



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Members of the Finance & City Wide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: December 15, 2017

SUBJECT: **TRACKING OF TOTAL SHORT TERM RENTAL FINES IMPOSED AGAINST PROPERTY OWNERS**

Background

At the October 31, 2017 City of Miami Beach Commission meeting, a discussion item regarding the tracking of total short term rental violations and associated fines imposed against property owners was referred to the Finance and Citywide Projects Committee for discussion.

Thereafter, the Commission, at its March 9, 2016 meeting, adopted Ordinance 2016-4001 and Ordinance 2016-4002 which amended Chapter 142-905(b)(5) and 142-1111(e) of the City Code respectively. These two Ordinances established the following fine structure for illegal short term violators:

- A. If the violation is the first violation: \$20,000
- B. If the violation is the second violation within the preceding 18 months: \$40,000
- C. If the violation is the third violation within the preceding 18 months: \$60,000
- D. If the violation is the fourth violation within the preceding 18 months: \$80,000
- E. If the violation is the fifth or greater violation within the preceding 18 months: \$100,000

Additionally, at its March 9, 2016 meeting, the Commission established a procedure requiring the Director of the Code Compliance Department to remit a letter to the Miami-Dade Property Appraiser and the Miami-Dade Tax Collector, together with a copy of the Special Master Order adjudicating the violation, notifying these governmental agencies that a single-family residential property was used for transient rental or occupancy. This action may result in a homesteaded property owner losing their tax exemption status.

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Analysis

Since the inception of the City's new fine structure for violators of the Short Term Rental Ordinance, the City's Code Compliance Department has issued a total of 287 violations which equates to a total of \$8.1 million in initial fines assessed. The violations are summarized below:

Short Term Rental Violations						
Issued To:	Violations	Appealed	Closed	Fines Owed	Fines Paid	Notice Phase
Property Owners	206	66	59	43	13	25
Agent/Third Party/Other	76	9	14	32	3	18
Tenant	5	1	0	2	0	2
Total	287	76	73	77	16	45

The City Attorney's Office resolved 19 of the 287 violations via Agreed Orders. These 19 violations had fines initially totaling \$400,000 and were settled for \$72,000. Additionally, 60 violations have been administratively closed out for the following reasons:

- 54 – Nolle Prosequi
- 3 – Closed by Action Memorandums
- 3 – Issued in Error

The remaining 208 violations equate to approximately \$5.7 million dollars, which is summarized below:

Short Term Rental Fines					
Fines Issued To:	Amount	Paid	Appealed	Fine Owed	Notice Phase
Property Owners	3,809,500	119,000	1,900,000	1,040,500	750,000
Agent/Third Party/Other	1,784,000	12,500	240,000	1,145,000	386,500
Tenants	100,000	-	20,000	40,000	40,000
Total	5,693,500	131,500	2,160,000	2,225,500	1,176,500

As of September 30, 2016, the City has collected \$131,500 of the \$5,693,500 in fines assessed. It is estimated that approximately \$3.8 million in fines issued to Property Owners are likely to be recovered over time as a result of City liens issued and recorded against the subject properties engaged in short term rentals. These fines appear on lien statements (estoppel letters) as an amount owed to the City and are recovered at the time of sale or refinancing.

Approximately \$1.9 million of fines issued to non-property owners such as agents, third parties, tenants, or other are not likely to be recovered since there is no collateral to lien.

JLM/JW