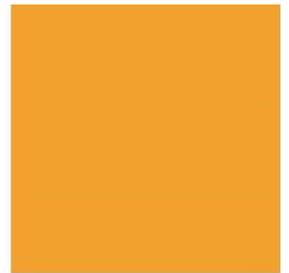


Local Government Activities Related to Vacation Home Rentals in the Lake Tahoe Basin

TRPA Local Government Committee Report
December 13, 2017



A Voice for Lake Tahoe

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Tahoe Regional Planning Agency Project Staff

Tiffany Good, Senior Planner

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Introduction

Vacation home rentals (a.k.a. short term rentals) have gained tremendous popularity in recent years, exacerbated by the proliferation of online sharing economy platforms. The sharing economy is a relatively new concept most widely associated with services like Uber and Lyft, Airbnb and Vacation Rental by Owner (VRBO). The phenomenon of the sharing economy will contribute to shaping many policy decisions in the future across the United States. A specific aspect of the sharing economy is the home-sharing industry, also referred to as vacation home rentals (VHRs). The vacation home rental market is a \$32 billion a year industry, dominated by two major players (AirBnB and VRBO) and several smaller platforms (Binzer, 2017). Policies and practices to manage vacation home rentals have been a long-standing issue in Tahoe, first rising to attention in the early 2000s. Now the sharing economy platforms have exacerbated and perhaps completely transformed the vacation home rental market across the country and within the Tahoe Basin, creating impacts that existing local jurisdiction policies and ordinances don't necessarily yet address. Furthermore, without clear policies to address the current state of the industry and subsequent impacts, enforcement becomes problematic (Binzer, 2017). Local governments across the United States are facing the challenges head on, but often differently based on the community characteristics.

The influx of vacation home rentals in the Lake Tahoe Basin in recent years has brought with it related issues (e.g., parking, noise, trash, neighborhood character, safety, resident quality of life) that have gained the attention of concerned stakeholders. In consideration of these concerns, the TRPA Governing Board, at its May 2017 meeting, directed TRPA staff to work with the Local Government Committee to address local government management of vacation home rentals for alignment with the Regional Plan. The concern raised was the relationship between VHRs and the distribution of residential allocations, TRPA's growth management mechanism for the development of single family dwellings, and the policies for concentrating tourism uses in town centers. TRPA regulations allow for residential homes to be used as vacation home rentals. Use of a residential allocation to construct new homes solely as vacation home rentals converts the residential use exclusively to tourism. To understand the current state, the Local Government Committee met to survey information from each local jurisdiction within the Lake Tahoe Basin to better understand what each local government is doing to manage vacation home rentals. The information collected is compiled in this report.

Local Government Committee Meeting Summary

TRPA hosted two public presentations by national experts in managing VHRs followed by a roundtable discussion. The first presentation by staff from Michael Baker International focused on summarizing the report commissioned by the City of South Lake Tahoe titled *Socioeconomic Impacts of Vacation Home Rentals in South Lake Tahoe* (Michael Baker International, June 2017).¹ The City of South Lake Tahoe commissioned the report to understand the economic implications of potentially regulating VHRs. Host Compliance, a privately held company that specializes in vacation home rental compliance monitoring and enforcement solutions for local governments also presented. The two presentations highlighted policy alternatives, regulatory best practices, and monitoring and compliance options for managing vacation home rentals. The roundtable discussion teased out policy alternatives, regulatory best practices, and monitoring and compliance options that could be well-suited to Tahoe's local jurisdictions. The discussion also identified the differences in strategies used in the Tahoe Region to address unique aspects to each jurisdiction. This report summarizes current and potential management strategies. The next section of this report provides general information on best practices related to the vacation home rental industry and how those can be applied in the Tahoe Basin. The remaining sections include a tabular summary of current and potential Tahoe Basin local government practices, a discussion describing each jurisdiction's approach to VHRs, and general conclusions from this information.

¹ The report is available on the City of South Lake Tahoe's website <http://cityofslt.us/DocumentCenter/View/7908>

Vacation Home Rental Best Practices

According to both Host Compliance and Michael Baker International, it's important to conduct some level of community outreach to understand what challenges are presented by vacation home rentals that are unique to each individual community, and then tailor best practices to suit the needs, desires, and concerns of the community. The list below reflects a snapshot of policy and enforcement best practices from Host Compliance and Michael Baker International at the September 2017 meeting..

Regulatory and Compliance Best Practices - Description

1. **Permanent residents to operate a VHR**

This option addresses the absentee property owner who may not be available or accountable when nuisance problems arise.

2. **Require all VHRs to have full-time resident manager/local contact person**

A full-time, certified manager would indicate 24 hour availability any time the VHR was occupied. Certification could vary from professional training, best practices, association membership, and could be hosted or sponsored by either the public or the private sector (Michael Baker International, 2017).

3. **Set neighborhood quotas**

To preserve the character and the quality of residentially zoned neighborhoods, many jurisdictions around the country are establishing VHR quotas to limit the number of VHRs. An example would be to limit the number of VHRs per city block (Binzer, 2017).

4. **Encourage VHRs in certain areas (e.g., Town Centers)**

In areas closer to commercial and tourist activity, encourage vacation home rentals when zoned appropriately for tourism. For example, the City of South Lake Tahoe encourages more VHR permits in the Tourist Core Area Plan by limiting the number of STRs outside of the Tourist Core Area. During specific time periods within certain areas allow temporary VHR permits (e.g. between Christmas and New Year's) (Binzer, 2017).

5. **Require compliant parking and proper garbage containment**

The proliferation of vehicles and haphazard parking affect local resident quality of life and the integrity of the neighborhood. Some jurisdictions require on-pavement parking tied to the VHR occupancy limit. Other local ordinances require a bear box of appropriate size (Michael Baker International, 2017).

6. **Require physical safety and inhabability inspections**

For the well-being of the VHR occupants and to protect the VHR owner, require safety inspections (e.g. appropriate handrails, adequate electrical for hot tubs, and CO2 and smoke detectors).

7. Limit the number of STR permits per year

The simplest version is to issue a specific, limited number of VHR permits per year. Michael Baker International recommends the basis for setting the limit be one of the following:

- Ratio of occupied housing to VHRs
- First come, first serve
- Lottery

8. Implement a waiting period for STR permits

A one year waiting period between home purchase and vacation home rental permit issuance may act as a deterrent to buyers acting for the primary purpose of utilizing it as a vacation home rental. Applicants within tourist zoned areas (e.g., Town Centers) could be exempt from the waiting period (Michael Baker International, 2017).

9. Increase VHR permit fees and fines for non-compliance

Fees and fines vary in purpose. Higher fees and fines discourage property owners from casually entering the VHR market. A fee structure could concentrate VHRs in more desired locations while discouraging concentration in other areas. Transient Occupancy Tax is also a mechanism that can be used in a manner similar to those discussed above (Michael Baker International, 2017).

10. Enable mobile permitting and registration

The easier it is for people to follow the rules, the more likely it is that they will follow them. By implementing mobile enabled online permitting and registration systems, the perceived “red tape” can be minimized and make resource use and compliance efficient (Binzer, 2017).

11. Automate compliance and monitoring services

Enforcement often makes policy effective. There are many commercially available compliance and monitoring tools available that can assist a local jurisdiction in maximizing their compliance and monitoring needs (Binzer, 2017).

12. Implement a rental activity monitoring service

The vacation home rental listings on online platforms fluctuate heavily. There are commercially available services that monitor rental activity and tax compliance (Host Compliance, 2017).

13. Analyze VHR saturation to determine heavily impacted neighborhoods

Data on saturation of VHR by neighborhood can inform vacation home rental limits and capacity by area. Boundaries may be determined by census tract, defined neighborhoods, or sub-neighborhoods. Public input should also be considered when determining sensitivity and establishing quotas (Michael Baker International, 2017).

14. Grant hardship deferrals for full-time hosted/shared VHRs

Full-time hosted home-sharing typically means that the property owner lives on-site and may rent out a portion of the property as a vacation home rental. Issues with trash, parking, and noise can be immediately addressed by the host. Hosting property owners could be considered for fee discounts, permit exemptions, etc.

15. Create a committee (or similar) by jurisdiction to address STRs

A working group that is familiar and receptive to the unique characteristics and aspirations of a community can be a beneficial vehicle for translating public input into policy. A knowledgeable committee can create policy that addresses environmental and economic impacts, and negative consequences of VHR policy on residential neighborhoods (Michael Baker International, 2017).

Local Government VHR Management Strategies – Lake Tahoe Basin

Jurisdictional VHR Management Strategies

At the Local Government Committee workshop on September 27, 2017, each jurisdiction shared information on current management strategies for vacation home rentals. Below is a table indicating regulatory and compliance Best Practices by jurisdiction being implemented or considered followed by a more detailed description of each jurisdiction’s specific vacation home rental management practices.

Regulatory and Compliance Best Practices for Vacation Home Rentals Matrix

BEST PRACTICE	JURISDICTION				
	Douglas	El Dorado	Placer	Washoe	CSLT
1. Only allow permanent residents to operate a VHR					
2. Require all VHRs to have full-time resident manager/local contact person	●	●	●		●
3. Set neighborhood quotas (saturation)		●			●
4. Encourage VHRs in certain areas (i.e. Town Centers)		●			●
5. Require compliant parking & proper garbage containment	●	●	●		●
6. Require physical safety and inhabitation inspections		●			●
7. Limit # of VHR permits per year through a variety of mechanisms		●			●
8. Implement a waiting period for VHR permits	●	●			

9. Increase VHR permit fees and fines for non-compliance		●	●		●
10. Enable mobile permitting and registration		●	●		
11. Automate compliance & monitoring services		●			
12. Implement a rental activity monitoring service		●			●
13. Conduct a VHR saturation analysis to determine heavily impacted neighborhoods		●			●
14. Grant hardship deferrals for full-time hosted/shared VHRs		●			●
15. Create a committee (or similar) to address VHRs within each specific jurisdiction		●			●

● = Doing

● = Considering

Regulatory and Compliance Best Practices – What are the Local Jurisdictions Doing?

Douglas County

The Douglas County Tahoe Township implements Ordinance 2012-1355 (Chapter 5.40 of the County Code) Vacation Rentals in Tahoe Township. The ordinance stipulates that no owner of a vacation rental may rent the unit for 28 consecutive days or less without a valid vacation home rental permit (Douglas County, 2012). Any identified unpermitted vacation home rentals are issued a Cease and Desist order. Without code enforcement staff, unpermitted vacation home rentals are identified through citizen complaints. County staff asks citizens to document vacation home rental activity through photographs, written descriptions, and other evidence.

Transient Occupancy Tax (TOT) is collected by the County tax collector for VHRs covered by the ordinance. Collection of TOT effectively converts the use from residential to commercial, leading to inconsistencies with existing zoning.

Douglas County plans to revisit their vacation home rental ordinances. Douglas County has indicated that the City of South Lake Tahoe’s socioeconomic study (Michael Baker International, June 2017), and newly enacted VHR ordinance is being considered in updating Douglas County’s vacation home rental

ordinance. Douglas County staff is working on a 20-year Master Plan update and a Tahoe Basin-specific Area Plan. Working on both may be an opportunity to revise and update vacation home rental ordinances.

[El Dorado County](#)

El Dorado County regulates vacation home rentals in the unincorporated areas of South Lake Tahoe, including Meyers to the El Dorado/Placer County line near Tahoma, California. Chapter 5.56 of the El Dorado County Code was adopted in 2004 (El Dorado County, 2004). The vacation home rentals are enforced by the El Dorado County Sheriff's Office, and the County Tax Collector investigates violations and conducts follow-up hearings in a manner consistent with the existing El Dorado County Board of Supervisors policy. Committee member Sue Novasel said that VHR violations may be monitored and reviewed by El Dorado County Code Compliance in the future, rather than the Tax Collector.

The current ordinance, *Vacation Home Rentals in the Lake Tahoe Basin*, requires an administrative permit for the operation of a vacation home rental. Typical permit conditions include the following:

- Occupancy is limited to two people per bedroom plus an additional 4 people
- Parking is limited to the number of designated on-site parking spaces and/or spaces on the street immediately in front of the vacation home rental property.
- Noise restrictions
- Trash is to be disposed of according to the Solid Waste Management Ordinance in Chapter 8.42 of the County Code
- Local contact person requirement
- Safety regulations such as operable windows in bedrooms and minimum ceiling heights

A committee of the El Dorado County Supervisors has formed to address vacation home rentals and to consider all other known options to address concerns associated with VHRs. This committee plans to engage with stakeholders to better understand the community concerns and impacts created by VHRs within El Dorado County, and ultimately present recommendations to the full Board of Supervisors.

[Placer County](#)

Placer County last updated its vacation home rental ordinance in 2013, and is working on another update related to the Transient Occupancy Tax (TOT) rate. No vacation home rental permit is required. Instead operators must obtain a (TOT) certificate (Placer County, 2013). Many units are operating without a TOT certificate. Vacation home rental-driven complaints have been inconsistent and sporadic, so the County has not updated the vacation home rental ordinance to address any persistent problems. The County's current priority is increasing certification and TOT compliance. In 2017, Placer County began working with vacation home rental industry experts, Host Compliance, to identify more efficient methods of ensuring vacation home rental certification and subsequent TOT collection. Host Compliance found that there were about 4,000 vacation home rental listings in Placer County, 2,000 of which were certified and paying TOT.

[Washoe County](#)

In Washoe County, residential uses within the unincorporated areas are specifically for non-transient living accommodations. The County Code regulates transitory lodging (tourist accommodation lodging), defined as stays of less than 28 consecutive days. Washoe County policy is to not regulate nor proactively police vacation home rentals, but rather to address those impacts associated with vacation

home rentals such as noise, parking and garbage and regulated by County Code. County compliance staff enforces violations of these codes as appropriate. County staff educates homeowners if made aware of vacation home rentals so the owner understands that such rental activity is not allowed. Staff also informs the owners that because they are renting as transitory housing (lodging), they are required to pay room taxes to the Reno-Sparks Visitors and Convention Authority. The County has no current plans to pursue a vacation home rental ordinance (Hauenstein et al, 2017).

The North Lake Tahoe Fire Protection District (NLTFPD) has safety concerns with vacation home rentals. In order to address this concern, the Incline Village Board of Realtors (IVBOR) entered into a Memorandum of Understanding with the NLTFPD, which allows the IVBOR to embark on an education campaign regarding the operation of vacation home rentals. The NLTFPD will evaluate the effectiveness of the education campaign every four months.

City of South Lake Tahoe

The City of South Lake Tahoe (CSLT) requires a permit for vacation home rentals. The 2015 VHR ordinance revision provides:

- An occupancy cap based on 2 people per bedroom, plus an additional 4 people
- Parking tied to maximum occupancy
- Parking must occur on-site and on pavement
- No hot tub use after 10pm (tied to use of hot-tub jets)
- A local contact person required
- Increased fines for non-compliance
- Vacation home rental license revoked if the property receives three complaints over a 12-month period
- Mandatory inspections to validate the number of bedrooms, requires appropriate handrails, adequate electrical for hot tub operation, smoke detectors, and CO2 detectors
- A Zoning Administrator and a neighbor noticing requirement for residents located within 300 feet of a proposed vacation home rental
- Permits expire one year after the date of issuance and can be re-issued upon submittal of a renewal application and fee

Further amendments in 2015 provided:

- Vacation home rental complaints posted on-line on the CSLT website
- A prohibition on weddings and large events held in vacation home rentals
- Total occupancy limited to the total permitted occupancy for the vacation rental
- Multi-family dwellings cannot be used as VHR

The City instituted a temporary moratorium on processing vacation home rental permits in October 2017 to consider further amendments to the VHR ordinance. A new ordinance passed on November 21, 2017 and went into effect on December 21, 2017 and provides:

- A cap of 1,400 vacation home rental permits in CSLT boundaries, outside of the Tourist Core Area Plan (currently 1,373 STRs permitted and 93 on wait list)
- VHR permits revoked if three or more upheld citations for violations within a 24-month period

On Tuesday December 12, 2017, the City Council approved a motion to enter into a contract with Host Compliance for VHR monitoring and compliance services. At this same meeting, the City Council also approved a budget for additional City of South Lake Tahoe Police Department Community Service Officers, in part to aid in vacation home rental enforcement.

Conclusion

Short Term Management Challenges to Consider – Moving Forward

Lake Tahoe is an iconic tourist destination. Being that, the sharing economy will adapt and burgeon, making vacation home rentals facets of communities to be continually managed in the Lake Tahoe Basin. Each local jurisdiction is addressing VHRs according to the characteristics and circumstances in each locale: preservation of neighborhood character, permanent resident quality of life, safety and enforcement. The reports, best practices, and national experts referenced above are a continuing source of solutions to be considered as each local jurisdiction tackles its unique challenges. At the 2017 National Planning Conference in New York City, a representative from the National League of Cities reiterated that there is no one-size-fits-all solution to answering the vacation home rental question (DuPuis, 2017). This is also true for the five local jurisdictions in the Tahoe Basin.

The local jurisdictions are acting responsibly to resolve VHR issues so that the concerns of residents and stakeholders, and policies of the Regional Plan are addressed. The TRPA Board and Local Government Committee played a productive role in raising important questions and organizing an overview of best practices and current actions underway on VHR management. We recommend that the Local Government Committee convene periodically (e.g., once a year) for an update on VHR management strategies and actions within the Region, and report to the full Governing Board and public with updates on this report.

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