

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: December 14, 2016

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE DIRECTING THE ADMINISTRATION TO CREATE A DEDICATED FUND FOR HOMELESS SERVICES AND A DEDICATED FUND FOR AFFORDABLE/WORKFORCE HOUSING TO BE FUNDED FROM FINES COLLECTED FROM SHORT-TERM RENTAL VIOLATIONS.

RECOMMENDATION

Adopt the Resolution.

ANALYSIS

At its October 19, 2016 meeting, the City Commission referred item R9L to the Finance and Citywide Projects Committee (FCWP) for discussion regarding the use of short-term rental fines to address homelessness in our community as referred by Mayor Philip Levine. Commissioner John Aleman also referred discussion regarding to Committee regarding the use of the short-term rental fines to fund affordable/workforce housing. The Committee heard the item at its November 18, 2016 meeting.

Since the adoption of the enhanced penalties for violations of the City's short-term rental ordinances in March 2016, the Office of Code Compliance has issued approximately \$3.2 million in fines. When issued, fines can be addressed in two ways: 1) paying the fine associated with the violation; or 2) appealing the violation to the Special Master. If an adjudication of guilt is made by the Special Master, the violators are given a period of up to 120 days to pay the fine. Violations that are not appealed and/or not paid at time of adjudication become recorded liens against the property. While \$3.2 million in fines have been issued, the City has only collected approximately \$62,000 thus far.

At its meeting, the FCWP Committee discussed the directed use of collected fines to address the pressing issues of homelessness and the shortage of affordable/workforce housing in our community. The Committee directed that funds collected from short-term rental violations be earmarked to a designated fund. The Committee further directed that the Administration determine the most effective methodology for distribution of funds for these two issues. As such, the Administration recommends that the first \$200,000 collected be used to fund homeless services and all collected funds thereafter be distributed with 20 percent set aside for homeless services and 80 percent to address affordable/workforce housing needs.

In addition, because the issuance of fines do not translate into immediate funds for the reasons mentioned above, the distribution methodology affords the necessary time to ensure that funds are collected and in hand before their commitment to specific projects.

CONCLUSION

The Administration recommends approval of this resolution enabling the creation of a fund to earmark fines from short-term rental violations for the expressed use of funding homeless services and the community's shortage of affordable/workforce housing.

KEY INTENDED OUTCOMES SUPPORTED

Ensure Workforce Housing For Key Industry Workers Is Available In Suitable Locations

FINANCIAL INFORMATION

Code Compliance fines are typically deposited in the City's General Fund, Fines and Forfeiture line item. The recommended action will create a dedicated fund for fines collected for short-term rental violations for the expressed use of addressing homelessness and the shortage of affordable/workforce housing in our community.

Legislative Tracking

Housing and Community Services