



M E M O R A N D U M
COMMUNITY DEVELOPMENT RESOURCE AGENCY
ADMINISTRATION
County of Placer

TO: Board of Supervisors DATE: July 27, 2021

FROM: Steve Pedretti, Agency Director

BY: Crystal Jacobsen, Deputy Director - Tahoe

SUBJECT: Urgency Ordinance to Establish a Moratorium on the Issuance of New Short-Term Rental Permits

ACTION REQUESTED

1. Conduct a public hearing to consider introduction, waiver of oral reading and adoption of an urgency ordinance to establish a moratorium on the issuance of new Short-Term Rental permits pursuant to Placer County Code Chapter 9, Article 9.42.

BACKGROUND

The Short-Term Rental (STR) Ordinance was adopted by the Board of Supervisors (Board) on November 19, 2019 and went into effect on January 1, 2020. It is codified in Chapter 9, Article 9.42 of the County Code ("STR Ordinance"). Article 9.42 was amended in March 2021 to update and clarify certain provisions of the code. The STR Ordinance applies to the North Lake Tahoe region of East Placer County. The STR permit program is intended to address community concerns regarding nuisances caused by STR operations within residential neighborhoods, including parking, noise, and trash and to ensure that each STR is operating in compliance with building and fire codes. The STR Ordinance includes operational standards aimed at addressing nuisances and preserving residential neighborhood character and integrity. It also includes the requirement for life-safety inspections.

In 2020 the STR program permitted approximately 2,600 properties. Staff is currently processing permit applications for 2021 and to date has issued/processed 2,350 which include renewed permits from 2020 and new permits for 2021. It should be noted that there are approximately 250 STR permits from 2020 which have not been renewed for 2021 and staff is assessing whether these properties are still renting on a short-term basis. In addition, based on continual research conducted by Revenue Services, there are approximately 230 properties renting on a short-term basis that never received an STR permit, which the County is actively trying to bring into compliance. Therefore, it is assumed that there are approximately 400-500 properties that have engaged in renting or are currently renting, and which may submit an STR permit in the future.

STR ORDINANCE IMPLEMENTATION/SUMMARY OF CURRENT CONDITIONS

Initial implementation of the STR Ordinance was complicated by the COVID-19 stay-at-home orders and travel restrictions. The pandemic's international travel restrictions resulted in increased local/regional travel and visitation to the Tahoe region. Impacts related to tourism that the Tahoe region typically experiences were compounded with the increase in visitation. The stay-at-home orders also resulted in heightened community concern about transient lodging during the pandemic. As a result, community concerns which led to adoption of the STR Ordinance were exacerbated. The growing visitation and interest in STRs have further impacted residential neighborhood character and integrity within the region.

In addition, the COVID-19 pandemic has also exacerbated the housing crisis that the Tahoe region has experienced for years. Over the last decade, the rise in second home ownership and STRs in the region has continued to grow, resulting in a decrease in available housing stock for the local workforce. Real estate prices in the North Tahoe-Truckee region have drastically increased since the COVID-19

pandemic began. The ability to work remotely resulted in an influx of new buyers to the region. This real estate “boom” escalated housing prices and encouraged many homeowners to sell houses that were used as long-term rentals, further decreasing the available housing stock for the local workforce. As a result, employers in the North Tahoe-Truckee region have recounted stories about local employees at a range of income levels who have lost their housing, are unable to find long-term rentals, and cannot compete in the real estate market. This condition has reached a crisis level with reports of local workers sleeping in their cars or traveling significant distances to work in the basin. In addition, local employers are having trouble recruiting workers because of the lack of any housing, much less affordable housing.

Staff have heard concerns from community members that the current real estate boom is also resulting in existing housing stock being purchased by individuals and companies for the express purpose of establishing a STR and/or that those selling homes are marketing the same as income generating due to a STR permit. Pursuant to Section 9.42.070, STR permits “do not provide a vested interest or entitlement in the continued operation of a short-term rental upon a change of property ownership.” STR permits do not run with the land; rather they are associated with the permit holder and are only valid for a one-year period. If property owners want to continue to operate STRs they are required to renew their STR permits annually. As noted above, staff has issued/processed approximately 2,350 STR permits for the 2021 permit cycle which include renewed permits from 2020 and new permits for 2021, and staff has data demonstrating that there are approximately 400-500 additional properties that have engaged in renting or are currently renting, and which may submit a STR permit in the future. It is worth noting that staff have received some emails and phone calls recently from individuals asking for information on STR permits who have noted that they are in the process of purchasing homes for the purpose of establishing a STR.

To brainstorm solutions to the housing crisis, the Mountain Housing Council (MHC), a project of the Tahoe Truckee Community Foundation which is a collective of 29 regional partners working on a range of housing solutions for the Tahoe-Truckee community, convened an “Emergency Meeting” with its members on June 25, 2021. As MHC members, Placer County and Town of Truckee staff attended the meeting and participated in brainstorming on actions that local jurisdictions could take to alleviate the housing crisis. In addition, other MHC members provided a variety of ideas to help address the current housing crisis. One idea that was expressed was for local governments to temporarily halt new STR permits and explore options that would limit the total number of allowed STRs or establish jurisdictional “Caps” on STR permits. MHC members expressed concern that the rise in second home ownership in the region will result in a rise in STRs which is negatively impacting available long-term rental housing stock available to the local workforce.

Accordingly, because of the current and immediate issues related to STRs, staff is currently reviewing the STR Ordinance to identify areas for revision. Staff is proposing this urgency ordinance to temporarily establish a moratorium on new STR permits. The urgency ordinance, if approved, will temporarily limit approval of any new STR permit applications and will allow staff to explore comprehensive amendments to the STR Ordinance that further support the preservation of residential neighborhoods and workforce housing in the Tahoe region.

GOVERNMENT CODE SECTION 65858 - URGENCY ORDINANCE

Government Code section 65858 authorizes the Board, in order to protect the public safety, health, and welfare, to adopt as an urgency measure, an ordinance prohibiting any land uses that may be in conflict with a contemplated zoning proposal the Board is considering or studying, or intending to study within a reasonable time. Pursuant to Government Code section 65858(b) an urgency ordinance can be adopted by a four-fifths vote of the Board for an initial 45-day period. If adopted the ordinance become effective immediately. After notice pursuant to Government Code section 65090 and public hearing, the Board may by a four-fifths vote extend the interim ordinance for up to an additional 22 months and 15 days provided such action is taken prior to the expiration of the initial 45-day period.

As proposed, the urgency ordinance would exempt two categories from the moratorium on new permit issuance: (1) Renewal of a valid short term rental permit that has no outstanding fees or violations; and

(2) Processing of applications for a short-term rental permit that have been accepted by staff a minimum of twenty-four (24) hours prior to the enactment date of the urgency ordinance. (Attachment A)

Findings to support the proposed adoption of the urgency ordinance are included in Attachment A. These focus on the significant and increasing housing shortage for the local workforce and the impacts of increased disturbances to established neighborhoods caused by a potential saturation of the same by STRs. In addition, one of the reasons local jurisdictions take the extraordinary step to propose a moratorium is to avoid a “rush to the counter” scenario. Typically, when a program such as the STR program is identified for potential major revisions many rush to submit an application to attempt to fall under the old program. Processing a potential major influx of permits can significantly detract from staff’s ability to review and revise the program.

As noted above, staff is currently reviewing the STR Ordinance and exploring revisions to address the issues described in this report. The urgency ordinance establishing a moratorium will ensure permits for STR uses are established only under adequate regulations currently under review, and the imposition of a moratorium will give the County time to introduce, review, and adopt a comprehensive revision to the STR Ordinance. The urgency ordinance contained in Attachment A is designed to alleviate and abate the public safety, health, and welfare issues associated with permitting additional STR permits while changes to the STR Ordinance are being reviewed and considered by the Board.

STR REGULATIONS - REGIONAL TRENDS

With the boom in the vacation home/short-term rental industry over the last decade, local jurisdictions in the Tahoe region began to address or regulate vacation home/short-term rentals starting in 2018. The first action related to limiting vacation home/short-term rentals was the citizen-initiated Measure T in the City of South Lake Tahoe, which requires a phase-out of all vacation home/short-term rental permits in all residential areas and all multi-family properties over a three-year period. Following that action, Douglas and El Dorado Counties began regulating vacation home/short-term rentals between 2019 and 2020 with the adoption of ordinances aimed at addressing nuisance issues. Both Counties recently amended their ordinances to establish caps and other limiting locational provisions. Additionally, within the last year, the Town of Truckee and Washoe County have adopted ordinances aimed at regulating nuisance issues related to vacation home/short-term rentals. Nevada County has not adopted an ordinance to regulate the use of vacation home/short-term rentals.

It should be noted that the Town of Truckee attended the June 25, 2021 MHC Emergency Meeting on the housing crisis. Town staff noted the Town has begun discussions regarding the need to explore potential revisions to the Town’s ordinance which would further regulate vacation home/short-term rentals.

ENVIRONMENTAL CLEARANCE

This action is exempt from the California Environmental Quality Act (CEQA) since it does not have the potential for causing a significant effect on the environment in accordance with CEQA Guidelines section 15061(b)(3) (common sense exemption).

FISCAL IMPACT

The impacts of this action would be associated with the temporary reduction of potential application fees for any new STR permit. STR fees are tiered and include \$200 for professionally managed STR permits and \$337 for privately managed STR permits. However, those fees are intended to cover staff time involved in issuing the permits and managing the program. Therefore, there are no actual fiscal impacts associated with this action.

ATTACHMENTS

Attachment A: Urgency Ordinance to Establish a Moratorium on the Issuance of New STR Permits

cc: Todd Leopold – CEO
Jane Christenson - CEO
Dave Defanti – CEO
Steve Pedretti – CDRA
Shawna Purvines – CDRA
Emily Setzer – CDRA
Jayme Paine – CDRA
Karin Schwab – County Counsel
Clayton Cook – County Counsel
Eric Brumfield – County Counsel
Doug Jastrow – Revenue Services

ATTACHMENT A

Before the Board of Supervisors County of Placer, State of California

In the matter of: AN URGENCY ORDINANCE TO
ESTABLISH A MORATORIUM ON THE ISSUANCE OF
NEW SHORT TERM RENTAL PERMITS PURSUANT TO
PLACER COUNTY CODE CHAPTER 9, ARTICLE 9.42.

Ordinance No.: _____

The following Ordinance was duly passed by the Board of Supervisors of the County of Placer at
a regular meeting held on _____, by the following vote:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

WHEREAS, the increasing number of short term rental permits approved under County Code Chapter 9, Article 9.42 has raised significant concerns about the loss of permanent housing Eastern Placer County at a time when the County is suffering from a workforce and permanent affordable housing crisis in this area; and

WHEREAS, in creating more non-permanent housing stock, there are significant concerns around decreasing long-term rental opportunities and increasing rents for local residents; and

WHEREAS, lack of long-term affordable rental opportunities has caused a significant housing shortage crisis for the local workforce in Eastern Placer resulting in some workers resorting to sleep in their cars at their worksites or otherwise endangering their health and well-being by being forced out of long-term rentals due to increase in rents or conversion to short term rentals;

WHEREAS, the increasing number of short term rental permits has also caused renewed concern about the preservation of residential neighborhood character and integrity and an increased level of noise, disturbances, traffic and parking issues; and

WHEREAS, the Board of Supervisors finds that there is a current and immediate threat to the public health, safety, and welfare associated with the proliferation of short term rentals and that the approval of additional permits authorizing residential units to be used as short term rentals would serve to exacerbate that threat during the time that staff introduces, and the Board reviews and adopts, proposed amendments to the County Code; and

WHEREAS, on July 27, 2021, the Board conducted a public hearing to consider this urgency ordinance having duly noticed the meeting pursuant to state law; and

WHEREAS, as a result of the current and immediate threat to public health, safety, and welfare outlined above, the Board of Supervisors finds it is necessary to immediately enact this moratorium as an urgency ordinance to ensure that permits for short term rental uses are established only under adequate regulations currently under review, and that imposition of a moratorium will give the County time to introduce, review, and adopt a comprehensive revision of relevant County Code provisions; and

WHEREAS, this urgency ordinance is adopted pursuant to California Government Code section 65858, it shall take effect immediately upon its approval by at least a four-fifths vote of the Board of Supervisors, and it shall be in place for a period of no more than forty-five (45) days from the date of its adoption unless extended after notice and public hearing; and

WHEREAS, the Board finds this urgency ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Title 14, California Code of Regulations section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and therefore the activity is not subject to CEQA;

NOW, THEREFORE, BE IT ORDAINED by the Board of Supervisors of the County of Placer as follows:

Section 1. The Board of Supervisors incorporates and adopts the foregoing recitals as the Board’s findings of necessity and urgency, and hereby by a four-fifths vote places a moratorium on the issuance of any new short term rental permits under County Code Chapter 9, Article 9.42, unless the same fall under the exemptions identified in Section II for a period of 45 (forty-five) days from today’s date.

Section 2. The following are exempt from this moratorium:

1. A short term rental with a valid permit that complies with all provisions of Article 9.42, has no outstanding fees or violations may apply to renew the same.

2. The Community Development Resource Agency is authorized to continue processing an application for a short term rental permit if the same was accepted by the Agency a minimum of twenty-four (24) hours prior to the enactment date of this ordinance and the Agency may issue a permit if said application complies with all requirements of Article 9.42.

Section 3. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

Section 4. This urgency ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Title 14 of the California Code of Regulations, section 15061(b)(3), because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and therefore the activity is not subject to CEQA.

Section 5. This ordinance shall take effect immediately on the date of its passage. The Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code Section 25124.

