after 12:00 p.m. on July 1, 2017 will be retained by the City until the lottery is performed in the next calendar year. If necessary, and at the discretion of the City Manager, an additional lottery may be held before July 1 of the next calendar year to rank the additional STR Applications received by the City after 12:00 p.m. on

July 1, 2017. The 2017 List will expire and be of no force and effect at 11:59 a.m. on July 1, 2018.

2. Renewal and Issuance of Vacation Rental Licenses in Subsequent Years

In order to operate a Vacation Rental after June 30, 2017, the owner of a Residential Unit must apply for and receive a Vacation Rental License from the City under the STR Regulations. The process will differ depending on whether or not the Residential Unit was operating under a valid Vacation Rental License during the previous year, as outlined below.

a. Renewal Procedure for Owner of Residential Unit Who Holds an Existing Vacation Rental License

Starting in 2018, the City will send out Vacation Rental License renewal reminders to the owners of all Residential Units with a valid Vacation Rental License by May 1 of each year. To renew an existing Vacation Rental License, by June 30 of each year the owner of the Residential Unit must (1) be in compliance with the requirements of both the STR Regulations and the STR Administrative Policies and Procedures, (2) provide the City with information about the Vacation Rental (on a form provided by the City), (3) pay the Renewal of STR Application/License fee, as set forth in section V(E) of these STR Administrative Policies and Procedures, and (4) remit all required TOT remittance documents associated with the Vacation Rental to the City. Failure to comply with these requirements and renew prior to June 30 of each year may result in expiration of the Vacation Rental License and require that a new STR Application be submitted to the City subject to sections 14.47.070, 14.47.090, 14.47.100, and 14.47.180 of the CMC and the procedure outlined in section V(B)(2)(b) of these STR Administrative Policies and Procedures.

b. Procedure for Owner of Residential Unit Who Does Not Hold an Existing Vacation Rental License; Lottery Procedure

Starting in 2018, on July 1 of each year the City will take all of the names currently on the Ranked Vacation Rental License List from the preceding year, as well as those STR Applications received by the City after 12:00 p.m. on July 1 of the preceding year, and include those names in the lottery which will be advertised and held in a public setting as soon after July 1 of that year as feasible. The lottery will be performed by City staff, who will assign a number to each name in the lottery based on the order in which the name is drawn. This list will become the operable Ranked Vacation Rental License List for that year and will specify the area (i.e., Area A, B, C, or D) within the Vacation Rental Overlay District where the Residential Unit is located. Starting at the top of the Ranked Vacation Rental License List the City will review and, upon the City's determination that the STR Application complies with the STR Regulations, will issue Vacation Rental Licenses until the maximum number of Vacation Rental Licenses has been issued in each of the four areas (i.e., Area A, B, C, and D) of the Vacation Rental Overlay District. In consideration for being permitted to participate in the lottery process, each owner shall agree to waive all claims, indemnify and hold harmless the City for any and all liability for any injury or damages arising out of, or in connection with the owner's participation.

If an additional Vacation Rental License becomes available prior to June 30 of the next year, the City will offer that Vacation Rental License to the highest ranked individual remaining on the Ranked Vacation Rental License List upon a determination that the application complies with the STR Regulations. STR Applications received by the City after 12:00 p.m. on July 1 of each year will be retained by the City until the lottery is performed in the next calendar year. If necessary, and at the discretion of the City Manager, an additional lottery may be held before July 1 of the next calendar year to rank the additional STR Applications received by the City after 12:00 p.m. of the current year. The Ranked Vacation Rental List will expire and be of no force and effect at 11:59 a.m. on July 1 of the following year.

C. Denial of STR Application for Vacation Rental License

In order to receive a Vacation Rental License, an applicant must comply with all requirements of the STR Regulations. Based on the City's authority set forth in sections 14.47.070(h), 14.47.080(m), 14.47.080(o), and 14.47.090 of the CMC, the City Manager has discretion to deny an STR Application for a Vacation Rental License, including but not limited to the following reasons: (1) the Residential Unit is located outside of the Vacation Rental Overlay District, (2) the limit on the number of Vacation Rental Licenses the City is authorized to issue pursuant to section 14.47.090(a) of the CMC has already been met, (3) the Residential Unit is not in compliance with any federal, state, or local laws, including the STR Regulations, and (4) the STR Application is incomplete or does not comply with the requirements of the STR Regulations.

D. Amortization of Nonconforming Vacation Rentals

Vacation Rentals that are located outside of the Vacation Rental Overlay District that meet the requirements specified in section 14.47.190 of the CMC are considered nonconforming Vacation Rentals ("Nonconforming Vacation Rental"). The owner of a Nonconforming Vacation Rental is eligible to apply for and receive a Vacation Rental License for five (5) years after the STR Regulations become effective; this right will terminate on July 1, 2022, failure to timely renew as required by the STR Regulations and these STR Administrative Policies and Procedures, or upon transfer or sale of the Residential Unit (including as a result of inheritance), whichever occurs first.

In order to apply for a Vacation Rental License for a Nonconforming Vacation Rental, the owner of the Residential Unit must fill out and submit an STR Application to the City's Community Development Department located at 5775 Carpinteria Avenue, Carpinteria, California 93013. A Copy of the STR Application is available at City Hall. The City's issuance of a Vacation Rental License to a Nonconforming Vacation Rental will not count against the maximum number of Vacation Rental Licenses the City is authorized to issue within the Vacation Rental Overlay District. Owners of licensed Nonconforming Vacation Rentals will not have to go through the lottery procedure set forth in sections V(B)(1)(b) and V(B)(2)(b) of these STR Administrative Policies and Procedures

The City will accept applications for Nonconforming Vacation Rentals from May 1 through June 1, 2017 and will begin issuing Vacation Rental Licenses to each owner of a Residential Unit that meets the application requirements set forth in sections 14.47.070, 14.47.090(b)-(e), 14.47.100,

14.47.180, and 14.47.190 of the CMC by July 1, 2017. An owner of a Nonconforming Vacation Rental is required to renew his or her Vacation Rental License on an annual basis.

Nonconforming Vacation Rentals must be operated in compliance with the STR Regulations.

E. Transferability of Vacation Rental License

The STR Regulations specify that sale or transfer of a Residential Unit would result in automatic expiration of the Vacation Rental License. For purposes of the STR Regulations, “transfer” does not include (1) a change in property ownership as a result of inheritance, or (2) transfer of ownership interest between existing owners as long as the portion of the ownership interest being transferred is being transferred to one of those existing owners. In this situation, although ownership of the Residential Unit would be changing, the change would not result in the automatic expiration of the Vacation Rental License associated with that Residential Unit.

Within ninety (90) days of a transfer, the new owner must fill out and submit an STR Application (pursuant to the requirements set forth in sections 14.47.070, 14.47.090(b)-(e), 14.47.100, and 14.47.180 of the CMC) to the City’s Community Development Department located at 5775 Carpinteria Avenue, Carpinteria, California 93013. A Copy of the STR Application is available at City Hall. Since a new owner would be applying, the City’s fee for reviewing an initial STR Application would apply. As part of the application process, the new owner must provide the City with documentation sufficient to prove that the Residential Unit change in ownership is due to inheritance or the transfer of ownership interest between one or more of the existing owners.

F. Application Fee for Vacation Rental License

The City Council adopted the following fee schedule in Resolution No. 5700 on February 13, 2017. These fees are effective as of April 14, 2017:

- Initial STR Application/License:² \$315.00
- Renewal of STR Application/License: \$105.00

Pursuant to the CMC, the City Council may amend these fees from time to time.

G. Submission of TOT Under Vacation Rental License

All owners of Residential Units holding a Vacation Rental License must comply with the requirements, procedures, and schedule set forth in Chapter 3.20 of the CMC regarding remittance of the TOT to the City. Remittance payments must be accompanied by a TOT Remittance Form, available at City Hall. Failure to remit TOT consistent with these requirements may result in expiration and forfeiture of the Vacation Rental License pursuant to section 14.47.140 of the CMC.

² Upon issuance of Vacation Rental Licenses in the first year following adoption of the STR Regulations, all STR Applications are considered to be an “Initial” application and are required to pay the \$315.00 application, regardless of whether the property owner had an existing Vacation Rental License under the City’s previous rules.

H. Revocation of Vacation Rental License

Vacation Rental Licenses may be revoked as set forth in section 14.47.150, 14.47.160, and 14.47.170 of the CMC. Before undertaking revocation proceedings, however, the City Manager will notify the owner of the Vacation Rental, in writing, of the ground(s) for revocation. At his or her discretion, the City Manager may provide an owner with a grace period to rectify the violation.

This section in no way limits the City's authority pursuant to its police power, the CMC, or other applicable statutes. Health and safety violations do not require compliance with the revocation proceedings outlined in the STR Regulations and the City may rely on its police power, the CMC, and other applicable statutes to remedy such violations immediately.

VI. HOME STAYS

A. Issuance of Home Stay Licenses

Pursuant to the STR Regulations, Home Stays are allowed in Residential Units throughout the City. The City will begin accepting applications for Home Stays upon the effective date of the STR Regulations, which is July 1, 2017. The application requirements for Home Stays are located in sections 14.52.050, 14.52.070, 14.52.080, and 14.52.160 of the CMC. In order to apply for a license to operate a Home Stay (“Home Stay License”), the owner of the Residential Unit must fill out and submit an STR Application to the City’s Community Development Department located at 5775 Carpinteria Avenue, Carpinteria, California 93013. A Copy of the STR Application is available at City Hall.

Home Stays must be operated in compliance with the Operating Standards set forth in section 14.52.060 of the CMC.

B. Renewal of Home Stay Licenses

Starting in 2018, the City will send out Home Stay License renewal reminders to the owners of all Residential Units with a valid Home Stay License by May 1 of each year. To renew an existing Home Stay License, by June 30 of each year the owner of the Residential Unit must (1) be in compliance with the requirements of both the STR Regulations and the STR Administrative Policies and Procedures, (2) provide the City with information about the Home Stay (on a form provided by the City), (3) pay the Renewal of STR Application/License fee, as set forth in section V(D) of these STR Administrative Policies and Procedures, and (4) remit all required TOT remittance documents associated with the Home Stay to the City. Failure to comply with these requirements and renew prior to June 30 of each year may result in expiration of the Home Stay License and require that a new STR Application be submitted to the City subject to sections 14.52.050, 14.52.070, 14.52.080, and 14.51.160 of the CMC and the procedure outlined in section V(A) of these STR Administrative Policies and Procedures.

C. Denial of STR Application for Home Stay License

In order to receive a Home Stay License, an applicant must comply with all requirements of the STR Regulations. Based on the City’s authority set forth in sections 14.52.050(d), 14.52.060(h), and 14.52.070, the City has discretion to deny an STR Application for a Home Stay License, including but not limited to the following reasons: (1) the Residential Unit is not in compliance with any federal, state, or local laws, including the STR Regulations, and (2) the STR Application is incomplete or does not comply with the requirements of the STR Regulations.

D. Application Fee for Home Stay Licenses

The City Council adopted the following fee schedule in Resolution No. 5700 on February 13, 2017. These fees are effective as of April 14, 2017:

- Initial STR Application/License: \$315.00
- Renewal of STR Application/License: \$105.00

Pursuant to the CMC, the City Council may amend these fees from time to time.

E. Submission of TOT Under Home Stay License

All owners of Residential Units holding a Home Stay License must comply with the requirements, procedures, and schedule set forth in Chapter 3.20 of the CMC regarding remittance of TOT to the City. Remittance payments must be accompanied by a TOT Remittance Form, available at City Hall. Failure to remit TOT consistent with these requirements may result in expiration and forfeiture of the Home Stay License pursuant to section 14.52.120 of the CMC.

F. Revocation of Home Stay License

Home Stay Licenses may be revoked as set forth in section 14.52.130, 14.52.140, and 14.52.150 of the CMC. Before undertaking revocation proceedings, however, the City Manager will notify the owner of the Home Stay, in writing, of the ground(s) for revocation. At his or her discretion, the City Manager may provide an owner with a grace period to rectify the violation.

This section in no way limits the City's authority pursuant to its police power, the CMC, and other applicable statutes. Health and safety violations do not require compliance with the revocation proceedings outlined in the STR Regulations and the City may rely on its police power, the CMC, and other applicable statutes to remedy such violations immediately.