MEMORANDUM
COUNTY EXECUTIVE OFFICE
County of Placer

TO: Honorable Board of Supervisors
FROM: Todd Leopold, CEO
BY: Stephanie Holloway – Tahoe Operations Manager, CEO
Nicholas Martin – Senior Management Analyst – CEO Tahoe
Crystal Jacobsen – Deputy Director CDRA – Tahoe
Emily Setzer – Senior Management Analyst – CDRA Tahoe

DATE: January 25, 2022

SUBJECT: Short-Term Rental Ordinance Updates

ACTION REQUESTED
1. Introduce and waive oral reading of an ordinance to repeal and replace Chapter 9, Article 9.42 of the Placer County Code to regulate short term vacation rentals (Attachment A), and
2. Find the ordinance exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15061 (b)(3) and 15378.

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 Eastern Placer County Short-Term Rental Area, as described in Placer County Code Section 9.42.010. 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.

On July 27, 2021 your Board of Supervisors adopted (4:0:1:0; Supervisor Gore absent) an urgency ordinance establishing a 45-day moratorium on the issuance of new STR permits. The moratorium was in response to community concerns related to a surge in visitation resulting from the COVID-19 pandemic, increased use of second homes as STRs in the Tahoe region over the last decade, and recent concerns regarding the current real estate boom which has resulted in an increase in second homeownership and decrease in available workforce housing stock. On August 31, 2021, the Board voted (5:0) to extend the moratorium until March 31, 2022, which is the last day of the 2021 STR permit cycle.

On December 14, 2021, the Board of Supervisors (Board) received a presentation on proposed operational revisions to the Short-Term Rental (STR) Ordinance as well as permit limitation options; including a maximum number of permits (aka: cap), minimum and maximum nights rented requirements, and waiting period (Attachment B). The Board also received a presentation from BAE Urban Economics Inc. on research the firm conducted to study the relationships and
associations between changes in the prevalence of short-term rentals in the eastern Placer County market, changes in market conditions for full-time housing and hotel uses, and a rough sensitivity analysis to assess the extent to which STR regulation may be expected to facilitate development of new hotel or motel properties through a reduction in the competitive supply of tourist accommodations. The findings are presented in detail in Attachment C. When presented with the research, and a suite of limiting options to consider, the Board provided staff with the following feedback:

- Suggested a maximum cap consisting of existing STR inventory plus a small percentage of additional capacity
- Supported a minimum number of nights rented requirement
- Did not support a maximum number of nights rented requirement
- Did not support a waiting period following short-term rental permit application
- Supported increased fire inspections
- Supported increased enforcement
- Supported removal of exemptions

**STR ORDINANCE REFINEMENTS**
Since the initial adoption of the urgency ordinance and based on the key issues, stakeholder and community outreach, and research findings, staff has considered and analyzed potential STR Ordinance updates. The proposed STR Ordinance update detailed in Attachment A is intended to address community concerns and workforce housing availability, ensure fire and life safety, protect neighborhood character, promote usage and development of hotel stock, and increase staffing and enforcement efficiency while also striving to maintain consistency with partner agencies in the region. A summary of these updates is summarized below:

- STR Permit Timelines – Maintaining annual permit renewals for privately-managed STRs and three-year renewals for professionally-managed STRs
- Streamline STR permit intake system with Transient Occupancy Tax (TOT) certificate system
- Business license requirements
- Nuisance-related updates - increased quiet hours, daytime occupancy limits, prohibit outdoor amplified sound
- Fire and life safety inspections – required at permit application, more frequent inspections, red flag day prohibitions
- Limit to one STR permit per property
- Fines and enforcement – increase of fines and penalties

**PROPERTIES NOT SUBJECT TO THE STR ORDINANCE**
Hotel, motel, timeshare and bed and breakfast properties are currently not subject to the provisions of the STR ordinance (Chapter 9, Article 9.42). Staff has expanded this list of properties in the proposed STR Ordinance update to include properties defined as Condo Hotels which function as a hotel but have been subdivided into separately saleable units due to the similar nature of these properties to hotels in the region, including centralized fire and life safety systems, front desk access to all rooms, and 24-hour on-site management to enforce noise standards, trash collection and parking. Staff has developed a list of properties which meet the definition included in the revised ordinance.
EXEMPTIONS, MAXIMUM PERMITS, AND NIGHTS RENTED

Based on Board feedback, staff also removed permit exemption provisions, included a maximum number of permits available (aka: cap) and minimum nights rented requirements. The cap number reflects active short term rental activity in the region as of fall 2021 and has been defined by staff to be the existing inventory plus an added percentage for capacity increase, consistent with Board direction. In addition to allowing for a small number of new permits beyond the existing inventory, the percentage increase provides an opportunity for those properties operating without an STR permit, exemption or active TOT certificate to come into compliance with the proposed STR ordinance update and STR program. The purpose of the cap is to safeguard against oversaturation of STR’s in North Lake Tahoe and to limit future growth of potential housing stock usage for STR activity. Research performed by BAE Urban Economics, an independent economic consultant, shows correlation between the prevalence of housing stock usage for short term rentals and increased pricing as well as availability of achievable housing units, ultimately creating housing market barriers for local workforce. The findings are presented in detail in Attachment C.

HOMEOWNER RENTAL PROVISION

During community outreach, local homeowners expressed a desire for a specific provision in the STR Ordinance update to allow for residents living full time in the community the ability to rent a room, second unit or their primary home on a short-term basis to help offset the cost of housing. As a result, a provision has been included in the proposed STR Ordinance update. Homeowners claiming primary residence of the property on their property taxes will still be required to obtain an STR permit and TOT certificate from the County for short term renting but will not be limited by the cap.

IMPLEMENTATION PLAN

As part of the work program for this ordinance update staff is preparing an implementation plan with includes the following elements:

- Transition Permit System/Extended 2021 STR Permit Cycle

For the 2021 STR permit cycle, STR permit applications were received and processed through CDRA’s Accela permit system. Staff is working to transition the STR permit process so it is aligned with Revenue Services TOT certificate intake/remittance process. This involves combining the TOT registration and the STR application functions into one website with a single database managed by Deckard Technologies. The integration of the STR application and TOT certification is intended to improve the customer/user interface, resolve issues associated with tracking key metrics and improve enforcement. The transition to this integrated permit system is scheduled to occur in February 2022. In preparation of this transition, CDRA extended the 2021 STR permit cycle to run through March 31, 2022 so that all 2022 STR permit renewals and new STR permits will be processed through the improved Deckard Technologies website and under the proposed STR Ordinance update, if adopted.

- Assess Budget/Resource Needs and Update STR Permit Fees

STR permit fees are intended to cover costs associated with administering the STR program, including STR-related code compliance. When preparing the 2019 STR
Ordinance and assessing budget/resource needs and permit fees staff relied on a 2017 estimate of 3,500 properties operating as STRs in East Placer. As part of this update, staff have analyzed STR permit and exemption data, TOT certificate data, and assessor data to determine an accurate inventory of STRs in East Placer and used the inventory as a baseline to establish the proposed maximum cap of STRs. Therefore, if the proposed STR Ordinance update is adopted, it is expected that CDRA will experience an increase in STR permit application submittals and STR enforcement activity which will result in the need for additional staff resources to effectively administer the program. As it is appropriate for fees be charged to offset the cost of providing the STR permit program, staff is also assessing whether an update to STR permit fees is necessary. If an update is necessary, staff will bring this to the Board for consideration at a future meeting.

- **Fire District Coordination/Modification to Fire District MOUs**

  If adopted, the proposed STR Ordinance update will result in more frequent fire inspections to be phased in over time. Accordingly, staff will be coordinating with the fire districts to discuss their capacities to conduct increased inspections and to modify MOUs as necessary. As part of the budget/resource assessment described above, staff is also evaluating the cost for an in-house inspector to help cover life/safety inspections for fire districts that may choose for inspections to be handled by the County.

- **Outreach and Education**

  If the proposed STR Ordinance update is adopted, staff will focus on an outreach and educational strategy to inform STR operators and the community about STR program changes. Initial outreach could include a virtual webinar for STR operators, as well as press releases and email notifications to all TOT certificate holders. In addition, staff will be updating the STR Website, STR Guidelines, STR Good Neighbor Flyer, and other STR program materials.

- **March 2022 STR Permit Intake**

  If the proposed STR Ordinance update is adopted it will go into effect on March 10, 2022 and the moratorium will remain in effect through March 31, 2022. As described above, the 2021 permit cycle was extended to March 31, 2022 so that staff could transition to a new integrated STR permit/TOT certificate system. As a result, 2022 STR permit renewals and new STR applications will be processed after March 31, 2022 and through the new Deckard Technologies website. As outlined in the proposed STR Ordinance update, STR permitting under the new ordinance will go as follows:

  1) Current 2021 STR permits in good standing will be given priority for renewal on a first come first served basis;

  2) Current 2021 approved exempted properties will be offered a one-time safe harbor period to apply for a 2022 STR permit within 90 days of March 31, 2022. Failure to do so will result in any future STR permit being treated as a new STR
permit application which will be subject to the cap and waitlist provisions in the ordinance;

3) New STR Permits (remaining available cap units that could include properties previously renting without an approved STR permit or exemption, or new STR property applications) will be processed on a first come first served basis. At such time that the total cap inventory is reached, all outstanding permit applications will be placed on a waitlist.

4) CDRA will maintain a waitlist for applications received or in process at the time the cap is reached and will continually maintain the cap inventory as permits are not renewed or revoked. On a quarterly basis commencing on July 1, 2022, CDRA will open up the application process to those on a waitlist. Waitlist applications will be processed on the date of receipt of the application starting with the oldest date.

5) A property owner with a revoked permit may not seek a new permit for a period of two years from the date of revocation and at such time a property owner seeks to reinstate their STR operation, their permit application will be treated as a new permit and will be subject to the cap and waitlist provisions in the ordinance. When a STR permit is revoked, the overall cap inventory will be adjusted accordingly.

6) When a change in ownership occurs with a permitted STR property, the STR permit shall be automatically terminated, and the new owner may apply for a new STR permit which will be subject to the cap and waitlist provisions in the ordinance.

COMMUNITY OUTREACH AND ENGAGEMENT
Short-term rentals intersect many different segments of the community, including full-time resident neighbors, out of area investors, local investors, large corporations, second homeowners, occasional STR operators, local business owners, local renters and prospective home buyers, and the vacation renters themselves, among others. To engage with as many of these diverse groups as possible within the given timeframe, staff utilized a stakeholder process which included both broad and focused engagement to better understand the community’s perspectives on STRs. Prior to the Dec. 14, 2021 Board meeting, the process included two broad stakeholder meetings, seven focus group discussions, and an online survey targeted to three different stakeholder groups. To gain an even deeper understanding of community sentiment on STRs, staff conducted a community and stakeholder survey that was sent to three different stakeholder groups. The community survey was developed in coordination with FlashVote to develop an unbiased set of survey questions. The survey focused on economic effects, workforce housing solutions and nuisance mitigation. A summary of outreach discussion topics and survey responses are summarized in the Dec. 14 BOS item staff report.
Since the Dec. 14, 2021 Board meeting, staff conducted outreach to the North Lake Tahoe Resort Association Board, local fire districts, an East Placer Town Hall, and the Tahoe City Downtown Association and North Tahoe Business Association.

NEXT STEPS
Staff will present the second reading of the ordinance amendment to your Board in February 2022. If adopted in February, the proposed STR ordinance update would become effective 30 days after Board adoption.

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 a future action may be associated with an increase in potential application fees for any new STR permits, may result in more properties (e.g. the existing exempted properties) seeking STR permits and result in more fee revenue to cover staffing and enforcement costs, and/or may result in a change to the TOT revenue. There are no actual fiscal impacts associated with this action at this time.

ATTACHMENTS
Attachment A: Ordinance
Attachment B: Dec. 14, 2021 BOS staff report
Attachment C: Final BAE STR Analysis
Before the Board of Supervisors  
County of Placer, State of California

In the matter of:  
An ordinance to repeal and replace  
Placer County Code Chapter 9  
Article 9.42 (STR Ordinance)

Ordinance No.: ___________  
Introduced __________________

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

WHEREAS, on November 19, 2019, the Board of Supervisors adopted an ordinance to  
amend Placer County Code, Chapter 9 to add Article 9.42, titled “Short Term Vacation  
Rentals” (STR Ordinance); and

WHEREAS, on March 30, 2021, the Board adopted minor amendments to Placer County  
Code, Chapter 9, Article 9.42, STR Ordinance, aimed at clarifying and refining areas of  
the STR Ordinance; and

WHEREAS, on July 27, 2021, after hearing concerns from the Tahoe community  
regarding the decline of workforce housing and the preservation of residential  
neighborhoods in the Tahoe region, the Board adopted Urgency Ordinance 6094-B  
establishing a 45-day moratorium on the issuance of new Short-Term Rental permits  
pursuant to Placer County Code Chapter 9, Article 9.42, STR Ordinance; and
WHEREAS, on August 31, 2021, the Board adopted Urgency Ordinance 6099-B extending until March 31, 2022, the moratorium imposed in Ordinance 6094-B related to the issuance of new Short-Term Rental permits pursuant to Placer County Code Chapter 9, Article 9.42, STR Ordinance, so that staff could study STR program best practices, analyze STR impacts on housing and hotel/motel industries, and so that staff could explore revisions to the STR Ordinance that would restrict STRs in the Tahoe region; and

WHEREAS, following the August 31, 2021 Board meeting, the County conducted the Eastern County Short-Term Rental Economic Study which researched academic literature and STR and hotel inventory, occupancy and pricing, and assessed the association between the prevalence of STRs in eastern Placer County and changes in the availability and affordability of long-term housing, as well as the impact of changes in STR supply on dedicated hotel and motel type uses; and

WHEREAS, the Eastern County Short-Term Rental Economic Study found that; 1) literature review indicates STRs impact the availability and affordability of long-term housing and hotel feasibility, 2) roughly 28 percent of the current housing stock in Eastern Placer County is being actively used as STRs, 3) since 2010, there has been a 43 percent increase in STR units, 47 percent increase in condotel/timeshares and roughly 0 percent increase in hotel/motel units in Eastern Placer County, and 4) annual gross revenue from STRs in Eastern Placer averages $35,000 and STRs average 103 nights rented per year; and

WHEREAS, lack of long-term affordable rental opportunities has caused a significant housing shortage crisis for the local workforce in Eastern Placer; and

WHEREAS, short term rental permits have 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 proposed ordinance to repeal and replace Placer County Code, Chapter 9, Article 9.42, STR Ordinance, is intended to provide a balance between STRs and available housing stock by restricting the number of STR permits issued annually in Eastern Placer County; and

WHEREAS, the proposed ordinance to repeal and replace Placer County Code, Chapter 9, Article 9.42, STR Ordinance, is intended to further regulate nuisances associated with STRs and help preserve residential neighborhood character and integrity; and

WHEREAS, the proposed ordinance to repeal and replace Placer County Code, Chapter 9, Article 9.42, STR Ordinance, is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15061(b)(3) and 15378 since the ordinance establishes requirements for short-term rental applications and permitting, but do not modify any impacts on the environment, and consist of an administrative activity that will not result in direct or indirect physical changes in the environment.
NOW THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER,  
ORDAINS AS FOLLOWS:

SECTION 1. Placer County Code Chapter 9, Article 9.42 is hereby repealed in its  
entirety and replaced with Placer County Code Chapter 9, Article 9.42 as set forth in  
Exhibit A, which is attached hereto and incorporated herein by reference.

SECTION 2. This ordinance shall take effect and be in full force thirty (30) days after 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.
Article 9.42 SHORT-TERM VACATION RENTALS

9.42.010 Purpose and intent.

The Lake Tahoe Basin and surrounding areas in unincorporated eastern Placer County are known for their scenic beauty and recreational opportunities. These areas are world-renowned vacation destinations. While vacation rentals have been a staple in eastern Placer County for years, the recent surge in popularity of the short-term rental in this area have created compatibility issues in established residential areas. These issues are endangering the health and safety of residents and guests and endangering the very environment and resources that attract visitors to the area. To ensure protection of the health and safety of residents and guests and to protect the environment, it is the purpose of this article to provide permit procedures and establish standards for short-term rentals in the unincorporated area of eastern Placer County legally described in subsection A of this section as the “Eastern Placer County Short-Term Rental Area.”

All requirements, regulations and standards imposed by this article are intended to apply in addition to any other applicable requirements, regulations and standards imposed elsewhere in the Placer County Code, state and federal law, and by the Tahoe Regional Planning Agency. This article only applies to short-term rentals in the Eastern Placer County Short-Term Rental Area. Any unit permitted as a commercial lodging use (hotel, motel, condo-hotel [as defined herein], or timeshare) is not subject to this article.

A. The legal description of the “Eastern Placer County Short-Term Rental Area” is as follows:

Beginning at the southwest corner of Section 30, T14N, R16E, M.D.B.&M. being a point on the Placer-El Dorado County line, and running thence north along section lines to the northwest corner of Section 6, T15N, R16E, M.D.B.&M., being a point on the south line of Section 36, T16N, R15E; thence east along the south line of said Section 36 to the southeast corner thereof; thence north along section lines to the quarter-section corner on the east line of Section 25 of the last mentioned township and range; thence westerly along the east-west centerlines (the half section lines) of Sections 25, 26 and 27 of the last mentioned township and range 2-3/4 miles more or less to an intersection with a branch of the North Fork of the American River located in said Section 27; thence northwesterly and westerly along said branch and said river, 9-1/2 miles more or less to the north-south centerline of Section 20, Township 16 North, Range 14 East M.D.B.&M.; thence north along the north-south centerline of Sections 20, 17, 8, and 5 of said township and range and along the north-south centerline of Sections 32 and 29 Township 17 North Range 14 East, M.D.B.&M. to the north line of Placer County; thence easterly along the north line of Placer County to the northeast corner of said county, a point on the east line of the state of California; thence south along the east line of the state of California; and the east line of Placer County to the southeast corner of said county; thence west and south along the south line of Placer County to the point of beginning.

9.42.020 Definitions.

The following words, phrases and terms as used in this article shall have the following meanings:

“Agency” means the community development resource agency.

“Agency Director” means the community development resource agency director.

“Agent” means a professional property management company authorized under contract with the property owner to rent and manage the short-term rental.

“Condo-hotel” means a facility meeting the definition of a hotel or motel, rented to the general public for overnight or other temporary lodging, with ownership structured as a condominium, cooperative or other
ownership/financing arrangement, but shall not include timeshares in or interval or fractional ownership of a hotel. The condo-hotel has front desk in-person management with access to all units who responds to complaints, enforces trash, noise, and parking rules, and includes NFPA 13-R or 13 fire sprinkler systems and NFPA 72 centrally monitored fire alarm system connected to all individual units and is inspected annually.

“Guest” or “guests” means the individual or individual(s) renting the short-term rental for the purposes of staying overnight.

“Hearing officer” shall mean the person or persons appointed by the agency director to preside over an administrative hearing provided for in this section. The zoning administrator may also act as the hearing officer if so appointed.

“Homeowner’s primary residence” means a dwelling lived in by the owner for at least ten (10) months who claims homeowner exemption on their property taxes.

“Local contact person” means an individual who is personally available by telephone on a twenty-four (24)-hour basis and who maintains the ability to be onsite within sixty (60) minutes and who has access and authority to assume management of the STR unit. An agent or professional property management company that meets the availability requirements can serve as the local contact person.

“Owner-occupied property with STR unit” means property that the owner(s) claims as their primary residence and which property includes a STR unit, either attached or detached. Primary residence is established by property tax records.

“Professional property management company” means a licensed firm charged with operating a real estate property for a fee.

“Property owner” means the owner of record of the real property on which the short-term rental exists.

“Property” means the legal parcel(s) that is the situs of a short-term rental. For single-family dwellings, “property” is defined as lot(s) upon which the dwelling is located. For a condominium, the “property” is identified as that condominium unit and the air space within it.

“Short-term rental unit” or “STR unit” means any unit, or portion thereof, permitted for residential use and rented for occupancy, dwelling, lodging, or sleeping purposes for a period of not less than one night and not more than thirty (30) days. Commercial lodging use (hotel, motel, condo-hotel [as defined herein] or timeshare) is not included in this definition and not subject to this article.

“Transient occupancy tax certificate” or “TOT” means the certificate defined in Placer County Code Chapter 4, Article 4.16.

9.42.030 Application

A. Any property owner or professional property management company who leases, rents or otherwise makes available for compensation a short-term rental unit for a period of fewer than (30) days, must first obtain a short-term rental permit pursuant to this article prior to advertising and/or operating the STR unit. The short-term rental permit is in addition to the transient occupancy tax permit that is required pursuant to County Code Chapter 4, Article 4.16 and the business license required pursuant to County Code Chapter 5. All STRs shall include the STR permit number in all advertisements.

9.42.040 STR Permit cap.
A. Cap. Effective March 31, 2022 the total number of residential short-term rental unit permits issued shall be capped at 4,300 (“overall cap inventory”). Hotels, motels, condo-hotels (as defined herein) and timeshares are not subject to this article and therefore not subject to this cap.

B. Exemption. Owner-occupied property (as defined herein) with a STR unit in good standing and a current TOT certificate is exempt from the cap but otherwise subject to all other provisions of this article.

C. Administration of the Cap.

1. STR Permit Renewal. Provided a STR unit permit in good standing is renewed prior to the expiration date of the permit, that permit application will be processed and included in the cap. STR permit renewal applications will be given priority in processing. For the 2022 permit cycle, renewal applications will be due within ninety (90) days of March 31, 2022. If a property owner or agent fails to submit an application for renewal prior to the ninety (90) days, the application will be treated as a new permit and processed on a first come first serve basis. Beginning with the 2023 permit cycle, if a property owner or agent fails to submit an application for renewal prior to the expiration date of the permit, the application will be treated as a new permit and processed on a first come first serve basis. See subsection 3 for more information.

2. Previously Approved Exemptions. It is a violation to operate or advertise a STR unit for rental without a STR permit. In an effort to bring all residential STR inventory into compliance, there will be a one-time safe harbor period for STR units that were issued approved exemptions from the program prior to adoption of this article. The certificate holder must apply for a permit within ninety (90) days of March 31, 2022. These permits will be processed on a first come serve basis. All such permits issued will be added into the cap. Failure to apply for a permit within this period of time shall result in any future application being treated as a new STR permit application, per subsection 3, and subject to the cap and waitlist provisions of this section.

3. New STR Permits. New STR permit applications, those that do not fall into subsections 1 or 2 above, and are received prior to reaching a total cap inventory, will be processed on a first come first serve basis. At such point that the total cap inventory is reached, all outstanding permit applications, either in process or received will be placed on a waitlist.

4. Change of Ownership. A change of ownership of property with a permitted STR Unit shall result in the automatic termination of the STR permit. The new owner may apply for a new STR permit. See subsection 3 for more information.

5. Revoked STR Permits. A property owner with a revoked permit may not seek a new permit for a period of two (2) years from the date of revocation. The application will be treated as a new permit. When a STR permit is revoked, the overall cap inventory will be adjusted accordingly.

6. For purposes of this article, a STR permit in good standing shall mean a permit with no violations, no unpaid fines, taxes, or assessments, and no verified complaints.

D. Wait List. The Agency will maintain a wait list for applications received or in process. The Agency will continually maintain the overall cap inventory as permits are not renewed or revoked and on a quarterly basis commencing on July 1, 2022 will open up the application process to those on the waitlist. Applications will be processed based on the date of receipt of the application, starting with the oldest date.

9.42.050 Short-term rental unit permit requirements.

It is unlawful for any person to advertise, maintain, operate or use a short-term rental in the Eastern Placer County Short-Term Rental Area without a short-term rental permit, or in violation of the terms and conditions of the permit. Short-term rental permits shall be renewed annually, and separate permits are required for each short-term rental. The permit requirements for short-term rentals are set forth below. The issuance of any permit pursuant to this article does not relieve the owner of the obligation to comply with the other provisions of the Placer County Code pertaining to the use and occupancy of the short-term rental or the property in which it is located.

A. Where Allowed. As to this article, short-term rentals are allowed in all zone districts that allow residential use, with approval of a short-term rental permit, a business license, and a TOT certificate, in the Eastern Placer County Short-Term Rental Area as described in Section 9.42.010.

B. Application Process. An application for a short-term rental permit shall be submitted by the property owner or agent (written property owner authorization and contact information is required for an agent to
file the application) to the community development resources agency. The application form is located on-line at: www.placer.ca.gov/6109/Short-Term-Rental-Program. For an application to be deemed complete, it must include the following:

1. Property owner or agent name and contact information.

2. The name of the local contact person, if different from the property owner or agent, and a telephone number at which that party may be immediately reached.

3. Address and assessor’s parcel number for property for which the short-term vacation rental is located.

4. Rental unit type (i.e., single family [detached or halfplex], duplex, triplex, condo, apartment in a building with four or more units, as determined by county assessor records). Identify number of units located on the property. If more than one residential unit is located on the property, identify which rental unit is the STR.

5. Number of Bedrooms. For purposes of this section, a bedroom is a room that contains a minimum of seventy (70) square feet and that meets all requirements of the California Residential Code and contains a window or opening that can be used for emergency egress.

6. Total number of on-site parking spaces and description of parking locations, if applicable. If on-site parking is not available, an alternative parking plan must be provided designating the location of off-site parking, excluding street parking.

7. Proof of total number and type of trash receptacles (e.g. dumpster, bear box). Proof can be established by transmitting photos of installed trash receptacles consistent with Section 9.42.080 (E).

8. An application for TOT certificate that must be completed within thirty (30) calendar days from the date of application.

9. An application for a business license must be completed. STRs managed by a professional property management firm may use the management firm’s business license; privately managed STRs require their own business license.

10. Number and location of fire extinguishers, smoke and carbon monoxide alarms.

11. Beginning thirty (30) days from adoption of this article, all short-term rentals shall provide a passing fire-life safety inspection within twelve (12) months. Beginning March 31, 2023, all short-term rentals shall provide a passing fire-life safety inspection upon permit application (required annually for privately managed STRs or every three years for professionally managed STRs). The approved fire-life safety inspection certifies compliance with Fire Code and fire safety requirements. If a fire-life safety inspection fails twice in a twelve (12)-month period, the short-term rental application shall be denied.

12. Beginning thirty (30) days from adoption of this article, all short-term rentals shall provide a passing defensible space inspection within twelve (12) months. Beginning March 31, 2023, all short-term rentals shall provide a passing defensible space inspection, conducted within preceding twelve (12) months, upon permit application. The approved defensible space inspection certifies compliance with Fire Code defensible space requirements and is required annually. If a defensible space inspection is not submitted before next renewal date or within twelve (12) months, whichever is sooner, the permit shall not be renewed. If a defensible space inspection fails twice in a twelve (12)-month period, the short-term rental application shall be denied.

13. Acknowledgment that the property owner or agent has read and understood the operational standards and prohibitions and restrictions in this article, and the county’s noise, parking, garbage collection, and guest safety.
14. Photo proof of interior posting of Good Neighbor Flyer in unit.

15. If the information supplied by the property owner on the application for a short-term rental permit is not consistent with county records, an inspection may be required prior to or after the issuance of the short-term rental permit. An inspection fee shall be charged for the inspection.

C. Denial of STR Permit Application.

1. The county may deny a new permit or renewal application in any of the following circumstances:

   a. The short-term rental permit application is incomplete and the application has failed to respond to Agency requests to complete for a period of thirty (30) days;

   b. The short-term rental permit application contains a false or misleading statement or omission of a material fact;

   c. The short-term rental, property owner, agent or guest is currently in violation of, has previously been found to be in violation of, or is under investigation for violation of, any local, state or federal laws, statutes, rules or regulations;

   d. A short-term rental property owner has received three violations within any twenty-four (24) month period;

   e. The property owner or agent is delinquent on any payment to the county of any fees, penalties, taxes, or any other monies related to the short-term rental property, including, but not limited to, transient occupancy taxes and property taxes;

   f. Prior revocation or suspension of a short-term rental permit;

   g. The operation of a short-term rental is a threat to the public health, safety, or welfare, or where the chief building official has deemed the structure uninhabitable;

   h. A failed fire inspection, or a refusal to allow a fire inspection of the short-term rental;

   i. Absence/expiration of a TOT certificate;

   j. Any required application fee or renewal fee has not been paid; or

   k. A notice of non-compliance has been recorded on the property pursuant to Placer County Code Section 17.62.080(B).

2. Appeal. The applicant may appeal the denial of a permit pursuant to Section 9.42.110.

9.42.060 Permit fees.

A. Permit Fee. Each short-term rental permit application shall be accompanied by the non-refundable short-term rental permit fee.

B. Fee Schedule. The fee schedule shall be established by resolution of the board following a public hearing. Said fee schedule may be adjusted by resolution of the board following a public hearing. Permits and fees required by this article are non-refundable and are in addition to any license, permit, certificate or fee required in any other chapter of the Placer County Code.

9.42.070 Term, scope and renewal of short-term rental permit.
A. Term and Scope of Short-Term Rental Permits. A short-term rental permit issued under this article shall expire three hundred sixty-four (364) days from date of permit issuance, unless revoked earlier. The permit authorizes the property owner to conduct only such services as is described in the permit and in accordance with the terms and conditions of this article. Beginning January 1, 2022, a STR permit application for an existing short-term rental permit must be submitted prior to the expiration date of the permit. Beginning in 2023, a STR permit application for an existing short-term rental permit must be submitted at least thirty (30) days prior to the expiration date of the permit. Upon timely submittal of renewal, the STR permit will remain effective until such time as the STR permit is renewed or denied. Failure to timely submit an application for a renewal of an existing short-term rental permit shall result in that permit being eliminated from the cap inventory and the owner or agent must apply for a new short-term rental permit.

9.42.080 Operational standards.

All short-term rentals are required to comply with the following standards and shall not generate other potential disturbances which may disrupt the peace, safety, and general welfare of communities. Failure to comply with the standard conditions of this section may result in fines and permit revocation as outlined in Section 9.42.100.

A. Responsibility of Property Owner to Prevent Nuisance Behavior and Maintain Neighborhood Peace and Quiet. The property owner and/or agent shall inform guest(s) that they are not to violate the standards of this article and shall be responsible to take any action necessary to ensure that guest(s) abide by the terms of this article and other applicable provisions of Placer County Code.

B. Local Contact Person. A local contact person shall be personally available by telephone on a twenty-four (24) hour basis and maintain the ability to be physically present at the short-term rental within sixty (60) minutes of contact by code compliance, the Placer County sheriff, or the guest(s), and has access and authority to assume management of the short-term rental in order to respond to and remedy calls or complaints. Calls or complaints about physical conditions or circumstances that constitute an immediate threat to the public health and safety shall obligate the local contact person to immediately contact the appropriate law enforcement, fire, or other authority.

C. Parking. On-site parking for all vehicles, boats and trailer parking shall be provided for each short-term rental. If the property does not have on-site parking the property owner shall have a county-approved parking plan designating the location of off-site parking. Parking shall not encroach into the roadway. In addition, snow area parking must comply with all applicable Placer County Code sections, including Section 10.12.020 (Illegal Parking—Generally). All permitted parking locations and the quantity of vehicles that fit on said locations shall be clearly set forth in all rental agreements and in all online advertisements and listings per Section 9.42.080 (F).

D. Noise. All short-term rental guests are required to comply with the standards of Placer County Code Article 9.36 (Noise) and the community noise equivalent levels (CNEL) of the Tahoe Basin Area Plan with the following additions:

1. The daytime and nighttime noise limits shall be posted inside the vacation rental in a location readily visible to all guests.

2. Amplified sound, meaning sound whose volume is increased by any electric, electronic, mechanical, or motor-powered means, shall not be used outside or be audible from the parcel line of any short-term rental at any time.

3. Quiet hours shall be imposed from 9:00 p.m. to 8:00 a.m. Pacific Standard Time. No sound from the STR shall be audible from the parcel line of any short-term vacation rental unit during this time.

E. Trash and Refuse.

1. With the exception of trash properly deposited in trash collection receptacles, accumulation of trash and debris outside of the short-term rental at any time is prohibited.
2. A minimum service level or equivalent of two trash containers per short-term rental per week must be maintained. If the agency director determines the minimum service level is insufficient to accommodate all trash generated by the short-term rental, the property owner and/or agent shall arrange for a higher level of service which will accommodate all trash generated by the short-term rental.

3. Each exterior trash collection receptacle shall be “animal proofed” and shall comply with Placer County Code Chapter 8, Article 8.16, Part I, Division II Recollection and Storage Practices. Each short-term rental shall provide a bear box enclosure or dumpster as defined and pursuant to the requirements of Placer County Code Chapter 8, Article 8.16, Part I, Division III Prevention of Bear Access to Garbage Can Enclosure. Bear bin enclosures or dumpsters must be large enough to securely contain the minimum trash service level or sized appropriately to securely accommodate all trash generated by the short-term rental. Failure to provide proof of bear-bin installation and maintenance of the same may result in denial of the permit issuance or renewal.

F. Posting Requirements.

1. Interior Postings. The Placer County Good Neighbor flyer shall be posted within the interior of the rental unit in a visible location by the front door and on the interior of each bedroom door, as well as in all online or printed advertisements and listings. The Good Neighbor Flyer shall contain the contact information for the local contact person and emergency information, and operational standards at a minimum pertaining to noise, parking, fire and life safety, occupancy limits, bears and trash, and pets.

2. Exterior Postings. Each short-term rental shall post the STR permit registration number of the unit as well as the Placer County STR Hotline phone number on the exterior of the wildlife proof trash receptacle, if applicable, visible from the street, or in the front window or front door of each STR, visible from the front entrance.

3. Requirements for Advertisements. All permitted short-term rentals shall include the following information in any online or printed advertisement:

   1. Valid Placer County Short-Term Rental Permit number
   2. Maximum daytime and nighttime occupancy
   3. All permitted parking locations and the quantity of vehicles that fit on said locations
   4. Link to Good Neighbor Flyer

G. Visible Address. Each short-term rental shall have an address identification. The address identification shall be legible and placed in a position that is visible from the street or road fronting the property. Whenever the address on the short-term rental unit will not be clearly visible from the street or access road fronting the property, the address shall also be placed at the public street or access road in a manner which is clearly visible from both directions of travel on the frontage road or street. Address identification characters shall contrast with their background and conform to the minimum size requirements of Placer County Code Section 15.04.260. A short-term rental in a condominium building that does not have an individual address may utilize the condominium building address and need not comply with these requirements.

H. Smoke Alarms. Smoke alarms, in good working order, shall be installed in accordance with the California Building Code and at a minimum shall be installed in each bedroom, and at least one alarm on every level of the short-term rental, including basements and habitable attics.

I. Carbon Monoxide Alarms. Carbon monoxide alarms, in good working order, shall be installed in accordance with the California Building Code and at a minimum shall be installed outside each bedroom, on every level of the rental unit, including basements and habitable attics, and bedrooms or attached bathrooms with a fuel-burning appliance, and shall be installed in accordance with the manufacturer’s installation instructions.
J. Fire Extinguisher. Each short-term rental shall be equipped with one five-pound fire extinguisher, type 3-A:40-B:C, installed at a readily available location near the kitchen. If the short-term rental has more than one level, an extinguisher must be mounted within each level. Fire extinguishers shall be inspected annually by a certified professional to ensure the extinguishers are in good working order.

K. Emergency Communications. Each short-term rental unit shall contain at least one working landline phone or Voice Over Internet Protocol.

L. Fire Inspections. Except as provided in Section 9.42.150, short-term rentals shall allow fire district staff or other fire district-approved designees to conduct a life-safety inspection prior to permit application for all STR permits, once every year for privately owned STRs or once every three years if the rental is managed by a professional property management company, or upon request by the fire district. The fire inspection is to ensure the rental complies with sections relating to occupancy based off the number of bedrooms (9.42.050(B)(5)), smoke alarms (9.42.080(H)), carbon monoxide alarms (9.42.080(I)), fire extinguishers (9.42.080(J)), visible address (9.42.080(G)), emergency communications (9.42.080(K)), outdoor fireplaces, grills and barbecues (9.42.090(C)). Additionally, the short-term rental shall pass annual defensible space inspections to meet all local and state code requirements. The inspections, including re-inspections, due to noncompliance and inspections prompted by complaints and/or violations, are subject to the applicable fire district fee schedule cost for inspections. Records of such issues shall be provided by the fire district to the code compliance services division for inclusion in its administrative citation process and referred to the county for enforcement. Failure to allow an inspection to occur may result in revocation of the short-term rental permit pursuant to Section 9.42.100(D). See also Section 9.42.090(C) for prohibitions and restrictions for fire restrictions.

M. Active Building Permits. Short-term rentals shall not be rented during construction, remodeling, additions, or an active building permit, unless the building permit for the same has been approved by final inspection or county issued occupancy certificate, or approval by the county’s building official, and upon an affirmative showing by the agent that the safety and welfare of occupants can be maintained. If the work creates an uninhabitable area by lack of sanitation, cooking, sleeping, or heating, the chief building official shall deem the structure uninhabitable and the structure shall not be rented as a short-term rental until authorized by the county’s building division for such use or occupancy.

N. Maximum Occupancy Amount. Nighttime occupancy is defined as two people per bedroom, plus two additional people, up to a maximum of 12 guests, excluding children under twelve (12) years of age. Nighttime occupancy limits begin at 9:00 p.m. Daytime occupancy is defined as one and a half times the maximum number of occupants allowed to stay overnight at the unit, excluding children under twelve (12). Occupancy limits may be increased on a case-by-case basis, at the discretion of the agency director or if a permit has been issued by the county pursuant to Placer County Code Section 17.56.300(B) and shall not exceed occupancy design limits set by the California Building Code in effect at the time. Daytime and nighttime occupancy standards shall be included in all advertisements and listings per Section 9.42.080 (F).

O. The property owner shall be responsible for maintaining the property at all times in compliance with the county’s Hazardous Vegetation and Combustible Material Abatement Ordinance pursuant to County Code Chapter 9, Article 9.32, Part 4.

P. Minimum Number of Days and Nights for Rent or Lease. Short-term rentals shall be rented a minimum of thirty (30) nights per year. The STR permit will not be renewed if the property did not meet the minimum number of nights rented. Properties with an active building permit per Section 9.42.080 (M) that prohibits the minimum use of STR shall not be disqualified from permit renewal if the number of nights is reduced due to the activity authorized by the building permit.

Q. Snow Removal. Snow removal services, provided by either the owner, manager, or a professional service, shall be included for any STR booked between December 1 and April 1.

9.42.090 Prohibitions and restrictions.

A. Prohibited and Restricted Structures.
1. Affordability and Deed Restrictions. A structure or property with a recorded county covenant, deed restriction or agreement restricting its use, including, but not limited to, affordable or achievable dwelling units or deed-restricted secondary dwelling units, shall not be used for short-term rentals, except for those deed restricted to allow a maximum duration of short-term rental use under the Workforce Housing Preservation Program. Short-term rentals are not allowed in structures not intended for residential occupancy under the California Building Code Standards and county code.

2. Types of Units. Short-term rental of tiny homes or mobile or manufactured home units is prohibited.

3. Maximum STR Units per Property. Only one STR unit per property is permitted, including single-family and multi-family properties.

B. Incidental Camping. A short-term rental permit does not authorize incidental camping, which means any overnight camping, sleeping in tents or on decks attached to the short-term rental unit, or sleeping in travel trailers or recreational vehicles parked on the short-term rental property.

C. Fire Restrictions.

1. Grills and Barbeques. Grills and barbeques are not permitted beneath a potentially flammable source including trees, umbrellas, decks, or other appurtenant structures, and shall be no less than ten (10) feet away from a structure or as far as can be accommodated and any flammable materials. Charcoal grills of any type are strictly prohibited. Guests shall not bring personal grills and barbeques to the short-term rental; only those provided with the short-term rental are permitted to be used as installed.

2. Outdoor Fireplaces. No open wood burning pits, bonfires, or campfires are permitted to occur at short-term rentals. Natural gas/propane burning fireplaces and fire pits with twenty (20) pound tanks or smaller are acceptable outside provided the device is at least ten (10) feet from a structure and any flammable materials and is existing at the short-term rental. Guests shall not bring personal fireplaces or firepits to the short-term rental.

3. Red Flag Days. When a National Weather Service Red Flag Warning is in effect for the geographical area where the short-term rental is located, all sources of outdoor open flame (including gas/propane/pellet bbqs) are prohibited.

D. Pets. Pets shall be secured within the boundaries of the STR parcel at all times. If the STR parcel is not fenced, pets must be kept on a leash and accompanied by the owner at all times while outside. Failure to comply with the county’s leash and dog barking requirements (See Placer County Code Chapter 6, Article 6.08, Sections 6.08.010 and 6.08.020) could result in penalties under that article.

E. Subletting. Guests are prohibited from subletting a short-term rental. Only property owners and/or agents with a valid short-term rental permit and TOT certificate are allowed to advertise and rent a residential unit as a short-term rental.

F. Special Events. Weddings, corporate events, commercial functions, and any other similar events which have the potential to cause traffic, parking, noise or other problems in the neighborhood are prohibited from occurring at the short-term rental property, as a component of short-term rental activities, unless a permit has been issued by the county pursuant to Placer County Code Section 17.56.300(B).

G. Fireworks. No person shall use, discharge or possess any fireworks, as defined in Sections 12505 or 12529 of the State Health and Safety Code, unless issued a permit pursuant to County Code Chapter 9, Article 9.33.

**9.42.100 Penalties.**
Any person including guests, property managers, local contact person, agent, and/or property owner who violates the provisions of this article may be subject to administrative and/or judicial remedies as set forth herein.

A. Operating or Advertising a Short-Term Rental Unit Without a Permit.

It is a violation to operate or advertise a short-term rental without a permit. Failure to apply for the same within thirty (30) days of written notice from the county shall result in an administrative penalty of one thousand five hundred dollars ($1,500.00) (“first administrative penalty”). Failure to comply within thirty (30) days of issuance of the first administrative penalty shall result in a second administrative penalty of three thousand dollars ($3,000.00) (“second administrative penalty”). Failure to comply within thirty (30) days of the second administrative penalty shall result in a third administrative penalty of five thousand dollars ($5,000.00) (“third administrative penalty”). The penalty amounts are cumulative. If the property owner fails to comply after the imposition of the third administrative penalty, the county may initiate nuisance abatement and/or seek judicial remedies to prohibit continued operations and/or advertising of the unpermitted STR unit.

B. Operating a Short-Term Rental Unit in Violation of Section 9.42.090, Prohibitions and Restrictions.

Operating or advertising a STR unit in violation of Section 9.42.090 is prohibited. The county shall notify the property owner and/or agent of the same and require the use of the unit as an STR be discontinued within thirty (30) days of notice. Additionally, the county shall issue an administrative penalty of one thousand five hundred dollars ($1,500.00) (“first administrative penalty”) to the property owner. Failure to comply within thirty (30) days of issuance of the first administrative penalty shall result in a second administrative penalty of three thousand dollars ($3,000.00) (“second administrative penalty”). Failure to comply within thirty (30) days of the second administrative penalty shall result in a third administrative penalty of five thousand dollars ($5,000.00) and a hearing for revocation of the permit. The penalty amounts are cumulative. If the property owner fails to comply after the imposition of the third administrative penalty, the county may initiate nuisance abatement and/or seek judicial remedies to prohibit continued operations.

C. Operational Standards Violations. It is a violation of this article for any guest, property owner, or agent to fail to comply with the operations standards set forth in Section 9.42.080 of this article.

1. General operational standard violations. With the exception of 9.42.080 subsections C, D, E, and N, the county shall notice the property owner and/or agent for violations of operational standards and require compliance within thirty (30) days. Failure to comply within thirty (30) days shall result in the issuance of a citation for a first administrative penalty of one thousand five hundred dollars ($1,500.00). Failure to comply within thirty (30) days of issuance of first administrative penalty shall result in a second administrative penalty of three thousand dollars ($3,000.00). Failure to comply within thirty (30) days of the second administrative penalty shall result in a third administrative penalty of five thousand dollars ($5,000.00) and a hearing for revocation of the permit.

2. Parking, trash, and occupancy violations. The county is authorized to notice both the guest and the property owner separately for violations of Section 9.42.080 subsections C, E, and N. The county shall notify the local contact person and guests of the violation and the requirement to cure the same within one hour. Failure to cure the violation(s) within one hour after notification shall result in the issuance of a citation for a first administrative penalty of one thousand five hundred dollars ($1,500.00) (“first administrative penalty”). If the violation continues, for one day after the first administrative citation, the county is authorized to cite a second administrative penalty of three thousand dollars ($3,000.00) (“second administrative penalty”). Failure to comply within thirty (30) days of the second administrative penalty shall result in a third citation for an administrative penalty of five thousand dollars ($5,000.00) and a hearing for revocation of the permit. The penalty amounts are cumulative. A property owner and/or guest(s) staying on the property who together receive a total of three notices of violation within a ninety (90) day period shall result in the issuance of a citation for an administrative penalty of one thousand five hundred dollars ($1,500.00) regardless of whether the violations were cured within one hour after notification. A citation issued for three notices of violation within a ninety (90) day period will count towards subsection (D)(4).

3. Noise violations. The county is authorized to notice both the guest(s) and the property owner separately for violations of Section 9.42.080 subsection D. The county shall notify the local contact person and guests of the
noise violation and the requirement to cure the same within one hour. Failure to cure the violation(s) within one hour after notification shall result in the issuance of a citation for a first administrative penalty of one thousand five hundred dollars ($1,500.00) of each guest and/or property owner. If the violation continues for one additional hour, the county is authorized to issue a second administrative penalty of three thousand dollars ($3,000.00) for each guest and/or property owner. If the violation is not cured within three hours after notification, the county is authorized to issue a third administrative penalty of five thousand dollars ($5,000.00) of each guest and/or property owner. The penalty amounts are cumulative. A property owner and/or guest(s) staying on the property who together receive a total of three notices of violation within a ninety (90) day period shall result in the issuance of a citation for an administrative penalty of one thousand five hundred dollars ($1,500.00) regardless of whether the violations were cured within one hour after notification. A citation issued for three notices of violation within a ninety (90) day period will count towards subsection (D)(4).

D. Revocation of a Short-Term Rental Permit. The county may revoke a short-term rental permit for any of the following reasons:

1. The short-term rental permit application contains a false or misleading statement or omission of a material fact;

2. The short-term rental, property owner, agent or guest is currently in violation of, has previously been found to be in violation of, or is under investigation for violation of, any local, state or federal laws, statutes, rules or regulations;

3. The property owner or agent fails to comply with violations and payment of penalties pursuant to subsection C.

4. A short-term rental property owner and/or guest(s) staying on the property have together received a total of three citations within any twenty-four (24) month period;

5. The property owner or agent is delinquent on any payment to the county of any fees, penalties, taxes, assessments, or any other monies related to the short-term rental property, including, but not limited to, transient occupancy taxes;

6. Prior revocation of a short-term rental permit;

7. The operation of a short-term rental is a threat to the public health, safety, or welfare, or where the chief building official has deemed the structure uninhabitable;

8. A failed fire inspection, or a refusal to allow a fire inspection of the short-term rental;

9. Absence/expiration of a TOT certificate or business license;

E. Other Remedies.

1. Nuisance abatement. It shall be a nuisance to operate a STR unit in violation of this article. The county may initiate nuisance abatement proceedings pursuant to Placer County Code Chapter 17, Article 17.62, Section 17.62.160. The county may initiate nuisance abatement proceedings in addition to the citation and administrative penalty process outlined herein.

2. Civil penalties. The county may seek civil penalties in addition to the administrative penalties identified in this article pursuant to Placer County Code Chapter 1, Article 1.24, Section 1.24.010(C) to enforce this article. The county may seek judicial remedies for failure to pay said administrative penalties within thirty (30) days of the date of the violation.

3. Remedies Cumulative. The remedies, procedures and penalties provided by this section are cumulative as to each other and to any others available under state law or other county ordinances. In the event of any conflict
between the penalties set forth in this article and any penalties set forth in state law, the maximum penalties allowable under state law shall govern.

F. Costs of Enforcement. All money and assets collected in payment of penalties for violations of this article and all money and assets collected for recovery of costs of enforcement of this article shall be used to offset the cost of enforcement of this article.

9.42.110 Appeals.

A. Appeal. A guest, property manager, local contact person, agent, or property owner of the short-term rental may appeal a penalty or decision on a permit application issued pursuant to this article to a county hearing officer by filing a written notice of appeal to the code compliance services division within ten (10) calendar days of the service of the notice of the penalty or decision.

1. If an appeal is filed, the code compliance officer or designee shall schedule an appeal hearing with a county hearing officer selected on a rotating basis from a list of appointed hearing officers who are not current county employees. Such appeal hearing shall be heard within thirty (30) days from the date of receipt of the appeal.

2. Once the appeal hearing has been scheduled, written notification thereof shall be given to the guest/property owner/agent by certified mail at least ten (10) calendar days prior to the hearing date.

3. At the hearing, the guest/property owner/agent shall have the right to testify, to be represented by counsel, to present witnesses on the guest/property owner/agent’s behalf, to cross-examine all other witnesses and to present oral and written documents and evidence on the issues.

4. Within thirty (30) days of the conclusion of the hearing, the hearing officer shall render a written decision which shall be served on the guest/property owner/agent by certified mail. The hearing officer’s decision shall be the final level of administrative action of the county.

9.42.120 No property rights conferred.

Short-term vacation rental permits do not provide a vested interest or entitlement in the continued operation of a short-term rental upon a change of property ownership. Short-term rental permits are revocable, non-transferable permits and shall not run with the land.

A change of ownership created by the sale of the property on which the STR permit is located results in the termination of the STR permit. It is the responsibility of a property owner who has sold their property to notify the county and revenue services upon change of ownership. Change of ownership occurs upon close of escrow. As of this date, all existing short-term rental permits will automatically terminate and be of no further force and effect. Continued operation of a short-term rental upon change of ownership will result in a violation of this article. It is the property owner’s duty to resolve any bookings that will occur after close of escrow. The new owner of the property may apply for a new STR permit, which is subject to all requirements of this article, including the cap.

9.42.130 Severability.

The provisions of this article are declared to be separate and severable. The invalidity of any clause, phrase, sentence, paragraph, subdivision, section or portion of this article, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this article, or the validity of its application to other persons or circumstances.

9.42.140 Administration.

The Placer County community development resource agency director, the Placer County chief building official, Placer County fire warden, Placer County health officer, the Placer County environmental health officer, the
Placer County sheriff, and any employee designated by any of those persons, are authorized to administer and enforce this article to ensure compliance.

9.42.150 Application of article.

This article takes effect thirty (30) days from adoption of this article. With the exception of Section 9.42.090(A)(3) and Section 9.42.080(L), all provisions of this article shall apply as of that date to applications for new and renewed STR permits.

As to Section 9.42.090(A)(3), STR permit holders who have more than one STR unit per property and for which a STR permit was issued in the past by the county and which permits and properties have no violations of this article or county code, may request an amnesty period of up to one year or until March 31, 2023, whichever comes sooner, during which to reduce the number of STR units to comply with this article. Amnesty may be granted by the agency director if there are no outstanding violations or administrative penalties, the STR permits are still valid, and fees, taxes, assessments, and TOT payments have been paid in full as of December 2021. The agency director may deny a request for amnesty if any of these findings cannot be made and such a decision is appealable.

As to Section 9.42.080(L), beginning thirty (30) days from adoption of this article, all short-term rentals shall provide a passing fire-life safety inspection and defensible space inspection within twelve (12) months. Beginning March 31, 2023, all short-term rentals shall provide a passing defensible space inspection, conducted within preceding twelve (12) months, and a fire-life safety inspection upon permit application.
TO: Honorable Board of Supervisors  
FROM: Todd Leopold, County Executive Officer  
BY: Stephanie Holloway, Tahoe Operations Manager  
Crystal Jacobsen, Deputy Director CDRA Tahoe  
SUBJECT: Short-Term Rental Ordinance Updates

ACTION Requested
1. Receive a presentation and provide feedback on potential updates to the Short-Term Rental Ordinance.

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 Eastern Placer County Short-Term Rental Area, as described in Placer County Code Section 9.42.010. 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.

On July 27, 2021 your Board of Supervisors adopted (4:0:1:0; Supervisor Gore absent) an urgency ordinance establishing a 45-day moratorium on the issuance of new STR permits. The moratorium was in response to community concerns related to a surge in visitation resulting from the COVID-19 pandemic, increased use of second homes as STRs in the Tahoe region over the last decade, and recent concerns regarding the current real estate boom which has resulted in an increase in second homeownership and decrease in available workforce housing stock. Your Board heard from staff and the community about how the current real estate boom is resulting in existing housing stock being purchased by individuals and companies for the purpose of establishing STRs and/or that those selling homes are marketing the same as income generating due to a STR permit. At the July 27, 2021 hearing, your Board found that there is a current and immediate threat to the public health, safety and well-being to the community of North Lake Tahoe due to the exacerbated housing crisis and growing concerns that additional STRs usage could negatively impact the character and integrity of residential neighborhoods further. Accordingly, the Board adopted the urgency ordinance to temporarily pause the issuance of new STR permits so staff could further study the issues related to STRs and explore revisions to the STR Ordinance that would help preserve residential neighborhood character and integrity, and workforce housing in the Tahoe region.
On August 31, 2021, the Board voted (5:0) to extend the moratorium until March 31, 2022, which is the last day of the 2021 STR permit cycle. In addition, following further evaluation of the STR permit inventory, the Board voted to approve (5:0) minor revisions focused on permit renewals to the exemptions included in the previous moratorium. The ordinance amendments exempted the following from the moratorium on permit issuance:

1. Renewals: 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. A short-term rental that had a valid permit for the 2020 permit cycle and that complied with all provisions of Article 9.42, had no outstanding fees or violations during that period may apply to renew the same. A short-term rental with a valid permit that expired solely due to a change in ownership and that complied with all provisions of Article 9.42, had no outstanding fees or violations prior to said change may apply and be processed as a renewal for the new owner(s).

2. New STR Permits: 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 Ordinance 6094-B and the Agency may issue a permit if said application complies with all requirements of Article 9.42.

These revisions assist staff in ensuring that the full extent of the existing active STR permit inventory has been captured, thereby ensuring equity in the 2021 STR permit cycle and allowing staff to have accurate numbers as staff moves forward on STR program updates. The moratorium extension to March 31, 2022 has allowed staff time to study areas of the current STR Ordinance that have been challenging to administer and allow staff to revise the program so that it will operate more effectively.

COMMUNITY OUTREACH AND ENGAGEMENT

Short-term rentals intersect many different segments of the community, including full-time resident neighbors, out of area investors, local investors, large corporations, second homeowners, occasional STR operators, local business owners, local renters and prospective home buyers, and the vacation renters themselves, among others. To engage with as many of these diverse groups as possible within the given timeframe, staff utilized a stakeholder process which included both broad and focused engagement to better understand the community’s perspectives on STRs. The process included two broad stakeholder meetings, seven focus group discussions, and an online survey targeted to three different stakeholder groups.

The two large stakeholder meetings comprised of roughly 40 individuals, held on September 22nd and November 16th respectively, intending to gain insight and feedback on how STRs affect different community groups and brainstorm possible solutions. The stakeholders included STR owners, business representatives, business owners, community members, property managers, realtors, homeowners’ associations, fire districts, hotel operators, and workforce housing advocates. In the weeks following the first stakeholder meeting, staff conducted five focus group discussions with fire districts, property managers and realtors, business owners, condotels, and AirBnB to dive deeper into their specific thoughts and vet potential ordinance modifications. In addition, follow-up focus group meetings with fire districts and privately managed STR owners were held in late November and early December.
To gain an even deeper understanding of community sentiment on STRs, staff conducted a community and stakeholder survey that was sent to three different stakeholder groups. The community survey was developed in coordination with FlashVote to develop an unbiased set of survey questions. The survey focused on economic effects, workforce housing solutions and nuisance mitigation. A summary of outreach discussion topics and survey responses are summarized in Attachment A.

**SUMMARY OF STR KEY ISSUES**
Over the course of outreach with community stakeholders, the most common topics around short-term rentals have revolved around the following key issues:

- Workforce housing viability
- Neighborhood character
- Fire and life safety
- Hotel economic viability
- Staffing and enforcement

Additionally, each proposed ordinance revision or limiting option is intended to address one or more of these key issues.

Community members and area employers have communicated concerns about the impacts of short-term rentals on workforce housing and have expressed strong interest in maintaining and increasing the viability of workforce housing, including long-term rentals and for-sale opportunities. Nuisance issues affecting neighborhood character are consistent topics in conversation, ranging from noise to parking and trash. Conversations with local fire jurisdictions have centered around the fire and life safety of short-term rentals and how and when the units are inspected for fire safety, including defensible space. Building off the North Lake Tahoe Town Center Economic Sustainability Study, conducted in March 2020, community members and business associations have continued to express desire for newer hotel lodging amenities in the region. Business owners have also noted that short-term rentals may currently be competing with existing or potential hotel developments, however they also recognize that short-term rentals are fulfilling a lodging need until new commercial lodging comes online. Finally, staff has faced significant challenges in enforcing the existing ordinance due to the exemptions process, which is somewhat subjective. All proposed ordinance and program updates will be tied to these five key issues.

**COORDINATION WITH PARTNERING JURISDICTIONS**

- **Compatibility with Tahoe Regional Planning Agency (TRPA)**
  TRPA has established STR Neighborhood Compatibility Guidelines and tracks local jurisdictional efforts to regulate STRs in the Tahoe Basin. Proposed revisions to noise, parking, snow removal requirements, increased fire safety inspections, and potential changes such as a cap, geographical spacing requirements, and/or waiting periods would further satisfy the goals addressed in the STR Neighborhood Compatibility Guidelines than the current ordinance. Placer County receives residential unit allocations every two years based on a variety of factors, including compatibility with these guidelines. Therefore, further aligning the STR ordinance would benefit the County’s residential unit allocations for the Tahoe Basin.

- **Coordination with Town of Truckee STR Update**
Staff has been actively tracking other jurisdictions which are currently under a moratorium of STR permits, undergoing updates to their STR ordinances or creating new ordinances, especially those which are geographically near or adjacent to the county, with the understanding that regulations in those adjacent jurisdictions could affect the STR activity and resulting economics in Placer County.

Neighboring Town of Truckee passed an initial 45-day moratorium on new STR permits in September and then in October extended the moratorium until June 15, 2022. The Town is undertaking a public process to update the ordinance and has appointed a stakeholder committee that will provide information to assist in formulating staff’s recommendations to Town Council in January. In coordinating efforts with the Town, county staff was invited and have been participating in the stakeholder committee process in an observation and coordination role.

**BAE STR ECONOMIC ANALYSIS**

Placer County contracted with BAE Urban Economics Inc. in mid-October, 2021, to assist the County with a study of the relationships and associations between changes in the prevalence of short-term rentals in the eastern Placer County market, and changes in market conditions for full-time housing and hotel uses. This report is included as Attachment B. This included a review of the contemporary academic literature on the impact of STRs on the availability and pricing of long-term housing, both rental and for-sale, as well as impacts on occupancy and pricing (e.g., average daily rates, or ADRs, and revenue per available room night, or RevPAR) for hotel, motel, and other tourist accommodation uses. BAE then leveraged the available data on Transient Occupancy Tax (TOT) receipts, provided by Placer County, to evaluate trends over time in the number of STR properties active in the eastern Placer County marketplace, as well as average availability, occupancy, and pricing (i.e., ADR and RevPAR), both in total and in relation to the size of the current housing stock. BAE also evaluated the relative usability of alternative data sources, including AirDNA, Inside Airbnb, and CoStar (formerly Smith Travel Research), and determined that the County’s TOT receipts and STR permits data likely represent the most reliable data source currently available. As a final task, BAE also conducted a rough sensitivity analysis to assess the extent to which STR regulation may be expected to facilitate development of new hotel or motel properties through a reduction in the competitive supply of tourist accommodations, which is then assumed to have a positive impact on ADR, RevPAR, and occupancy.

The literature review conducted by BAE included the evaluation of 22 recently published peer reviewed articles covering a diverse geographic scope (e.g., ranging from London and Barcelona, to New York, Los Angeles, San Francisco, and rural Oregon, among other locals). The reviewed articles consistently identified statistically significant correlations, and in some cases causal relationships between the prevalence of STRs in the market, and even within certain neighborhoods, and the availability and affordability of long-term housing, both rental and for sale. The research documented somewhat stronger relationships between the prevalence of STRs and pricing of homes in the for-sale market, attributing the relationship to the revenue generating
potential of the unit. The impact of STRs, as documented in the literature, is somewhat less pronounced on the rental housing market, as the mechanism through which STRs impact the price of rental housing is through a contraction of supply. Nonetheless, when contrasted with the abnormal market conditions of the previous two years (e.g. record highs in real estate market and low inventory, upward mobility and ability to work remotely, etc.), the current impacts of STRs on long-term housing and availability are potentially fairly small compared to pandemic-related market forces, though more research is likely necessary to better specify the magnitude of the impacts within markets closer in similarity to eastern Placer County. That said, if housing prices were to decrease in the future, the impacts of STRs on long-term housing and availability may have a more pronounced impact.

An inventory of properties with Placer County TOT certificates was conducted for the 2020-2021 fiscal year, resulting in a total of 5,865 residential properties; of which 4,420 (75 percent) actively generated TOT revenue to the County. At the time the analysis was conducted, the County had a total of 2,510 permitted STRs. Attribute data indicated that roughly 57 percent of residential properties with active revenue generating TOT certificates were also permitted through the STR system. It is assumed that properties with a valid TOT certificate that do not have a corresponding STR permit are either exempt from the current STR ordinance or active but non-compliant.

Residential properties with revenue generating TOT certificates in fiscal year 2020-2021 represent around 28 percent of the East Placer’s housing stock. This percentage increases to 38 percent when compared to the total TOT certificate units, active and non-active. The number of residential units actively generating TOT within the County increased by 1,329 units (43 percent) since the 2009-2010 fiscal year, a twelve-year timeframe. Over the same period, the number of condotel and timeshare units grew by 2,063 units (47 percent). Meanwhile, historical data indicates that the inventory of hotel, motel, and bed and breakfast units has remained fairly stable.

Some additional data statistics of importance are included below:

- 62 percent of registered STRs are professionally managed;
- 3 percent of residential units with revenue generating TOT certificates are associated with a recorded homeowner’s exception (aka owner-occupied);
- Nearly 70 percent of residential units with revenue generating TOT certificates have between two and four bedrooms;
- A majority of STRs units are made available for large portions of the year, with an average number of nights available for rental of 250;
- STR units were occupied an average of 103 nights throughout the year, which corresponds with an average occupancy rate of 41 percent;
- The average STR unit, based on residential units with active revenue generating TOT certificates, had an Average Daily Rate of $344. This translates to an average yearly gross revenue figure of approximately $35,320, or around $2,943 per month. This average level
of revenue generation would be roughly sufficient to offset approximately 50 percent of the monthly mortgage cost associated with the median priced home in Placer County priced at around $855,000 and would also be competitive with current long-term rents in eastern Placer County, as identified through a review of online rental listings.

TOT certificates are classified based on the identified unit type. Units designated as single-family homes, duplex and triplex units, mobile homes, apartments, and condominium units are assumed to be primarily residential in nature, while units identified as being associated with hotel, motel, bed and breakfast, condotel, and timeshare properties are assumed to be primarily intended to function as tourist accommodations.

Note that in 2021, there were 104 weekend days in the year.

STR ORDINANCE REFINEMENTS

Since the first issuance of the urgency ordinance and based on the key issues, outreach, and research described in Attachment A, staff has researched and analyzed potential STR Ordinance updates. The potential STR Ordinance updates described in Attachment C are intended to address community concerns and workforce housing availability, ensure fire and life safety, promote usage and development of hotel stock, and increase staff efficiency while also maintaining consistency with partner agencies in the region. A summary of these updates are summarized below:

- STR Permit Timelines – Annual permit renewals for privately-managed STRs and three-year renewals for professionally-managed STRs
- STR Permit Fees: Different fee levels based on professional vs. privately managed
- Streamline STR permit intake system with TOT certificate system
- Exemptions and clarification of exemptions
- Business license requirements
- Nuisance-related updates - increased quiet hours, daytime occupancy limits, prohibit outdoor amplified sound
- Fire and life safety inspections – required at permit application, more frequent inspections, red flag day prohibitions
- Preservation of multi-family housing – limit to one STR permit per property

Fines and enforcement – increase of fines and penalties
BOARD CONSIDERATION OF STR LIMITING OPTIONS

In addition to proposed ordinance refinements described above, staff has researched a variety of limiting options that could also be included in the amendment and implemented either on their own or layered together. The options, along with pros and cons, are presented below. Staff seeks Board feedback on these options.

<table>
<thead>
<tr>
<th>Option</th>
<th>Application</th>
<th>Reasoning</th>
<th>Pros</th>
<th>Cons</th>
</tr>
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</table>
| Cap Option A   | Cap at existing quantity of permitted STRs (2,510 units) and active TOT certificates (revenue-generating exempt STRs) (1,910 units): 4,420 units or 28 percent of housing stock | - Permitted STRs and exempt active TOT-generating STRs comprise 28 percent of region’s housing stock (which is higher than comparable jurisdictions, see Attachment D)  
- 50 percent of Flashvote survey takers experienced STR nuisances  
- 49 percent of Flashvote survey takers support restricting total number of STRs allowed | - Options A, B, and C would allow currently active STRs to remain STRs  
- Options A and B could prevent further loss of housing stock specifically for STR use, according to the BAE study (Attch. B)  
- Options A and B could prevent new STR sources of nuisance in neighborhoods, according to the BAE study (Attch. B)  
- Option B may positively impact hotel economic viability  
- All options would still maintain STR-related jobs (property management, cleaning, etc.)  
- Impacts to TOT (if STR quantity were reduced TOT may be reduced, although existing STRs may become more active via more demand and balance out or increase) | - Cap would not apply to primary fulltime owners onsite to allow for fulltime homeowners to STR a room or additional unit, would not apply to business owners purchasing employee housing and needing one STR unit to offset costs  
- Could be implemented on its own or layered with other options  
- STR permits would be tied to property owner, could not be transferred to other properties or other owners  
- Options A and C would allow active STRs to remain STRs (may not decrease STRs from existing quantity or improve workforce housing availability)  
- Option C would not improve neighborhood character  
- Options A and C may not contribute towards improvements in hotel economy  
- Impacts to TOT revenue (if STR quantity were reduced TOT may be reduced, although existing STRs may become more active via more demand and balance out)  
- No cap would not address workforce housing availability, neighborhood character, or hotel economic viability |
| Cap Option B   | Cap at a total fewer than existing active units, could be achieved through attrition (e.g. total quantity would decrease with non-renewed permits or sale of property): Less than 4,420 units or 28 percent of housing stock | | | - Cap would not apply to primary fulltime owners onsite to allow for fulltime homeowners to STR a room or additional unit, would not apply to business owners purchasing employee housing and needing one STR unit to offset costs  
- Could be implemented on its own or layered with other options  
- STR permits would be tied to property owner, could not be transferred to other properties or other owners  
- Options A and C would allow active STRs to remain STRs (may not decrease STRs from existing quantity or improve workforce housing availability)  
- Option C would not improve neighborhood character  
- Options A and C may not contribute towards improvements in hotel economy  
- Impacts to TOT revenue (if STR quantity were reduced TOT may be reduced, although existing STRs may become more active via more demand and balance out)  
- No cap would not address workforce housing availability, neighborhood character, or hotel economic viability |
| Cap Option C   | Cap at existing quantity of permitted STRs (2,510 units), active TOT certificates (revenue-generating exempt STRs) (1,910 units), and non-active TOT certificates (1,445 units): 5,865 units or 38 percent of housing stock | | | - Cap would not apply to primary fulltime owners onsite to allow for fulltime homeowners to STR a room or additional unit, would not apply to business owners purchasing employee housing and needing one STR unit to offset costs  
- Could be implemented on its own or layered with other options  
- STR permits would be tied to property owner, could not be transferred to other properties or other owners  
- Options A and C would allow active STRs to remain STRs (may not decrease STRs from existing quantity or improve workforce housing availability)  
- Option C would not improve neighborhood character  
- Options A and C may not contribute towards improvements in hotel economy  
- Impacts to TOT revenue (if STR quantity were reduced TOT may be reduced, although existing STRs may become more active via more demand and balance out)  
- No cap would not address workforce housing availability, neighborhood character, or hotel economic viability |
| No Cap         | No cap could be an option.                                                   | | | - Cap would not apply to primary fulltime owners onsite to allow for fulltime homeowners to STR a room or additional unit, would not apply to business owners purchasing employee housing and needing one STR unit to offset costs  
- Could be implemented on its own or layered with other options  
- STR permits would be tied to property owner, could not be transferred to other properties or other owners  
- Options A and C would allow active STRs to remain STRs (may not decrease STRs from existing quantity or improve workforce housing availability)  
- Option C would not improve neighborhood character  
- Options A and C may not contribute towards improvements in hotel economy  
- Impacts to TOT revenue (if STR quantity were reduced TOT may be reduced, although existing STRs may become more active via more demand and balance out)  
- No cap would not address workforce housing availability, neighborhood character, or hotel economic viability |
| Minimum/maximum nights rented | - Could be used instead of a cap  
- Could be layered with a cap  
- Could introduce only a minimum to ensure STR permit usage  
- Could introduce only a maximum to limit STR usage  
- Could introduce both maximum and minimum | - 36 percent of FlashVote survey takers support limiting the number of days rented per year | - Maximum, particularly if implemented alongside cap, could encourage property owners to long-term rent instead of STR if maximum number of nights produces less revenue than long-term rent options  
- Maximum, if implemented alongside cap, could improve neighborhood character  
- Minimum could ensure STR permits are not being “held up” without usage | - If not implemented alongside cap, would allow more units in neighborhoods to be used as STRs and would not reduce sources of nuisances  
- If not implemented alongside cap, would not preserve remaining housing stock for non-STR purposes  
- Maximum may not promote more long-term housing availability due to fact that many STR property owners choose to STR so they can still use their property, may not actually need STR income and may keep as second home  
- Maximum may limit income ability for STR owners and STR-related businesses (e.g. property management, house cleaners, etc.)  
- Maximum may limit overall TOT revenue |
| Waiting period to use STR for new permits | - Could be layered with other options  
- Waiting period could be for 6 to 12 months after permit application | - May discourage new buyers from buying home for STR use if unable to produce STR income during waiting period | - Would be beneficial if Placer and Town of Truckee make same decision to implement or not implement waiting period | - Unclear if this would deter new STRs if owners/purchasers do not need STR income  
- If Placer does not implement but Town of Truckee does, homebuyers may purchase in Placer rather than Truckee for purposes of implementing STR sooner  
- May temporarily limit TOT revenue  
- May not be applicable if implemented alongside cap and cap is reached |
As shown in the table above, each limiting option has tradeoffs to consider. Based on the analysis shown above, staff believes Cap Options A and B would be effective to achieve the goals of affecting issues aligned with workforce housing availability, maintaining neighborhood character, and promoting hotel economic development. Option B is considered to be the most effective with Option A being somewhat less effective, and Option C the least effective. Options A and B would assist in preventing a further loss of housing units in the region from becoming STRs, which would align with County housing policies to create and maintain a diversity of housing types, as included in the Placer County Critical Success Factors, the Tahoe Basin Area Plan, and the County Housing Element. While the housing market may be at record highs now, if housing prices were to decrease in the future, Options A and B may allow more local workers to purchase homes by decreasing the competition from buyers intending to STR the properties. Options A and B may also curb additional impacts to neighborhood character and encourage usage and development of hotels in the town centers, which is an economic development priority for the business communities and focus of County reports and policies, including the North Lake Tahoe Town Center Economic Sustainability Study, Placer County Critical Success Factors, Tahoe Basin Area Plan, and the North Lake Tahoe Economic Development Incentives Program. Option A would likely be palatable to the real estate and STR business community but would not increase the availability of workforce housing. Option B, if reached through attrition where the total quantity decreases as permits are not renewed or permitted units are sold, may over time increase the number of units available for workforce housing and may be a gradual change to the STR-related business community.

Staff believes a minimum number of nights rented requirement would be useful to ensure STR permits are actually being used, particularly if a cap were implemented. A maximum number of nights, if implemented instead of a cap, would allow an unlimited number of STRs, although market demand and saturation is likely to play a role at some point. A maximum may be unlikely to limit the number of sources of nuisances since it would allow additional STRs and therefore may limit the frequency of nuisance from particular units but overall may not improve neighborhood character by allowing more STRs. On this topic, many of the proposed refinements to the ordinance are designed to specifically reduce nuisance issues through increased communication and penalties. A maximum may or may not address workforce housing availability: a maximum may result in less STR revenue and therefore encourage owners to long-term rent instead, but it may still allow more housing units to be used as STRs even if revenue is not a driving factor. Staff has received substantial feedback that many STR owners use their house throughout the year when not rented short-term and may just keep it as a second home or continue to short-term rent if a maximum were implemented and revenue is not the primary reason for owning the home. Additionally, a maximum may be undesirable for real estate, property management, cleaning, and other STR-related businesses, particularly if implemented with a cap.

A waiting period has been discussed by the Town of Truckee, which could put a hold on an approved application until a certain time period has elapsed before a permit is issued and permit number assigned, preventing the property from being rented during that time. This has been done in Maui, HI, where ord. #4830 requires that new home purchases must wait five years prior to applying for an STR permit (or have owned the property for five years already). As a local example experienced during the current moratorium, Realtors have anecdotally told staff that property buyers are buying in Placer right now instead of Truckee because Placer allowed an exemption
to the moratorium by allowing a new purchaser of a property that previously held an STR permit to obtain a new STR permit, even during the moratorium. If the Town were to implement a waiting period and Placer did not, it may similarly result in buyers focusing on Placer versus Truckee due to the ability to generate STR income immediately. However, if a cap is implemented and reached quickly, that may not be a contributing factor.

For staffing, a cap may be useful to limit the number of staff needed to process, administer, and enforce permits throughout the year. Staff currently have one staff member assigned to processing and administering permits and three staff assigned to enforcement. To enforce minimum or maximum usage, staff would rely on the consultant team, Deckard for data.

NEXT STEPS
Staff will consider feedback heard from your Board and work to address those suggestions through revisions to the proposed ordinance amendment. In January 2022, staff will present the proposed ordinance to the North Tahoe Regional Advisory Council, the Olympic Valley Municipal Advisory Council, and the Donner Summit Municipal Advisory Council, as well as the North Tahoe Business Association, Tahoe City Downtown Association, and the North Lake Tahoe Resort Association boards. Staff will present the first reading of an ordinance amendment to your Board in late January 2022 and present the second reading of the ordinance amendment to your Board in February 2022. If adopted in February, the ordinance amendment would become effective 30 days after Board adoption.

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 a future action may be associated with an increase in potential application fees for any new STR permit, may result in more properties (e.g. the existing exempted properties) seeking STR permits and result in more fee revenue to cover staffing and enforcement costs, and/or may result in a change to the TOT revenue. There are no actual fiscal impacts associated with this action at this time.

ATTACHMENTS
Attachment A: Community Outreach and Engagement Summary
Attachment B: BAE STR Analysis
Attachment C: Summary of Proposed Ordinance Changes
Attachment D: STR Ordinance Research
Community Outreach and Engagement Summary

Attachment A

I. STAKEHOLDER TASKFORCE AND FOCUS GROUPS
STR Stakeholder Workshop #1 - Top ideas and research needs:
- Incentivize workforce housing
- Impacts from STRs to housing stock
- Pros and cons of STR impacts on businesses (tourists support businesses but businesses are losing employees due to loss of long-term housing)
- Support more strict enforcement, heavier penalty fines
- Discussion of STR limitations (Cap, areas commercial/residential)
- Safety issues and training
- Best practices of other jurisdictions
- Clarify the problem we're trying to solve

Fire Districts:
- Supportive of annual inspections for privately managed STRs
- Professionally managed properties tended to adhere more to fire safety standards, could have less frequent fire inspections
- Lack of defensible space not currently a criteria for inspection failure
- Observation of inconsistent application of exemptions and confusion on the exemption process
- Would be supportive of rolling permit timeline and fire inspections due at permit application
- To conduct inspections of all STR permits going forward, including currently exempted properties and properties that have yet to receive an inspection, they would need higher fire permit fees and some districts may perhaps need assistance from County in conducting inspections

Property Management and Realtors (met with this group twice):
- Benefits of property managers include fast response time, community engagement, licensed and enforcement
- Concerned about attrition; opposed to cap on STRs
- Unsure if limits on STRs would change real estate market towards more housing, anecdotes that many buyers don’t need STR revenue and primarily buy for second home use
- In favor of more aggressive and progressive fines, especially for repeated bad actors
- Open to concept of a potential minimum STR usage/year requirement

Business owners:
- Support limitations of STRs
- Support incentives for long term rentals and landlords
- Businesses losing employees due to loss of long-term available and affordable housing
- Businesses altering hours due to loss of staffing
- Owner occupied STRs have less nuisance issues
- Believe limiting STRs would allow for an increased use of hotels, desire to see hotel development in town centers
- Supportive of increased penalty fines (e.g. existing initial $500 fine could be less than one night of STR revenue and therefore not enough of a deterrent)
• Business owners purchasing housing for employees, supportive of ability to STR one unit to offset employee housing costs

Hotels & Condotels:
• Note: A condotel is a residential development that allows individual unit owners to rent to short-term guests as if it were a hotel property. These properties often have a check-in desk, housekeeping services, a concierge, and many other amenities found in a traditional hotel, but individual units are owned by private owners. They may have limitations that prohibit fulltime occupancy or require short-term rental use.
• Hotel operators, although invited, did not attend but two condotel operators did participate
• Competition with 3rd party operators leads to increased costs, tension from non-renting properties
• Operators have no authority over privately owned condo units, do not know if fire inspections are being conducted
• Top nuisance issues: occupancy, noise & parking
• Many HOAs did not want to enforce nuisance standards
• Many HOAs not enforcing occupancy
• Not supportive of a cap if it would decrease units historically used primarily as STR
• Hotels securing housing for employees due to loss of long-term housing

STR Stakeholder Workshop #2
• Note: Vocal attendees consisted largely of STR owners or STR-related businesses
• Not supportive of STRs requiring business license
• Desire to recognize properties historically used as STRs
• Desire for fulltime/primary homeowners in area to be able to STR to offset cost of home

II. FLASHVOTE SURVEY FINDINGS
The Flashvote survey was conducted as a layered survey approach to provide both reliable and statistically valid data, as well as an opportunity for anyone interested to provide input. The survey was sent to three segmented groups in order to better understand the different perspectives between neighbors/general community members and STR owners/operators/related businesses. The three layered groups were:

1. Traditional FlashVote Survey: This was sent to 830 registered FlashVote subscribers in Eastern Placer County only. This had the least opportunity for survey bias and most reliable data since those individuals had previously subscribed to take various FlashVote surveys related to government operations throughout the year without knowledge of what those surveys would be. (353 responses)
2. Open Survey: Publicized to community through multiple online platforms (roughly 14,000 email addresses), and was open for 8 days. (655 responses)
3. STR Owner Survey: Sent to 1,800 STR owners via direct email. (585 responses)

*Please note: Both the Open Survey and STR Owner Survey links were likely shared outside of the original invited group, including outside of East Placer residents, while the FlashVote group was controlled to only use responses from those registered prior to taking the survey to avoid bias. Responses from all three surveys are included below.

Q1: “Short Term Rentals (STRs) are when people rent their homes, or part of their homes/properties, for short stays to visitors (less than 30 nights per stay). Which of the following are TRUE for you? (Choose all that apply)”
Q2: “In the last 12 months, which of the following possible Short Term Rental nuisances, if any, have you experienced where you live? (Choose all that apply, if any)”

Some open-ended responses: “Multiple car trips with real estate agents, cleaners, hot tub cleaning each week, dogs poop, garden bon fire”
“Outdoor wood-burning fires and charcoal grills during the ban period.”
“Bearbox not locked properly so bear could make a mess.”
“Lots of traffic on street due to renters going and coming from home.”

Q3: “If Placer County were to limit Short Term Rentals (STRs), which do you believe would be most appropriate? (You can choose up to THREE, if any)”
Others include: “Incentivize long term rentals over short term rentals somehow - tax breaks, etc.”
“Don’t allow corporations to buy up multiple properties for STR businesses.”
“Focus on the problem - penalize STRs that have nuisance issues. Encourage better management”
“Don’t put limits on resort properties, e.g., Northstar, which aren’t suitable for long term rentals”
“Limit STRs at more affordable price points that could be better used as residential rentals”
“Condos should be treated differently than single family residences and have fewer restrictions.”

Q4: “Which of the following statements about Short Term Rentals (STRs) do you AGREE with, if any? (Choose all that you AGREE with)”
"I think" comments included: “They are a business and should not be allowed in residential areas.”
“There needs to be a balance.”
“STRs bring revenue and visitorship the area.”
“Owners should be allowed to rent their home as they see fit as long as no nuisances occur.”
“Create more low cost housing for both STR and low income permanent residents”
“There need to be bigger incentives for owners to rent their properties out full time (6+months)”
“STRs are the single biggest reason that locals are getting priced out of the rental market”

Summary of responses: From the responses across all three survey groups it can be seen there seems to be a clear bias between those who are STR operators or were shared the link from STR operators compared to both the Open and FlashVote surveys. 13% of FlashVote survey respondents identified as being an owner of an STR, compared to 69% of the STR Owner survey respondents. Note: approx. 28% of Eastern Placer County housing stock is used for STR’s currently, so a 13% representation of the FlashVote respondents is close to representative of the residents as a whole, but still low on the representation of those who STR.

On nuisances, half of FlashVote respondents have experienced at least one nuisance issue, while 73% of STR Owners say they have not experienced any nuisances. However, in Question 3 67% of STR Owners say that STR’s should not be limited, but only address nuisance issues. 77% of FlashVote respondents and 62% of Open respondents state that STRs have had an impact on the affordability or availability of long term housing, compared to 28% of STR Owners (that is still over one quarter of respondents).

Of the limiting provisions given in Question 3, restricting the total number of permits had the most support (49% FlashVote, 51% Open, 20% STR Owner), with three other provisions getting support of 28% or more from the Open and FlashVote respondents. Limiting the number of STR
permits per owner was popular by all three survey groups, while limiting the number of permits per parcel was unpopular.
December 3, 2021

Stephanie Holloway, PE, TE
Tahoe Operations Manager
Executive Office | Tahoe
County of Placer
3091 County Center Drive, Suite 280
Auburn, CA 95603
SHollow@placer.ca.gov

Dear Ms. Holloway and Team:

BAE is pleased to provide you with the attached draft report summarizing key findings from our analysis of trends in short-term rental (STR) activity in eastern Placer County and review of the current academic literature regarding the relationship between STR activity and the availability and affordability of long-term housing and hotel viability.

The report includes a more detailed review of the data and findings presented at the community meeting held on November 16th, 2020, as well as the findings of additional research conducted in the days following.

If you have any additional questions regarding the analysis, please do not hesitate to contact me by email at aaronnousaine@bae1.com or by phone at (530) 574-9285.

Sincerely,

Aaron Nousaine
Associate Principal
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INTRODUCTION

Placer County contracted with BAE Urban Economics in mid-October of 2021 to assess the association between the prevalence of short-term rentals (STRs) in eastern Placer County and changes in the availability and affordability of long-term housing, as well as the impact of changes in STR supply on dedicated hotel and motel type uses.

Due to the inherent complexities associated with this topic, this research includes an initial review of the contemporary academic literature on the relationship between STRs and long-term housing availability and pricing, both rental and for-sale, recognizing that such research is conducted to a much higher standard compared to what may be possible within the current schedule and budget. Nonetheless, key findings from the literature provide useful indications of how STRs can impact local communities. Though less prevalent in the literature, the review also included studies that evaluate the impact of STRs on occupancy and pricing (e.g., average daily rates or ADR, etc.) for hotel and motel uses, and on local regulatory responses.

For the purposes of evaluating the current characteristics of STRs in eastern Placer County, as well as trends in the number of active STRs over time, BAE evaluated a number of potential data sources. This included information from two private data vendors, AirDNA and InsideAirbnb, both of which were determined to offer substandard data quality. The most complete and readily available data source was determined to be Placer County's inventory of transient occupancy tax (TOT) certificates. Any transient occupancy uses, including STRs and traditional hotel properties, are legally required to register with the County and collect the applicable tax. The dataset includes attribute data, including property type and number of units, which was then used to identify the number of residential units being used for transient occupancy, as well as their respective occupancy rates and pricing. The analysis also includes an assessment of the total and per unit gross revenue generation from residential STRs and provides a comparison to contemporary housing costs.

As a final component, the report also reviews the available data on total overnight visitor demand and discusses the potential for reducing the number of STRs in the market in terms of the presence of relatively low occupancy rates within the current market, as opposed to what would be necessary to facilitate the financial feasibility of new hotel development.

Definition of an STR

For the purposes of this research, an STR use is considered to include real property that is generally designed for long-term residential use, including the availability of full kitchen and bathroom facilities, among other attributes. This differentiates STR units from more traditional hotel uses, which often lack full kitchen facilities, and are located in developments that are intended primarily for use by transient occupants (e.g., hotels, motels, condotels, etc.), including tourists and business travelers. STRs in this analysis include single-family homes,
duplex and triplex units, townhomes, condominiums, mobile homes, and apartment units. Types of property that primarily function as part of the more permanent inventory of visitor accommodations, as opposed to STRs that can readily transition between residential and visitor use, include hotel and motel properties, bed and breakfasts, time shares, and condotels.\footnote{A condotel is a condominium property that facilitates the short-term rental of units in a centrally organized way, often including advertising of available rental listing, screening of prospective renters, provision of a staffed check-in desk, provision of periodic housekeeping services, and concierge services, among other amenities and benefits.} While there is some “gray area” inherent to this definition, it offers a way to operationalize the concept that aligns with the County’s priorities.

**New Online Booking Platforms**

The concept of renting privately owned housing units short-term is not a new concept in eastern Placer County. People have been renting vacation homes and signing ski leases for decades. In years past, listing a unit for rent often involved taking out an advertisement in a local newspaper or working with a local property management company. This was not always all that easy, particularly if aiming to rent the unit independently (e.g., vetting tenants), and came with sometimes significant costs (e.g., management fees, cleaning fees, etc.).

The landscape of the short-term rental market changed drastically starting in the mid-2000s with the introduction of HomeAway (now VRBO) and Airbnb, the first online platforms for booking private short-term rental accommodations. While Airbnb remains the most prominent platform in the market, other competitors have also emerged, including VRBO, Vacasa, Turnkey, FlipKey (owned by TripAdvisor), Booking.com, and Hotels.com, among others. Each platform provides a different suite of services. While all provide centralized online platforms for posting available listings and managing bookings, some go further to include traditional property management services, ranging from cleaning and restocking essential items, to development of tailored marketing materials (e.g., 3D walkthroughs, etc.). Different platforms also allow rental of single beds or bedrooms (e.g., hosted stays), as well as entire residential properties, or portions of properties (e.g., lock-offs, accessory dwelling units, etc.).

At the end of 2020, Airbnb participated in an initial public offering (IPO). As of its most recent shareholder letter, the platform had nearly 80 million nightly bookings worldwide, valued at nearly $12 billion. Though the exact size of the global STR market is unclear, as is the portion actively facilitated using online platforms, what is clear is that the market is growing rapidly. Major tourist destinations throughout the globe have taken note of a conspicuous increase in STR activity, as well as observed nuisance issues and perceived impacts to the availability and pricing of long-term housing. This has resulted in an increasing number of jurisdictions adopting new regulatory regimes, which vary significantly in scope and structure. Some communities are establishing limitations on the types of units that can be short-term rented, how many of those units may be active at any given point in time, and for how many nights per year each registered STR may be rented, among other common points of policy.

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1. A condotel is a condominium property that facilitates the short-term rental of units in a centrally organized way, often including advertising of available rental listing, screening of prospective renters, provision of a staffed check-in desk, provision of periodic housekeeping services, and concierge services, among other amenities and benefits.
Recognizing the recent growth of interest in the impacts of STRs on local housing and tourist accommodations markets, BAE reviewed a total of 23 peer reviewed academic articles and industry publications on the subject, including 16 articles pertaining to housing market impacts, four articles on impacts to the hotel and motel industry, and three pertaining to local regulatory responses to growth in STR activity and efforts to mitigate observed impacts.

**Housing Availability and Affordability**

The contemporary literature on the relationship(s) between STRs and the availability and affordability of long-term housing is mainly focused on impacts within major urban tourist markets, such as Barcelona, London, Los Angeles, New York City, and San Francisco, among other locations. One study reviewed for this research included evaluation of the impact of STRs on 237 communities throughout Oregon, including smaller, more rural, communities (DiNatale, Lewis, and Parker, 2018). Despite being mainly focused on evaluating the impacts of STRs in urban settings, the literature nonetheless provides valuable quantitative documentation of the existence of real relationships between STRs and the conditions in the long-term housing market that can be used to interpret trends in eastern Placer County.

The contemporary academic literature reviewed for this study consistently found statistically significant relationships between proportionate increases in the number of STR listings and the availability and pricing of long-term housing, both rental and for-sale (Benitez-Aurioles and Tussyadiah, 2021; Zou, 2019; Barron, Kung, and Proserpio, 2018; Wachsmuth, Chaney, Kerrigan, Shillolo, and Basalaey-Binder, 2018; Wachsmuth, Kerrigan, Chaney, and Shillolo, 2017; Gurran and Phibbs, 2017; Lee, 2016; Merante and Horn, 2016; Sheppard and Udell, 2016). These studies also found that an increased prevalence of STRs incentivized the conversion of long-term rentals to STRs, in a process referred to as the ‘hotelization’ of the housing stock (Barron, Kung, and Proserpio, 2018; Lee, 2016). Only one study found that digitally marketed STRs had no meaningful impact on housing affordability (ECONorthwest, 2016); however that study was directly funded by HomeAway, an online STR platform, in response to proposed STR regulation in Seattle, and should be reviewed with caution.

Those studies that incorporated a geographic concentration element into their analysis generally determined that STRs tend to be concentrated in proximity to major tourist attractions, and that greater concentrations of STR listings correlated with more significant impacts to housing availability and pricing (Shokoohayar, Sobhani, and Sobhani, 2020; Zou, 2019; Wachsmuth, Kerrigan, Chaney, and Shillolo, 2017). The research also indicates that the negative effects of STRs are stronger in places with less owner-occupied housing and higher concentrations of multifamily rental housing (Barron, Kung, and Proserpio, 2018). Also, smaller communities with more limited inventories of available rental housing may experience
disproportionate impacts (DiNatale, Lewis, and Parker, 2018). There is no specific mention of the impact of STRs in markets dominated by large numbers of second homes.

The available research generally indicates that the relationship between the prevalence of STRs and housing affordability is somewhat stronger for for-sale prices compared to rents (Benitez-Aurioles, Tussyadiah, 2021; Shokoohayar, Sobhani, and Sobhani, 2020). This is because for-sale home prices in areas with high concentrations of STRs are directly correlated with the revenue generating potential of the unit on the STR market. Rental housing prices, by comparison, are indirectly impacted by STRs through reductions in the available long-term rental housing supply, which increases pricing competition between renter households.

The research also identified an increasing prevalence of investor owners of STRs in certain markets, including a rise in owners with multiple properties. Zou (2019) indicates that “…urban space becomes more valuable as tourists and residents take advantage of STRs...with limited urban supply for new development, investors will seek to convert the existing housing stock into STRs, bidding up property prices and making life more difficult for first-time homebuyers and long-term renters.” Wachsmuth and Weisler (2018) similarly describe the increasing prevalence of investor owners as “gentrification without redevelopment,” adding that a price gap emerged between market rate long-term rents and STR revenue and “…a strong economic incentive followed for real estate investors to evict existing long-term tenants or to cash out existing homeowners. They then converted properties to STRs without building anything new.” Sheppard and Udell (2016) similarly found that STRs are often used as speculative assets which have the potential for capital appreciation over time, with the units generating rental income during the hold period to defray costs. These benefits, in some cases, entice investors to purchase properties not for their own use, and to hold onto properties for longer, since they can offset carrying costs.

Table 1, on the following page, summarizes the statistical relationships between the prevalence of STRs and long-term rental rates and for-sale home prices, as documented in the available literature. The magnitude of the impacts ranged from relatively marginal to fairly significant; though one article notes that while the coefficients seem marginal, the significant growth in the sector in recent years likely results in sizable cumulative impacts over time (Dogru, Mody, Suess, 2019).

Among the known limitations of the available academic literature are the possibility that the research has unknowingly omitted significant variables that have a bearing on the relationship between STRs and long-term housing availability and pricing. In addition, there is the common reliance on web-scraped data from Airbnb and other online platforms, which is known to be incomplete and sometimes inaccurate. Zou (2019) specifically indicates that “…any statement with a high level of confidence would require direct data from STR platforms with accurate details.” Therefore, the research findings summarized above should be interpreted with caution.
Table 1: Summary of Literature Review Findings of the Impacts of STRs on Rental and For-Sale Home Pricing

<table>
<thead>
<tr>
<th>Author</th>
<th>Published</th>
<th>Geography</th>
<th>Effect on Rents</th>
<th>Effect on Sale Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benitez-Aurioles et al.</td>
<td>2021</td>
<td>London</td>
<td>0.014% per 100 listings</td>
<td>0.032% per 100 listings</td>
</tr>
<tr>
<td>Zou</td>
<td>2019</td>
<td>Washington DC</td>
<td>n.a.</td>
<td>0.66% - &gt;5% Overall</td>
</tr>
<tr>
<td>Barron et al.</td>
<td>2018</td>
<td>United States</td>
<td>0.018% per 1% increase in STR listings</td>
<td>0.026% per 1% increase in STR listings</td>
</tr>
<tr>
<td>Wachsmuth et al.</td>
<td>2018</td>
<td>New York</td>
<td>1.4% over three years</td>
<td>n.a.</td>
</tr>
<tr>
<td>Lee</td>
<td>2016</td>
<td>Los Angeles</td>
<td>0.2% per 1% increase in STR listings</td>
<td>n.a.</td>
</tr>
<tr>
<td>Merante &amp; Horn</td>
<td>2016</td>
<td>Boston</td>
<td>0.4% per standard deviation</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sheppard &amp; Udell</td>
<td>2016</td>
<td>New York</td>
<td>n.a.</td>
<td>Doubling STRs equals 6.0-31%</td>
</tr>
</tbody>
</table>

Source: BAE, 2021.

Lodging Industry Occupancy and Rates
The available literature on the impact of STRs on the lodging industry is much less well developed compared to similar research on the impact on the housing market. BAE identified four recently published peer-reviewed studies. While the research results in the literature were somewhat mixed, there is a general indication that STRs likely do have an impact on the pricing of existing hotel and motel properties (O’Neill and Yeon, 2021; Yeon, Song, and Lee 2020), as well as average hotel and motel occupancy (Dogru, Mody, and Suess, 2019).

While Yeon, Song, and Lee (2020) found that STRs have a limited impact on luxury hotel properties and a greater impact on lower- and mid-tier properties, their study was published before Airbnb and VRBO began listing more luxury STR offerings. A more recent study published by O’Neill and Yeon (2021) found relatively consistent impacts across all hotel categories. The research generally found that the impacts were mainly limited to less aggressive pricing and did not consistently translate to reduced hotel occupancy (O’Neill and Yeon, 2021; Yeon, Song, and Lee 2020), though Dogru, Mody, and Suess (2019) did identify impacts to average hotel and motel occupancy, in addition to ADRs and revenue per available room night (RevPAR). The research also found that impacts were generally more limited to urban and tourist-oriented hotels compared to more suburban hotels oriented towards business travelers (O’Neill and Yeon, 2021).
Because STR supply is ‘instantaneous,’ it can readily supplement hotel inventory during peak periods, reducing the need to make significant investments in new hotel inventory that may go underutilized during much of the year. Zervas, Proserpio, and Byers (2017) found that Airbnb supply was 60 percent greater during the South by Southwest Festival (SXSW) in Texas compared the rest of the year, and that the impact on hotel revenues was 1.5 percentage points larger at that time, which they attribute to supply and demand dynamics rather than the “idiosyncratic preferences of the SXSW demographic.” The authors further indicate that a 10 percent increase in hotel room supply resulted in a 1.6 percent decrease in hotel room revenue, compared to a 0.39 percent decrease in hotel room revenue resulting from a similar increase (10 percent) in STR supply.

**Table 2: Summary of Literature Review Findings of the Impacts of STRs on Revenue and Occupancy within the Permanent Lodging Inventory**

<table>
<thead>
<tr>
<th>Author</th>
<th>Published</th>
<th>Geography</th>
<th>Effect on RevPAR</th>
<th>Effect on ADR</th>
<th>Effect on Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>O’Neill &amp; Yeon</td>
<td>2021</td>
<td>United States &amp; Europe</td>
<td>-0.05% to -0.08% per 1% increase in STR listings</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Dogru et al.</td>
<td>2019</td>
<td>United States (10 cities)</td>
<td>-0.02% per 1% increase in STR listings</td>
<td>-0.02% per 1% increase in STR listings</td>
<td>-0.001 to -0.004% per 1% increase in STR listings</td>
</tr>
<tr>
<td>Zervas et al.</td>
<td>2017</td>
<td>Austin Texas</td>
<td>n.a.</td>
<td>-0.04% per 1% increase in STR listings</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: BAE, 2021.
LOCAL CONDITIONS AND TRENDS

As noted in the introduction, BAE evaluated a number of potential data sources regarding the current and historical inventory of STRs in eastern Placer County. This includes data from two web-scraped data vendors, AirDNA and Inside AirBNB.2 Upon a review of the available data, in comparison to the County’s own TOT certificates database, the web-scraped data was determined to be inadequate for the purposes of this research due to lack of comprehensive coverage (i.e., represents a small sample with unknown sampling biases) and the need to extrapolate information regarding certain attributes, such as total and average occupancy.3

The most complete data sets, which was also the most readily available, was Placer County’s existing database of properties that have TOT certificates. This data is reasonably comprehensive, as it covers all legally established visitor accommodations throughout the County, which are required to collect and submit TOT receipts. While issues do exist within the data set, such as occasionally missing attribute data (e.g., number of units on site, number of nights available or occupied, etc.), the database is largely complete and allows for an evaluation of change over time. It also includes a designation of the type of unit (i.e., single-family home, duplex or triplex unit, apartment, mobile home, condominium, hotel, motel, bed and breakfast, condotel, etc.) and location within the County (including designated County sub-areas, such as Kings Beach, Tahoe City, Northstar, etc.). The data also include the Assessor’s Parcel Number (APN), which allows it to be joined with the County’s parcel database, providing attribute data on things like number of bedrooms and homeowners exemption status.

The remainder of this section summarizes key findings from the analysis of the TOT certificates data, as well as the County’s inventory of permitted STRs, as of early October 2021. Supplemental information was also collected from CoStar on the inventory of hotel properties within the eastern County, which is presented along with the TOT certificates information.

STRs in the Eastern Placer Market

According to Placer County, there are a total of 15,640 housing units located in the eastern County. As shown in Figure 1, on the following page, roughly 12 percent of the total housing stock is occupied by the property owner, while another nine percent is rented out long-term.4 The remaining 79 percent is held vacant for seasonal or occasional use (e.g., second homes).

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2 Web-scraped data refers to information that is collected through a periodic sampling of current online STR listings. The major online STR booking platforms keep information regarding online listings confidential to their own platform. Web-scraped data, therefore, represents one of only a few data sources regarding online STR listings.

3 Web-scraped data typically includes only the information that can be viewed by a prospective renter, including identified nights available and asking nightly rates. Occupancy is often then either left out of the dataset or extrapolated based on proprietary estimation methods that could not be independently verified.

4 Note that these figures are based on a total housing units figure provided by Placer County, and the distribution of housing units by tenure and vacancy status from the 2019 five-year American Community Survey.
According to the County’s TOT certificates database, as of the 2020-2021 fiscal year, there were a total of 5,865 residential units in eastern Placer County with TOT certificates,\(^5\) which would be equal to approximately 38 percent of the current housing stock in the eastern County. Of those, 4,420 actively generated TOT revenue to the County, while another 1,445 did not. This suggests that around 28 percent of the total housing inventory in eastern Placer County was engaged in short-term rental activity during the fiscal year, while another nine percent had the capacity to do so, but were inactive. As of early October, Placer County reportedly had a total of 2,510 active STR permits, indicating that around 60 percent of all active STRs are permitted and non-exempt under the County’s current STR regulatory program.

### Figure 1: Distribution of Housing Units by Use Type

![Diagram showing distribution of housing units by use type]

**Sources:** Placer County; Census; BAE, 2021.

### Increasing Market Share for STRs

Figures 2 and 3 illustrate the number of units with associated revenue generating TOT certificates (i.e., where TOT receipts are greater than zero) over time by type of property, including residential properties that were being rented short-term. Traditional hotel, motel, and bed and breakfast uses and condotel and timeshare properties are broken out separately.

\(^5\) As noted in the introduction, STRs in this case include single-family homes, duplex and triplex units, townhomes, condominiums, mobile homes, and apartment units. Properties that function as part of the more permanent inventory of visitor accommodations include hotels and motel, bed and breakfasts, time shares, and condotels.
The data indicate that there were 8,741 total units with revenue generating TOT certificates during the 2020-2021 fiscal year, which is a 57 percent increase from the 2009-2010 fiscal year. The data show that the number of hotel, motel, and bed and breakfast units in eastern Placer County has remained relatively constant between the 2009-2010 and 2020-2021 fiscal years. Meanwhile, eastern Placer County added more than 2,000 new condotel and timeshare units (a 147 percent increase; 8.6 percent per year) and more than 1,300 residential STRs (a 43 percent increase, 4.9 percent per year). While the increase in STRs occurred fairly gradually over time, changes in the number of condotel and timeshare units with revenue generating TOT certificates fluctuated significantly over time. The reason for this is not immediately clear. Figure 3 illustrates the same data as Figure 2, but with a slightly different breakout and chart format, illustrating that a majority of the growth in STRs occurred within the single-family housing stock, with more modest growth among short-term rented condominium units that are not associated with timeshare or condotel developments.
Figure 3: Cumulative Inventory of Transient Occupancy Accommodations, FY ’09-'10 to ’20-'21

Note:
(a) Includes single-family, plex, apartment, mobile home, and condominium units.
(b) The figure generally includes all housing units and hotel/motel rooms with TOT certificates where the amount of TOT received by Placer County is greater than zero.

Sources: Placer County; BAE, 2021.

County STR Permits
The Placer County Board of Supervisors adopted a Short-Term Rental Ordinance, Placer County Code Article 9.4.2, on November 19, 2019. The ordinance regulates the short-term rental of residential units that are rented for 30 days or less, typically including those advertised as vacation rentals. Under the ordinance, property owners are required to secure an STR permit that is renewed annually on April 1, with separate permits for each STR unit, as well as a TOT certificate. There are a number of exemptions under the current ordinance (Section 2.D and E), including for hotel and motel, timeshare, and resort properties, as well as properties that are part of homeowners’ associations that enforce CC&Rs that are aligned with the ordinance.

Figure 4, on the following page, illustrates growth in the number of active STR permits in eastern Placer County since establishment of the Short-Term Rental Ordinance. The data shows rapid growth in the number of permit applications and new permits through March of 2020 as the new regulations came into effect. The number of new STR permits which are still active that were issued since March of 2020 has grown steadily to a total of roughly 2,510; though the true total fluctuates quite frequently based on the receipt of new STR permit applications, as well as the expiration or withdrawal of existing permits.
STR Ownership and Management

One of the common narratives around short-term renting is that it can provide an important revenue stream that can help households offset the costs of homeownership. This is an important consideration in a market where many local households are struggling to secure for-sale housing. To estimate the extent to which owner households are short-term renting their primary residence, BAE joined the TOT certifications data to the Placer County Assessor’s parcel database using the Assessor’s Parcel Number (APN). The analysis then uses homeowner exemption status as a proxy for owner occupancy.6

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6 Under current state law, homeowners are eligible to claim a $7,000 reduction in taxable value for a qualifying owner-occupied home, defined as a person’s principal place of residence as of January 1st of the tax year.
Based on this information, BAE estimates that only around three percent of all STRs (i.e., residential units with revenue generating TOT certificates) in eastern Placer County in the 2020-2021 fiscal year were owner occupied, as illustrated in Figure 5 above. Another 1.5 percent of the STR inventory failed to join with the County’s current parcel database. The remaining 95.5 percent of residential properties with revenue generating TOT certificates in the 2020-2021 fiscal year were not associated parcels with homeowners’ exemptions, suggesting that the vast majority of STRs in eastern County are second homes.

Figure 6 reports additional data on the share of permitted STRs are professionally versus privately managed. The data indicate that just over 60 percent of permitted STRs are professionally managed.

**STR Unit Size Characteristics**

Figure 7, on the following page, illustrates the distribution of residential units with revenue generating TOT certificates by number of bedrooms. Similar to the data presented above, the figure below is based on the TOT certificates database joined with the County Assessor’s parcel inventory. This data indicates that approximately 67 percent of the STRs in eastern Placer County during the 2020-2021 fiscal year had between two and four bedrooms, with another 18 percent being studio and one-bedroom units. Only around six percent of units had five or more bedrooms, while around nine percent failed to join with the parcel inventory (i.e., no information on bedroom count). This indicates that a majority of the STR inventory is associated with residential units that would be functionally suitable for occupancy by workforce households (i.e., there were nearly 3,800 active STR units with four or fewer bedrooms in fiscal year 2020-2021), versus units with five or more bedrooms which are larger than most resident households would need.
Figure 8: Percent of Residential Units with Revenue Generating TOT Certificates by Number of Bedrooms, FY '20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

STRs by County Sub-Area
Figure 8 illustrates the distribution of residential units with revenue generating TOT certificates by County sub-area in the 2020-2021 fiscal year, as well as the total change in the number of units between the 2009-2010 and 2020-2021 fiscal years. The data generally indicate that the areas around Northstar and Olympic Valley, as well as the West Shore, had the largest inventories of active STR units in the 2020-2021 fiscal year. The figure also shows significant concentrations of units in Tahoe City, Kings Beach, and Carnelian Bay. The areas that experienced the most robust growth in STRs also include Olympic Valley, the West Shore, Kings Beach, and Carnelian Bay. Notably, the Northstar area shows relatively little growth in the number of STR units at around 100 units over the decade.

Figure 9: Residential Units with Revenue Generating TOT Certificates by County Sub-Area, Total FY ’20-’21 and Change FY ’09-’10 to FY ’20-’21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Figure 10: Residential Units with Revenue Generating TOT Certificates, Eastern Placer County, FY ’20-'21

Note: Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
While the available information on the total number of housing units by sub-area is relatively limited, as the County’s sub-area definitions do not align with the available Census geographies, the data that is available from the five-year American Community Survey (ACS) suggests that around 50 percent of the total housing inventory in Olympic Valley was actively engaged in short-term renting, as was 47 percent of the housing stock in Carnelian Bay, 22 percent in Tahoe City, 20 percent in Kings Beach, and 19 percent in Tahoe Vista; though the comparisons are not exact and should be interpreted with caution.

Figure 9 further illustrates the distribution of residential units with revenue generating TOT certificates throughout eastern Placer County by unit type. Additional sub-area breakouts are provided in Appendix A. The figures clearly show that a majority of the STR inventory in most parts of eastern Placer County were single-family homes as of the 2020-2021 fiscal year; though the map does show notable concentrations of condominium units in places like Northstar, Olympic Valley, Kings Beach, Tahoe City, Carnelian Bay, and Homewood.

**STR Availability and Occupancy**

Figure 10 illustrates the distribution of residential units with revenue generating TOT certificates by the number of nights that the unit was available for rent in the 2020-2021 fiscal year. The data generally reflect the common practice among many STR owners and managers of listing units for large portions of the year. The unit is then short-term rented during periods of greater demand and either left vacant or is available for use by the owner during periods of lower demand. As reported in Table 3, on the following page, the average unit was listed for 250 nights during the 2020-2021 fiscal year. Historical data indicate that the average available nights per unit was virtually unchanged from the 2009-2010 fiscal year, with similar trends identified among the more permanent visitor accommodations inventory (i.e., hotels, motels, condotels, etc.).

![Figure 11: Percent of Residential Units with Revenue Generating TOT Certificates by Nights Available for Rent, FY ’20-’21](image)

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Figure 11 similarly illustrates the distribution of residential units with revenue generating TOT certificates by the number of nights that the unit was actually occupied. These data indicate a broader distribution of units by nights occupied, reflecting both the preferences of the owners and managers, as well as the general market positioning of each unit (i.e., units in higher demand with willing owners and managers are occupied the greatest number of nights). As reported in Table 3, on the following page, the average unit was occupied as an STR for 103 nights during the 2020-2021 fiscal year. Historical data indicate that the average nights occupied per unit has changed significantly over time, up from 53 nights in the 2009-2010 fiscal year. This represents growth in average STR occupancy of 91 percent increase over the decade, or around six percent per year, which may imply growing investor activity in the local STR market. Occupancy among the more traditional visitor accommodation classes grew more modestly during the same period (i.e., 18 percent growth).

**Figure 12: Percent of Residential Units with Revenue Generating TOT Certificates by Occupancy Class, FY ’20-’21**

Note: Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

Table 3, below, identifies the number of nights available, nights occupied, occupancy rate, ADR, and annual and monthly gross revenue for residential units with revenue generating TOT certificates for the 2020-2021 fiscal year, including the average and median, as well as the 1st and 3rd quartiles. The data generally indicate that there is not a great deal of variation in the number of nights each unit is listed as available for rent, reflecting the strategy discussed above. However, the number of nights occupied and resulting revenue varies. On average, residential units in eastern Placer County that are engaged in short-term rental activity were occupied a total of 103 nights in the 2020-2021 fiscal year. For reference, that is roughly the same as if the unit were rented every weekend night of the year; though it could be likely that those nights were distributed unevenly throughout the course of the year.
Table 3: Summary Statistics by Quartile, Residential Units with Revenue Generating TOT Certificates, FY ‘2020-’2021

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Nights Available</th>
<th>Nights Occupied</th>
<th>Occ. Rate</th>
<th>Average Daily Rate (ADR)</th>
<th>Annual Gross Revenue</th>
<th>monthly Gross Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quartile</td>
<td>174</td>
<td>39</td>
<td>22%</td>
<td>$221</td>
<td>$8,614</td>
<td>$718</td>
</tr>
<tr>
<td>Average</td>
<td>250</td>
<td>103</td>
<td>41%</td>
<td>$344</td>
<td>$35,320</td>
<td>$2,943</td>
</tr>
<tr>
<td>Median</td>
<td>274</td>
<td>88</td>
<td>32%</td>
<td>$286</td>
<td>$25,181</td>
<td>$2,098</td>
</tr>
<tr>
<td>3rd Quartile</td>
<td>362</td>
<td>153</td>
<td>42%</td>
<td>$309</td>
<td>$47,220</td>
<td>$3,935</td>
</tr>
</tbody>
</table>

Note: Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

Average STR Revenue Generation
Table 3 reports that the ADR, or average daily rate, for residential units with revenue generating TOT certificates was $344 per night. This is roughly in line with the ADR for hotel and motel properties. Historical data indicate that the ADR for residential properties increased by $52 since the 2009-2010 fiscal year, which represents an increase of 18 percent, or around two percent per year.

The table also reports that based on the average occupancy and ADR, the average STR in eastern Placer County in the 2020-2021 fiscal year generated more than $35,000 in gross revenue to the property owner and/or manager. While it is clear that STR revenue accrues unevenly throughout the year, this averages out to just over $2,940 per month. Using the median occupancy and ADR results in a slightly lower figure of nearly $25,200 per year, or nearly $2,100 per month. Of course, individual STRs may generate significantly more or substantially less than the average and median figures noted above. For example, the data indicate that there were 276 residential units that generated more than $100,000, and up to more than $600,000, in gross revenue during the 2020-2021 fiscal year.

Based on current mortgage lending standards, the average monthly revenue from short-term renting, reported in Table 3, would be sufficient to offset roughly 50 to 55 percent of the monthly debt service payment on a median priced home in eastern Placer County,\(^7\) including payments of principal, interest, property taxes, and mortgage insurance. Comparison with data on private home rental listings collected by BAE for the Truckee North Tahoe market in mid-2021 (see Appendix B) indicate that both the median and average gross revenue figures above would likely be competitive compared to long-term rental rates in the current market.

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\(^7\) Data from ListSource indicate that the median priced residential unit in eastern Placer County from October 2020 to September 2021 was priced at $858,000, including all sales of single-family, townhome, and plex units.
Traditional Tourist Accommodations Supply

The current census of overnight accommodations from CoStar, a private real estate data vendor, identifies 46 hotel and motel properties in eastern Placer County with a total of 2,328 rooms across various hotel classes (e.g., luxury, mid-scale, economy, etc.). The full inventory is provided in Appendix C. However, comparison with the County’s TOT certificates database indicates that the CoStar census is incomplete, as the County has record of a total of 4,318 units in the hotel, motel, bed and breakfast, condotel, and timeshare market segments. According to the County’s data, the number of hotel, motel, and bed and breakfast units in eastern Placer County was relatively stable over time, while the County added more than 2,000 new condotel and timeshare units since the 2009-2010 fiscal year.

Demand for Transient Accommodations

There is relatively little information currently available that can provide perspective on the magnitude of demand for overnight accommodations in eastern Placer County. The most recent published information comes from a 2017 study prepared by Dean Runyan for the North Lake Tahoe Resort Association (NLTRA). While the report narrative describes the study area as including Placer County only, the map provided in the report shows that the study area includes the Town of Truckee; therefore, the demand estimates may not be fully translatable to the current research effort (i.e., represent demand for a larger study area).

Nonetheless, the Dean Runyan (2017) report indicates that as of 2016, there were approximately 2.6 million visitor days associated with persons staying in paid overnight accommodations in the North Lake Tahoe region, as they define it. This included 1.16 million visitor days among persons staying in hotel and motel accommodations, and 1.02 million visitor days among persons staying in rented condo and single-family homes (i.e., STRs). The report also indicates that there were 932,000 visitor days among persons staying in private and vacation homes and 125,000 visitor days among persons who stayed at campgrounds.

Table 4: North Lake Tahoe Visitation by Type of Accommodation, 2016

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>Visitor Days</th>
<th>Length of Stay (Days)</th>
<th>Visitor Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel/B&amp;B</td>
<td>1,155,000</td>
<td>3.4</td>
<td>339,000</td>
</tr>
<tr>
<td>Rented Condo/Home</td>
<td>1,021,000</td>
<td>3.5</td>
<td>289,000</td>
</tr>
<tr>
<td>Private/Vacation Home</td>
<td>932,000</td>
<td>10.4</td>
<td>90,000</td>
</tr>
<tr>
<td>Campground</td>
<td>125,000</td>
<td>3.5</td>
<td>36,000</td>
</tr>
<tr>
<td>Day Trip</td>
<td>523,000</td>
<td>1.0</td>
<td>523,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,756,000</strong></td>
<td><strong>2.9</strong></td>
<td><strong>1,275,000</strong></td>
</tr>
</tbody>
</table>

Sources: Dean Runyan, 2016; BAE, 2021.
According to the annual Economic Impact of Travel in California report produced by Dean Runyan for Visit California, visitor spending on hotel, motel, and STR accommodations grew by 21 percent between 2016 and 2019, or around six percent per year. Further evaluation indicates that growth in gross visitor spending on accommodations generally corresponds to the proportionate growth in the ADR for all types of accommodations, as reported in the County’s TOT certificates database, making it difficult to use spending as the basis for projecting growth in overnight visitor demand.

The County’s TOT certificates database indicates that there were a total of 440,782 occupied unit nights across all accommodation types as of the 2009-2010 fiscal year, which nearly doubled to 801,733 as of the 2020-2021 fiscal year. This represents growth of 82 percent, or around 5.6 percent per year. The data show a similar growth rate between 2016 and 2019.

Managing the Accommodations Supply
The TOT certificates data indicate that the average occupancy rates for all accommodation types in the 2020-2021 fiscal year was 42 percent. Broken out by rental type, condotel and timeshare units had the lowest overall occupancy rate at 40 percent, followed by STRs at 41 percent and hotels at 50 percent. The data indicate that hotel occupancy rates have been on the decline since the 2016-2017 fiscal year, when the average occupancy rate was 58 percent, which may be attributable, in part, to the corresponding increase in the STR inventory, which has also experienced an increase in average occupancy over time, from 30 percent in the 2016-2017 fiscal year. While not a definitive finding, the relatively low occupancy rates across accommodation types may indicate that the current supply of overnight accommodations is, on average, more than adequate to serve demand in the current market.

Prior research conducted by BAE in early 2020 regarding the economic feasibility of new development in Town Centers within the Lake Tahoe Basin found that the target occupancy rate among many hotel operators and developers is typically between 70 and 75 percent. This suggests that there may be room within the current market for overnight accommodations to reduce the number of STRs that are available for occupancy throughout the year in a way that encourages increased occupancy within the hotel and motel inventory. While this may constrain supply during some time periods, it may also have the effect of encouraging visitors to shift the timing of their visits to periods that are in less demand, which would have the added benefit of reducing congestion during peak season. Nonetheless, there may be limits to this approach, such as the reality that most households take vacations during the same periods of time due to correspondence in allowed vacation time and school schedules.

STR Regulation and Hotel Feasibility
While the primary aim of most STR regulatory regimes is to make housing more readily available and affordable for full-time occupancy, a common secondary aim is to facilitate the development of new hotel and motel development. Based on an update of the hotel analysis prepared for Placer County in 2020, BAE estimates that new hotel development in eastern
Placer County would be challenging under current market conditions. While ADR has improved since the prior analysis, construction costs have increased, and the available data on hotel occupancy suggest that the market average rate is lower than previously assumed.

Accounting for estimated increases in construction costs since the prior analysis was conducted, BAE estimates that average occupancy would need to increase from approximately 50 percent to around 60 percent to achieve the minimum yield on cost determined to reflect possible financial feasibility for new hotel development, assuming the current average ADR.
SUMMARY OF KEY FINDINGS

While the concept of renting out privately owned housing units short-term is not a new concept in eastern Placer County, the recent proliferation of units rented using online booking platforms like Airbnb and VRBO, has disrupted the broader lodging industry, distributing overnight visitor accommodations more broadly throughout the community, including into what had traditionally been more resident oriented neighborhoods. The conspicuous growth of the STR sector, along with observed nuisance issues and perceived impacts to the availability and pricing of long-term housing, are driving an increasing number of jurisdictions adopting new regulatory regimes, which vary significantly in scope and structure. These new regulatory regimes are all relatively new, with the first high profile policies being established in the mid-2010s; therefore, there is little research available to provide definitive direction to communities aiming to institute similar policies and regulatory structures. Also complicating the regulatory process is a need to balance sometimes contradictory policy objectives, as the regulation of STRs is likely to have impacts on not only STRs, but also the lodging and real estate industries; which in resort-oriented communities represent important constituencies.

Literature Review
The literature review conducted as part of this research found general consistency among the published, peer reviewed, academic literature indicating that there is likely a statistically significant relationship between STRs and the availability and affordability of long-term housing. While the magnitude of the impact was relatively modest in some cases, the significant growth in the STR sector likely translates into notable impacts to the long-term housing market. Nonetheless, STRs represent just one factor, among many, that are influencing long-term housing availability and affordability. One factor that likely has a significant impact on the long-term housing market, particularly during the recent Coronavirus pandemic, is strengthening demand for second homes throughout the Truckee North Tahoe Region; though the literature review also found that the ability to short-term rent residential property may likely contribute to the increase in demand for second homes; as property owners can monetize their property during periods when it may not otherwise be in use, which helps to offset their carrying costs, while allowing them to speculate on long-term capital appreciation. The literature similarly found that STRs do likely have an impact on hotel pricing and occupancy, suggesting that regulation of STRs is one approach to improving hotel viability.

STR Inventory Characteristics
The evaluation of Placer County’s database of active TOT certificates found that 4,420 units, roughly 28 percent of the total housing stock in eastern Placer County, was actively engaged in short-term rental activity during the most recent full fiscal year (i.e., 2020-2021), with another 1,445 units, or nine percent of the housing stock, which had registered TOT certificates, but which did not generate revenue. The analysis also found that while the inventory of traditional visitor accommodations (e.g., hotels and motels) remained relatively constant over time, the
number of STRs in the market has steadily increased, and that only three percent of STRs are associated with households that otherwise live in the unit full-time. Therefore, full time resident homeowners in eastern Placer County do not appear to be short-term renting their primary residences, while a significant portion of second home owners do appear to be short-term renting their homes, many of whom live outside the region. The analysis also found that the majority of STR units would be functionally suitable for full-time occupancy by workforce households, were they to be made available. Nonetheless, the literature review suggested, and the data analysis substantiated, that clusters of STRs in eastern Placer County are in proximity to areas where full time residency has been historically low, which may make those units potentially more desirable for use as STRs than workforce housing, in some cases.

**STR Revenue Generation**

While the magnitude of the impact that STRs have on the pricing of long-term housing suggest a relatively modest effect, the available data on occupancy and revenue generation for STRs located in eastern Placer County suggests that short-term renting can pose a significant financial benefit to property owners and managers, which translates into increased pricing for for-sale housing and decreased availability of long-term rentals (as well as price increases). The data indicate that STRs in the eastern County are occupied an average of 103 nights per year, which roughly corresponds with the number of weekend days in the calendar year. While STR occupancy is likely spread out unevenly throughout the year (i.e., some people say for a week or two, others for a night or two), this indicates that most STRs in eastern Placer County are occupied for significant portions of the year. An observed increase in average occupancy over time may also be indicative of increasing investor activity. The data also indicate that STR units generate around $35,000 annually, on average, with corresponds to just over $2,900 per month; though, again, STR revenue generation is likely to accrue unevenly, which makes short-term renting more advantageous for property owners with higher incomes or greater wealth who can absorb disruptions in revenue generation without risking loss of the unit and among those who wish to use the unit themselves. At this level, the revenue generated by an average STR in eastern Placer County is competitive with what the property owner could likely charge within the regional market for long-term rental housing.

**Hotel and Motel Feasibility**

It is quite difficult, based on the available data, to fully assess the balance between the supply of, and demand for, overnight accommodations in the eastern Placer County market. Occupancy rates across all types of overnight accommodations – including STRs, hotels and motels, and condotels and timeshares – were relatively low as of the 2020-2021 fiscal year, suggesting that the region may have a modest oversupply of available overnight accommodations. Prior research conducted by BAE on behalf of Placer County found that the target occupancy rate for many hotel properties ranges from 70 to 75 percent, with a current average across the hotel and motel sector of only around 50 percent. Additional analysis indicates that occupancy would need to increase to roughly 60 percent, or ADR to increase by 14 percent, to allow for minimal financial returns on development of a new hotel property.
BIBLIOGRAPHY


O’Brian, B. (2021). The Frontier Next Door: How short-term rentals affect housing in western mountain towns. Northern Arizona University, Department of Applied Geospatial Sciences, Master’s Thesis. Available at: https://scholar.colorado.edu/concern/undergraduate_honors_theses/qj72p806k


### Appendix A1: Residential Units with Revenue Generating TOT Certificates, Soda Springs/Serene Lakes, FY '20-'21

<table>
<thead>
<tr>
<th>TOT Certificates</th>
<th>Rental Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Apartment</td>
</tr>
<tr>
<td></td>
<td>Condo</td>
</tr>
<tr>
<td></td>
<td>Duplex</td>
</tr>
<tr>
<td></td>
<td>Home</td>
</tr>
<tr>
<td></td>
<td>Other</td>
</tr>
<tr>
<td></td>
<td>Triplex</td>
</tr>
</tbody>
</table>

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A2: Residential Units with Revenue Generating TOT Certificates, Olympic Valley/Alpine Meadows, FY '20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A3: Residential Units with Revenue Generating TOT Certificates, Northstar, FY ’20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021
Appendix A4: Residential Units with Revenue Generating TOT Certificates, Kings Beach/Carnelian Bay, FY ’20-’21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A5: Residential Units with Revenue Generating TOT Certificates, Tahoe City/Dollar Point, FY ’20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A6: Residential Units with Revenue Generating TOT Certificates, West Shore, FY '20-'21

Note: Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021
## Appendix B: Private Residential Rentals, Truckee North Tahoe Region, 2021

### Notes:
(a) This data was originally collected in mid-2021 as part of the Town of Truckee SB2 Housing Sites analysis prepared by BAE.
(b) Units listed as private rentals are independently owned, but most often are leased through a property management company.

**Sources:** Online Apartment Listings; BAE, 2021.

<table>
<thead>
<tr>
<th>Address</th>
<th>City/State</th>
<th>Beds</th>
<th>Sq. Ft.</th>
<th>Rent/ Month</th>
<th>Rent/ Sq. Ft.</th>
<th>Unit Type</th>
<th>Term of Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>10551 East Jibboom St.</td>
<td>Truckee</td>
<td>0</td>
<td>420</td>
<td>$1,545</td>
<td>$3.68</td>
<td>Unfurnished studio aps</td>
<td>1 yr</td>
</tr>
<tr>
<td>10069 Riverside Dr. #4</td>
<td>Truckee</td>
<td>0</td>
<td>300</td>
<td>$1,200</td>
<td>$4.00</td>
<td>Unfurnished apartment</td>
<td></td>
</tr>
<tr>
<td>1300 Regency Wy. #88</td>
<td>Kings Beach</td>
<td>0</td>
<td>436</td>
<td>$1,900</td>
<td>$4.36</td>
<td>Furnished apartment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Truckee</td>
<td>1</td>
<td>900</td>
<td>$2,900</td>
<td>$3.22</td>
<td>Furnished duplex</td>
<td>1 mo to 1 yr</td>
</tr>
<tr>
<td></td>
<td>Kings Beach</td>
<td>1</td>
<td>435</td>
<td>$1,400</td>
<td>$3.22</td>
<td>Unfurnished condo</td>
<td>1 yr</td>
</tr>
<tr>
<td></td>
<td>Carnelian Bay</td>
<td>1</td>
<td>$1,000</td>
<td></td>
<td></td>
<td>Furnished studio</td>
<td></td>
</tr>
<tr>
<td>1142 Dulzura Rd.</td>
<td>Soda Springs</td>
<td>1</td>
<td>500</td>
<td>$1,500</td>
<td>$3.00</td>
<td>Furnished apartment</td>
<td>6 mo</td>
</tr>
<tr>
<td></td>
<td>Truckee</td>
<td>2</td>
<td>1,000</td>
<td>$3,000</td>
<td>$3.00</td>
<td>Furnished single-family</td>
<td>6 mo</td>
</tr>
<tr>
<td></td>
<td>Tahoe City</td>
<td>2</td>
<td></td>
<td>$2,500</td>
<td></td>
<td>Furnished condo</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Truckee</td>
<td>3</td>
<td>1,700</td>
<td>$4,000</td>
<td>$2.35</td>
<td>Furnished single-family</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Truckee</td>
<td>3</td>
<td>1,384</td>
<td>$3,495</td>
<td>$2.53</td>
<td>Furnished single-family</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carnelian Bay</td>
<td>3</td>
<td>1,700</td>
<td>$2,500</td>
<td>$1.47</td>
<td>Unfurnished single-family</td>
<td></td>
</tr>
<tr>
<td>11691 Snow peak Wy.</td>
<td>Tahoe Donner</td>
<td>3</td>
<td>1,380</td>
<td>$4,500</td>
<td>$3.26</td>
<td>Furnished townhome</td>
<td>Flexible</td>
</tr>
<tr>
<td>11420 Dolomite Wy. #2</td>
<td>Truckee</td>
<td>3</td>
<td>1,337</td>
<td>$2,700</td>
<td>$2.02</td>
<td>Unfurnished apartment</td>
<td>Long-term only</td>
</tr>
<tr>
<td>11771 Riverview Ct.</td>
<td>Tahoe Donner</td>
<td>3</td>
<td>1,460</td>
<td>$3,900</td>
<td>$2.67</td>
<td>Furnished single-family</td>
<td>1 yr</td>
</tr>
<tr>
<td>14611 Alder Creek Rd.</td>
<td>Tahoe Donner</td>
<td>3</td>
<td>2,628</td>
<td>$8,500</td>
<td>$3.23</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>13770 Pathway Ave.</td>
<td>Tahoe Donner</td>
<td>4</td>
<td>3,489</td>
<td>$9,000</td>
<td>$2.58</td>
<td>Furnished single-family</td>
<td>1 mo to 1 yr</td>
</tr>
<tr>
<td>14801 Tyrol Rd.</td>
<td>Tahoe Donner</td>
<td>4</td>
<td>3,378</td>
<td>$8,850</td>
<td>$2.62</td>
<td>Furnished single-family</td>
<td>1 mo to 1 yr</td>
</tr>
<tr>
<td>21572 Donner Pass Rd.</td>
<td>Soda Springs</td>
<td>4</td>
<td>3,090</td>
<td>$6,800</td>
<td>$2.20</td>
<td>Furnished single-family</td>
<td>4 mo to full time</td>
</tr>
<tr>
<td>5769 Dodowah Rd.</td>
<td>Carnelian Bay</td>
<td>4</td>
<td>2,354</td>
<td>$9,000</td>
<td>$3.82</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>12693 Falcon Point Pl.</td>
<td>Tahoe Donner</td>
<td>5</td>
<td>6,000</td>
<td>$12,750</td>
<td>$2.13</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>249 Granite Chief Rd.</td>
<td>Olympic Valley</td>
<td>5</td>
<td>3,450</td>
<td>$19,000</td>
<td>$5.51</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>636 Olympic Dr.</td>
<td>Tahoe City</td>
<td>5</td>
<td>5,500</td>
<td>$25,000</td>
<td>$4.55</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>708 Clayton Wy.</td>
<td>Carnelian Bay</td>
<td>5</td>
<td>2,700</td>
<td>$8,250</td>
<td>$3.06</td>
<td>Furnished single-family</td>
<td></td>
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<tr>
<td>226 Rim Dr.</td>
<td>Tahoe Vista</td>
<td>5</td>
<td>2,974</td>
<td>$18,500</td>
<td>$6.22</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>1570 Queens Wy</td>
<td>Tahoe Vista</td>
<td>5</td>
<td>2,605</td>
<td>$12,500</td>
<td>$4.80</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
</tbody>
</table>
### Appendix C: CoStar Census of Hotel and Motel Properties, 2021 (Page 1 of 2)

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Submarket Name</th>
<th>Rooms</th>
<th>Hotel Class</th>
<th>Operation Type</th>
<th>Constr Status</th>
<th>Operational Status</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destination Hotels Resort At Squaw Creek</td>
<td>North Lake Tahoe</td>
<td>345</td>
<td>Luxury</td>
<td>Chain Management</td>
<td>Existing</td>
<td>Open</td>
<td>Alpine Meadows</td>
</tr>
<tr>
<td></td>
<td>North Lake Tahoe</td>
<td>4</td>
<td></td>
<td></td>
<td>Existing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carnelian Woods Lodge</td>
<td>North Lake Tahoe</td>
<td>32</td>
<td>Luxury</td>
<td>Independent</td>
<td>Existing</td>
<td>Open</td>
<td>Carnelian Bay</td>
</tr>
<tr>
<td>Sugar Bowl Resort</td>
<td>North Lake Tahoe</td>
<td>27</td>
<td>Upper Upscale</td>
<td>Independent</td>
<td>Existing</td>
<td>Open</td>
<td>Donner Summit</td>
</tr>
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<td>Homewood Mountain Resort</td>
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Sources: Costar; BAE, 2021.
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<th>Property Name</th>
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<th>Operation Type</th>
<th>Constr Status</th>
<th>Operational Status</th>
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Sources: Costar; BAE, 2021.
SUMMARY OF PROPOSED ORDINANCE CHANGES

ADMINISTRATION

- **STR Permit Timelines**
  Currently, all applicants must apply for STR permits annually, due March 31 each year. This has resulted in unbalanced staff time to communicate and process permits with applicants as well as for fire district staff who receive “a rush” of permits requesting fire and life safety inspections before March expiration dates each year. Staff proposes to move to a rolling permit timeline with privately managed permits expiring in one year and professionally managed permits expiring in three years. During conversations with local fire jurisdictions, fire staff also supported this timeline to more evenly distribute fire and life safety inspections throughout the year.

- **STR Permit Fees**
  STR permit fees are intended to cover costs associated with administering the STR program, including STR-related code compliance. STR permits are lower than what was anticipated, and overall program revenue associated with collection of STR permit fees is not fully covering the cost to administer the program. Staff are analyzing the total number of STR permits, including those operating under exemptions, to determine a permit fee that covers staff administration costs as well as increased fire inspections costs.

  Under the current ordinance, professionally managed properties pay $105 for the STR permit and $95.18 for the fire inspection, totaling $200.18. Privately managed properties pay $179 for the STR permit and $158.13 for the fire inspection, totaling $337.13. Professionally managed STRs only get life-safety inspections once every five years while privately managed STRs get life-safety inspections once every three years. Based on discussions with fire jurisdictions, staff proposes changing the frequency of those inspections, as described below under Operational Standards. With the increased frequency in inspections, it is anticipated that fees will increase, however, the professionally managed STRs will continue to have a lower fee than the privately managed STRs, as follows:

  - Professionally Managed Fee: Includes STR permit fee, life-safety inspection fee, and administration costs to cover enforcement for a three-year period
  - Privately Managed Fee: Includes STR permit fee, life-safety inspection fee, and administration costs to cover enforcement annually

- **Align STR Permit Intake System with TOT Certification System**
  The existing short-term rental (STR) application process requires customers to complete numerous forms using separate websites to complete a single STR application. This disjointed process leads to customer confusion; additional time to the processing of the permit; the inability for staff to efficiently track key metrics; and a lack of enforcement of the regulations. The current process requires applicants to register for a Transient Occupancy Tax (TOT) certificate through a website that Placer County (County) developed through Deckard Technologies, a software firm that specializes in STR and TOT data. The website allows for the registration of the TOT certificate and the remittance of TOT to the County on a quarterly/annual basis. Once a TOT certificate has been completed, the applicant must apply for a STR permit through CDRA’s Accela permit...
system. CDRA staff then reviews the STR applications and if all the necessary information is received and fees paid, a permit is issued.

These separate processes are inefficient and have led to issues that must be resolved. The main issues that staff has identified in the current application process include:

- **Deficiency of Fire Inspections**
  Currently applicants receive their STR permit approval prior to a fire inspection. Their approval documents include a notification to obtain a fire inspection; however, the current STR permit system does not actively track which STRs have a fire inspection or efficiently enforce the regulation.

- **Enforcement of TOT Certificates**
  Currently Deckard Technologies analyzes the major STR host websites for active listings and runs a report to compare active listings with existing TOT Certificates. When active listings are found that do not have TOT Certificates, a letter is sent to the owner informing them of the requirement. Presently, sending the notification letter is all that is done to ensure compliance, leading to lack of enforcement and ultimately a lack of TOT remittance. This issue only applies to properties that do not have and/or need a STR permit, since issuance of a STR permit requires a TOT Certificate number prior to approval.

- **Enforcement of Unpermitted STRs**
  Currently Deckard Technologies sends a report of active listings for the County to review against the permitted STRs in the Accela database, along with the list of STR exempt properties. This review is labor intensive and requires staff to review each address individually. This process is inefficient at tracking unpermitted STRs leading to difficulties in bringing unpermitted STRs into compliance.

Staff is working with Deckard Technologies to combine the TOT registration and the STR application functions into one website with a single database. The integration of the STR application and TOT certification will resolve the issues identified above. Fire inspections will be required prior to application issuance, TOT and STR information will be in a single database allowing for instantaneous filtering of results, and processes will be implemented to ensure regulation enforcement. Other benefits of the integrated system include consistency of data and reporting, and a user-friendly public interface. The new website and database is estimated to be complete prior to the effective date of this ordinance update.

- **Exemptions and Applicability of STR Ordinance**
  The current STR Ordinance outlines exemption provisions for STR properties where the property or STR operation can request an exemption from needing a STR permit. Exemptions may currently be granted at the discretion of the community development resource agency (CDRA) director, upon formal written request by the short-term rental owner and accompanying acknowledgment by the residential association demonstrating that there are requirements in place through the covenants, conditions and restrictions (CC&Rs) for noise, parking, and trash that satisfy the standards of this article, and that the residential association can demonstrate a history of enforcement of their requirements. The homeowner must certify the short-term rental is equipped with functioning smoke alarms, carbon monoxide detectors and fire extinguishers.
The exemption process has posed challenges for staff administration, fire and life safety, and enforcement. The exemption process is somewhat subjective, which has presented staff with challenges determining exemption status for some properties and entails a significant amount of staff time to coordinate with the applicant and review CC&Rs. Additionally, staff research has shown that properties with HOAs vary greatly in whether they actually enforce the CC&Rs pertaining to standards like occupancy and noise. Perhaps the most important point hinges on fire and life safety inspections. Current exemption language does not require regular fire safety inspections, which has become more prevalent in discussions with fire jurisdictions because many units in HOAs don’t receive or require regular fire and life safety inspections and there is often no record of when a unit was last inspected.

To streamline the STR application process to provide more efficiency with staff time and ensure safety and nuisance standards, staff are working to eliminate exemptions and better define the criteria for when units are subject to the STR ordinance. This would allow staff to better track the overall number of STR properties and apply standard nuisance and safety requirements to all STRs in East Placer. This change would increase the number of STR permits from a current estimated total of 2,510 STR permits to somewhere around 4,420 (includes only STR permits and active TOT certificates) depending on how many currently exempted properties with TOT certificates apply for permits and depending on potential Board action on limiting total number of permits allowed.

The following criteria would be used to make this determination:

- STR permits would be required for any unit, or portion thereof, assessed for residential use, excluding mobile or manufactured home units, rented for occupancy, dwelling, lodging, or sleeping purposes for a period of not less than one night and not more than thirty (30) days.
- STR permits would not be required for any use assessed as a commercial lodging use, such as a hotel, motel or a timeshare.

OPERATIONAL STANDARDS

- **Business License**
  The County Treasurer-Tax Collector has confirmed that business licenses are required for short-term rentals. These will be required on all STR permit applications. Professionally managed STRs could use the business license for the management company while privately managed STRs would require an individual business license.

- **STR Regulatory Trends on Nuisance Issues**
  Nuisance has been one of the largest topics of discussion. Based on research from other jurisdictions and conversations with stakeholders, the following refinements will be added to the ordinance.
  - Require permit applicant to list quantity and location of onsite parking in STR advertisements
  - Increased quiet hours from 9 p.m. to 8 a.m.
  - Prohibition of outdoor amplified sound
  - Daytime occupancy limits

- **Fire and Life Safety Inspections**
Staff has experienced challenges in tracking and accounting for properties that have had recent fire inspections and has documented many complaints due to outdoor fires with unsafe conditions. Under the current ordinance, exempted properties do not require regular fire safety inspections. For permitted STRs, fire inspections are required once every five years for a professionally managed STR or once every three years for a privately managed STR, but the inspections were not due prior to STR permit issuance and could therefore occur anytime during that three- or five-year period. Based on fire official feedback, fire officials supported more frequent fire and life safety inspection requirements, including inspection prior to STR permit application. However, some districts expressed concerns over staffing limitations and the ability to conduct inspections. Therefore, CDRA could consider hiring or transitioning a code compliance officer to conduct fire and life safety inspections to assist local fire jurisdictions that would like assistance. Additionally, permit fees will need to be adjusted to compensate for any additional inspection officers fire jurisdictions will need to hire based on new requirements.

The following ordinance components are being proposed:

- Inclusion of red flag day prohibitions
- Fire safety inspections required at permit application
- Lack of defensible space to be considered criteria for failure
- More frequent fire safety inspection requirements
  - Professionally managed STRs would require fire inspections every three years, due prior to permit issuance
  - Privately managed STRs would require fire inspections annually, due prior to permit issuance

**Preservation of Multifamily Housing**

Staff has heard substantial feedback during the last year from community members and business owners about multifamily properties being sold resulting in a loss of long-term rentals. The sales prices are often based on inflated price estimates that assume STR allowance of most if not all the units. Because of the high sales prices of these properties, business owners wanting to purchase them to provide housing for their employees have expressed a desire and need to short-term rent one unit to help offset costs and enable lower rents for employees. Staff has relied on TRPA definitions of multifamily dwellings, which state that vacation rentals are included, up to but not exceeding a four-plex. However, this provision still allows a significant portion of smaller multifamily properties to be used as STRs. TRPA staff has provided guidance that Placer County could take a stricter approach. Several potential purchasers of multifamily properties have requested financial assistance from the County to purchase the properties in exchange for deed restricting the units for local workers only. Rather than creating a new program that would require expenditure of County funds, staff recommend taking a more direct and financially conservative approach to better preserve the units as long-term residential uses through this ordinance. Therefore, staff are proposing the following ordinance amendment. It is estimated that this provision would take effect at least six to 12 months after adoption of the ordinance amendment to allow property owners time to transition existing STR units to long-term uses.

- Limit of one STR per property
  - Applies to multi-family and single-family under one ownership (e.g. apartment buildings or duplexes/triplexes, etc.)
  - Does not apply to properties under common ownership (i.e. condominiums)

**Posting Requirements**
To provide clearer communication of ordinance requirements to guests with the goal of preventing nuisance issues, staff are proposing the following ordinance amendments.

- Requirement for Good Neighbor Flyer to be posted in multiple locations inside unit
- Requirement for postings outside the unit (e.g. front window or on bear bin) to signify STR use and include STR Enforcement Hotline phone number
- Requirements for online and print advertisements
  - STR permit number
  - Maximum daytime and nighttime occupancy
  - Link to Good Neighbor Flyer
  - Location and quantity of onsite parking locations

FINES & ENFORCEMENT

- Fines and Enforcement
  Staff has researched fines from other jurisdictions and received feedback from outreach with stakeholder groups. Based on this research, staff will propose increasing fines to be more aligned with other jurisdictions, deter nuisance issues, maintain neighborhood character.
### California Jurisdictions

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Housing stock</th>
<th>STR Cap (% of total homes)</th>
<th>Geographic/Density Limitations</th>
<th>Hosting/Ownership Distinction</th>
<th>Enforcement</th>
<th>Effectiveness</th>
<th>Interview</th>
<th>Other</th>
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<tbody>
<tr>
<td>El Dorado County</td>
<td>8,900 (in Tahoe Basin)</td>
<td>900 (10.1%) in Tahoe Basin</td>
<td>500ft clustering</td>
<td>Yes, hosted rental does not need VHR permit</td>
<td>Fines $500-$1,000 and 3 strikes suspension up to 6 mths, 4th revoke</td>
<td>Too soon</td>
<td>Yes</td>
<td>interior, exterior posting and online advertising requirements</td>
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<tr>
<td>Mammoth Lakes</td>
<td>9,795 No STRs in Resi</td>
<td>Limited to RMF2, commercial, resort, specific plan zones</td>
<td>No</td>
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<td>Town of Mendocino</td>
<td>[10] vacation home rentals and [20] single 855 unit rentals</td>
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<td>Morro Bay</td>
<td>6,466 250 (3.8%)</td>
<td>Cap applies to residential zones only, parcel spacing of every 3 parcels</td>
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<td>Fines, 4 strikes revoke</td>
<td>Early success</td>
<td>Yes</td>
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<td>Paso Robles</td>
<td>11,426 325 (3%) non-hosted permits</td>
<td>Yes: no non-hosted rentals in MF, 100ft separation in SF Resi zoning</td>
<td>Yes, homeshares not subject to geographic separation</td>
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<td>Misdemeanor, fines $1,000, 3 strikes to revoke</td>
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<td>Santa Cruz</td>
<td>23316 250 (1%)</td>
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<td>Yes, non-hosted rental not permitted</td>
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<td>208,305 geo-specific</td>
<td>Zoning, restricted from certain X and AH designations</td>
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<td>interior posting and neighbor notification, advertising requirements</td>
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<td>14,450 No STRs in Resi</td>
<td>Zoning, restricted to tourist core</td>
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<td>Yes, primary owners can rent up to 30 days/yr, also have hosted rental exemption</td>
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<td>Too soon</td>
<td>Yes</td>
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### Out of State

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<th>STR Cap (% of total homes)</th>
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<th>Effectiveness</th>
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<td>Avon, CO</td>
<td>4,052 NA</td>
<td>Zoning map, prohibited in town core district</td>
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<td>operating w/out permit; back taxes and fines</td>
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<td>Bellingham, WA</td>
<td>101</td>
<td>Primary residence requirement (270 days or more)</td>
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<td>Clatsop County, OR</td>
<td>22,700 NA</td>
<td>NA</td>
<td>NA</td>
<td>3 strikes revoke</td>
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<td>Crested Butte, CO</td>
<td>1,098 30% (225 as of 2020)</td>
<td>Zoning map</td>
<td>30% cap on non-primary, no cap on primary but limited to 60 nights</td>
<td>operating w/out permit;2 year suspension</td>
<td>Neutral, still experiencing housing crisis, but maybe to a lesser degree</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Douglas County, NV</td>
<td>4,700 (in Tahoe Basin)</td>
<td>600 (12.8%)</td>
<td>3 tiers: owner occ, 10 occupants, &gt;10 occupants, 15% cap on resi, 20% cap on tourist core/MF</td>
<td>Yes</td>
<td>advertising w/out permit; $20,000 fine; 2 strikes for noise</td>
<td>Too soon</td>
<td>Yes</td>
<td>Size/occupancy tiers w/ higher permit fees; Ordinance under litigation</td>
</tr>
<tr>
<td>City</td>
<td>Population</td>
<td>Likely success</td>
<td>Zoning and certain planned developments; geographic parcel spacing of one permit per block</td>
<td>5 yr suspension if operating w/out permit</td>
<td>Restrictions via Business License, fees based on # of bedrooms</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------</td>
<td>----------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>-----------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durango, CO</td>
<td>7,922</td>
<td>Yes</td>
<td>Zoning and certain planned developments; geographic parcel spacing of one permit per block</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jackson, WY</td>
<td>4,736</td>
<td>No</td>
<td>unclear, must distinguish if within lodging overlay district or snow king resort district</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moab, UT</td>
<td>2,148</td>
<td>No</td>
<td>Commercial, no residential coupled with McKee Road Commercial District</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moab, UT</td>
<td>2,148</td>
<td>No</td>
<td>Commercial, no residential coupled with McKee Road Commercial District</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steamboat Springs, CO</td>
<td>9,868</td>
<td>No</td>
<td>Zoning, allowed in C2, C3, C4, Resort Commercial, no residential</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summit County, CO</td>
<td>30,652</td>
<td>No</td>
<td>Zoning, allowed in C2, C3, C4, Resort Commercial, no residential</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teton County, WY</td>
<td>7,922</td>
<td>Yes</td>
<td>Zoning, allowed in C2, C3, C4, Resort Commercial, no residential</td>
<td>5 yr suspension if operating w/out permit</td>
<td>2016 ordinance in place; neighbor noticing and advertising requirements</td>
<td>Ordinance update in progress</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
January 5, 2022

Stephanie Holloway, PE, TE
Tahoe Operations Manager
Executive Office | Tahoe
County of Placer
3091 County Center Drive, Suite 280
Auburn, CA 95603
SHollow@placer.ca.gov

Dear Ms. Holloway and Team:

BAE is pleased to provide you with the attached final report summarizing key findings from our analysis of trends in short-term rental (STR) activity in eastern Placer County and review of the current academic literature regarding the relationship between STR activity and the availability and affordability of long-term housing and hotel viability.

Per your request, we have updated the calculations pertaining to the share of the total housing stock in eastern Placer County that was engaged in short term rental activity in the 2020-2021 fiscal year based on the recently updated total housing unit estimate provided by the County.

If you have any additional questions regarding the analysis, please do not hesitate to contact me by email at aaronnousaine@bae1.com or by phone at (530) 750-2195.

Sincerely,

Aaron Nousaine
Associate Principal
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INTRODUCTION

Placer County contracted with BAE Urban Economics in mid-October of 2021 to assess the association between the prevalence of short-term rentals (STRs) in eastern Placer County and changes in the availability and affordability of long-term housing, as well as the impact of changes in STR supply on dedicated hotel and motel type uses.

Due to the inherent complexities associated with this topic, this research includes an initial review of the contemporary academic literature on the relationship between STRs and long-term housing availability and pricing, both rental and for-sale, recognizing that such research is conducted to a much higher standard compared to what may be possible within the current schedule and budget. Nonetheless, key findings from the literature provide useful indications of how STRs can impact local communities. Though less prevalent in the literature, the review also included studies that evaluate the impact of STRs on occupancy and pricing (e.g., average daily rates or ADR, etc.) for hotel and motel uses, and on local regulatory responses.

For the purposes of evaluating the current characteristics of STRs in eastern Placer County, as well as trends in the number of active STRs over time, BAE evaluated a number of potential data sources. This included information from two private data vendors, AirDNA and InsideAirbnb, both of which were determined to offer substandard data quality. The most complete and readily available data source was determined to be Placer County’s inventory of transient occupancy tax (TOT) certificates. Any transient occupancy uses, including STRs and traditional hotel properties, are legally required to register with the County and collect the applicable tax. The dataset includes attribute data, including property type and number of units, which was then used to identify the number of residential units being used for transient occupancy, as well as their respective occupancy rates and pricing. The analysis also includes an assessment of the total and per unit gross revenue generation from residential STRs and provides a comparison to contemporary housing costs.

As a final component, the report also reviews the available data on total overnight visitor demand and discusses the potential for reducing the number of STRs in the market in terms of the presence of relatively low occupancy rates within the current market, as opposed to what would be necessary to facilitate the financial feasibility of new hotel development.

Definition of an STR

For the purposes of this research, an STR use is considered to include real property that is generally designed for long-term residential use, including the availability of full kitchen and bathroom facilities, among other attributes. This differentiates STR units from more traditional hotel uses, which often lack full kitchen facilities, and are located in developments that are intended primarily for use by transient occupants (e.g., hotels, motels, condotels, etc.), including tourists and business travelers. STRs in this analysis include single-family homes,
duplex and triplex units, townhomes, condominiums, mobile homes, and apartment units. Types of property that primarily function as part of the more permanent inventory of visitor accommodations, as opposed to STRs that can readily transition between residential and visitor use, include hotel and motel properties, bed and breakfasts, time shares, and condotels. While there is some “gray area” inherent to this definition, it offers a way to operationalize the concept that aligns with the County’s priorities.

**New Online Booking Platforms**
The concept of renting privately owned housing units short-term is not a new concept in eastern Placer County. People have been renting vacation homes and signing ski leases for decades. In years past, listing a unit for rent often involved taking out an advertisement in a local newspaper or working with a local property management company. This was not always all that easy, particularly if aiming to rent the unit independently (e.g., vetting tenants), and came with sometimes significant costs (e.g., management fees, cleaning fees, etc.).

The landscape of the short-term rental market changed drastically starting in the mid-2000s with the introduction of HomeAway (now VRBO) and Airbnb, the first online platforms for booking private short-term rental accommodations. While Airbnb remains the most prominent platform in the market, other competitors have also emerged, including VRBO, Vacasa, Turnkey, FlipKey (owned by TripAdvisor), Booking.com, and Hotels.com, among others. Each platform provides a different suite of services. While all provide centralized online platforms for posting available listings and managing bookings, some go further to include traditional property management services, ranging from cleaning and restocking essential items, to development of tailored marketing materials (e.g., 3D walkthroughs, etc.). Different platforms also allow rental of single beds or bedrooms (e.g., hosted stays), as well as entire residential properties, or portions of properties (e.g., lock-offs, accessory dwelling units, etc.).

At the end of 2020, Airbnb participated in an initial public offering (IPO). As of its most recent shareholder letter, the platform had nearly 80 million nightly bookings worldwide, valued at nearly $12 billion. Though the exact size of the global STR market is unclear, as is the portion actively facilitated using online platforms, what is clear is that the market is growing rapidly. Major tourist destinations throughout the globe have taken note of a conspicuous increase in STR activity, as well as observed nuisance issues and perceived impacts to the availability and pricing of long-term housing. This has resulted in an increasing number of jurisdictions adopting new regulatory regimes, which vary significantly in scope and structure. Some communities are establishing limitations on the types of units that can be short-term rented, how many of those units may be active at any given point in time, and for how many nights per year each registered STR may be rented, among other common points of policy.

---

1 A condotel is a condominium property that facilitates the short-term rental of units in a centrally organized way, often including advertising of available rental listing, screening of prospective renters, provision of a staffed check-in desk, provision of periodic housekeeping services, and concierge services, among other amenities and benefits.
Recognizing the recent growth of interest in the impacts of STRs on local housing and tourist accommodations markets, BAE reviewed a total of 23 peer reviewed academic articles and industry publications on the subject, including 16 articles pertaining to housing market impacts, four articles on impacts to the hotel and motel industry, and three pertaining to local regulatory responses to growth in STR activity and efforts to mitigate observed impacts.

**Housing Availability and Affordability**

The contemporary literature on the relationship(s) between STRs and the availability and affordability of long-term housing is mainly focused on impacts within major urban tourist markets, such as Barcelona, London, Los Angeles, New York City, and San Francisco, among other locations. One study reviewed for this research included evaluation of the impact of STRs on 237 communities throughout Oregon, including smaller, more rural, communities (DiNatale, Lewis, and Parker, 2018). Despite being mainly focused on evaluating the impacts of STRs in urban settings, the literature nonetheless provides valuable quantitative documentation of the existence of real relationships between STRs and the conditions in the long-term housing market that can be used to interpret trends in eastern Placer County.

The contemporary academic literature reviewed for this study consistently found statistically significant relationships between proportionate increases in the number of STR listings and the availability and pricing of long-term housing, both rental and for-sale (Benitez-Aurioles and Tussyadiah, 2021; Zou, 2019; Barron, Kung, and Proserpio, 2018; Wachsmuth, Chaney, Kerrigan, Shillolo, and Basalaey-Binder, 2018; Wachsmuth, Kerrigan, Chaney, and Shillolo, 2017; Gurran and Phibbs, 2017; Lee, 2016; Merante and Horn, 2016; Sheppard and Udell, 2016). These studies also found that an increased prevalence of STRs incentivized the conversion of long-term rentals to STRs, in a process referred to as the ‘hotelization’ of the housing stock (Barron, Kung, and Proserpio, 2018; Lee, 2016). Only one study found that digitally marketed STRs had no meaningful impact on housing affordability (ECONorthwest, 2016); however that study was directly funded by HomeAway, an online STR platform, in response to proposed STR regulation in Seattle, and should be reviewed with caution.

Those studies that incorporated a geographic concentration element into their analysis generally determined that STRs tend to be concentrated in proximity to major tourist attractions, and that greater concentrations of STR listings correlated with more significant impacts to housing availability and pricing (Shokoohayar, Sobhani, and Sobhani, 2020; Zou, 2019; Wachsmuth, Kerrigan, Chaney, and Shillolo, 2017). The research also indicates that the negative effects of STRs are stronger in places with less owner-occupied housing and higher concentrations of multifamily rental housing (Barron, Kung, and Proserpio, 2018). Also, smaller communities with more limited inventories of available rental housing may experience...
disproportionate impacts (DiNatale, Lewis, and Parker, 2018). There is no specific mention of the impact of STRs in markets dominated by large numbers of second homes.

The available research generally indicates that the relationship between the prevalence of STRs and housing affordability is somewhat stronger for for-sale prices compared to rents (Benitez-Aurioles, Tussyadiah, 2021; Shokoohayar, Sobhani, and Sobhani, 2020). This is because for-sale home prices in areas with high concentrations of STRs are directly correlated with the revenue generating potential of the unit on the STR market. Rental housing prices, by comparison, are indirectly impacted by STRs through reductions in the available long-term rental housing supply, which increases pricing competition between renter households.

The research also identified an increasing prevalence of investor owners of STRs in certain markets, including a rise in owners with multiple properties. Zou (2019) indicates that “…urban space becomes more valuable as tourists and residents take advantage of STRs...with limited urban supply for new development, investors will seek to convert the existing housing stock into STRs, bidding up property prices and making life more difficult for first-time homebuyers and long-term renters.” Wachsmuth and Weisler (2018) similarly describe the increasing prevalence of investor owners as “gentrification without redevelopment,” adding that a price gap emerged between market rate long-term rents and STR revenue and “…a strong economic incentive followed for real estate investors to evict existing long-term tenants or to cash out existing homeowners. They then converted properties to STRs without building anything new.” Sheppard and Udell (2016) similarly found that STRs are often used as speculative assets which have the potential for capital appreciation over time, with the units generating rental income during the hold period to defray costs. These benefits, in some cases, entice investors to purchase properties not for their own use, and to hold onto properties for longer, since they can offset carrying costs.

Table 1, on the following page, summarizes the statistical relationships between the prevalence of STRs and long-term rental rates and for-sale home prices, as documented in the available literature. The magnitude of the impacts ranged from relatively marginal to fairly significant; though one article notes that while the coefficients seem marginal, the significant growth in the sector in recent years likely results in sizable cumulative impacts over time (Dogru, Mody, Suess, 2019).

Among the known limitations of the available academic literature are the possibility that the research has unknowingly omitted significant variables that have a bearing on the relationship between STRs and long-term housing availability and pricing. In addition, there is the common reliance on web-scraped data from Airbnb and other online platforms, which is known to be incomplete and sometimes inaccurate. Zou (2019) specifically indicates that “…any statement with a high level of confidence would require direct data from STR platforms with accurate details.” Therefore, the research findings summarized above should be interpreted with caution.
Table 1: Summary of Literature Review Findings of the Impacts of STRs on Rental and For-Sale Home Pricing

<table>
<thead>
<tr>
<th>Author</th>
<th>Published</th>
<th>Geography</th>
<th>Effect on Rents</th>
<th>Effect on Sale Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benitez-Aurioles et al.</td>
<td>2021</td>
<td>London</td>
<td>0.014% per 100 listings</td>
<td>0.032% per 100 listings</td>
</tr>
<tr>
<td>Zou</td>
<td>2019</td>
<td>Washington DC</td>
<td>n.a.</td>
<td>0.66% - &gt;5% Overall</td>
</tr>
<tr>
<td>Barron et al.</td>
<td>2018</td>
<td>United States</td>
<td>0.018% per 1% increase in STR listings</td>
<td>0.026% per 1% increase in STR listings</td>
</tr>
<tr>
<td>Wachsmuth et al.</td>
<td>2018</td>
<td>New York</td>
<td>1.4% over three years</td>
<td>n.a.</td>
</tr>
<tr>
<td>Lee</td>
<td>2016</td>
<td>Los Angeles</td>
<td>0.2% per 1% increase in STR listings</td>
<td>n.a.</td>
</tr>
<tr>
<td>Merante &amp; Horn</td>
<td>2016</td>
<td>Boston</td>
<td>0.4% per standard deviation</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sheppard &amp; Udell</td>
<td>2016</td>
<td>New York</td>
<td>n.a.</td>
<td>Doubling STRs equals 6.0-31%</td>
</tr>
</tbody>
</table>

Source: BAE, 2021.

Lodging Industry Occupancy and Rates
The available literature on the impact of STRs on the lodging industry is much less well developed compared to similar research on the impact on the housing market. BAE identified four recently published peer-reviewed studies. While the research results in the literature were somewhat mixed, there is a general indication that STRs likely do have an impact on the pricing of existing hotel and motel properties (O’Neill and Yeon, 2021; Yeon, Song, and Lee 2020), as well as average hotel and motel occupancy (Dogru, Mody, and Suess, 2019).

While Yeon, Song, and Lee (2020) found that STRs have a limited impact on luxury hotel properties and a greater impact on lower- and mid-tier properties, their study was published before Airbnb and VRBO began listing more luxury STR offerings. A more recent study published by O’Neill and Yeon (2021) found relatively consistent impacts across all hotel categories. The research generally found that the impacts were mainly limited to less aggressive pricing and did not consistently translate to reduced hotel occupancy (O’Neill and Yeon, 2021; Yeon, Song, and Lee 2020), though Dogru, Mody, and Suess (2019) did identify impacts to average hotel and motel occupancy, in addition to ADRs and revenue per available room night (RevPAR). The research also found that impacts were generally more limited to urban and tourist-oriented hotels compared to more suburban hotels oriented towards business travelers (O’Neill and Yeon, 2021).
Because STR supply is ‘instantaneous,’ it can readily supplement hotel inventory during peak periods, reducing the need to make significant investments in new hotel inventory that may go underutilized during much of the year. Zervas, Proserpio, and Byers (2017) found that Airbnb supply was 60 percent greater during the South by Southwest Festival (SXSW) in Texas compared the rest of the year, and that the impact on hotel revenues was 1.5 percentage points larger at that time, which they attribute to supply and demand dynamics rather than the “idiosyncratic preferences of the SXSW demographic.” The authors further indicate that a 10 percent increase in hotel room supply resulted in a 1.6 percent decrease in hotel room revenue, compared to a 0.39 percent decrease in hotel room revenue resulting from a similar increase (10 percent) in STR supply.

Table 2: Summary of Literature Review Findings of the Impacts of STRs on Revenue and Occupancy within the Permanent Lodging Inventory

<table>
<thead>
<tr>
<th>Author</th>
<th>Published</th>
<th>Geography</th>
<th>Effect on RevPAR</th>
<th>Effect on ADR</th>
<th>Effect on Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>O’Neill &amp; Yeon</td>
<td>2021</td>
<td>United States &amp; Europe</td>
<td>-0.05% to -0.08% per 1% increase in STR listings</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Dogru et al.</td>
<td>2019</td>
<td>United States (10 cities)</td>
<td>-0.02% per 1% increase in STR listings</td>
<td>-0.02% per 1% increase in STR listings</td>
<td>-0.001 to -0.004% per 1% increase in STR listings</td>
</tr>
<tr>
<td>Zervas et al.</td>
<td>2017</td>
<td>Austin Texas</td>
<td>n.a.</td>
<td>-0.04% per 1% increase in STR listings</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: BAE, 2021.
LOCAL CONDITIONS AND TRENDS

As noted in the introduction, BAE evaluated a number of potential data sources regarding the current and historical inventory of STRs in eastern Placer County. This includes data from two web-scraped data vendors, AirDNA and Inside AirBNB. Upon a review of the available data, in comparison to the County’s own TOT certificates database, the web-scraped data was determined to be inadequate for the purposes of this research due to lack of comprehensive coverage (i.e., represents a small sample with unknown sampling biases) and the need to extrapolate information regarding certain attributes, such as total and average occupancy.

The most complete data sets, which was also the most readily available, was Placer County’s existing database of properties that have TOT certificates. This data is reasonably comprehensive, as it covers all legally established visitor accommodations throughout the County, which are required to collect and submit TOT receipts. While issues do exist within the data set, such as occasionally missing attribute data (e.g., number of units on site, number of nights available or occupied, etc.), the database is largely complete and allows for an evaluation of change over time. It also includes a designation of the type of unit (i.e., single-family home, duplex or triplex unit, apartment, mobile home, condominium, hotel, motel, bed and breakfast, condotel, etc.) and location within the County (including designated County sub-areas, such as Kings Beach, Tahoe City, Northstar, etc.). The data also include the Assessor’s Parcel Number (APN), which allows it to be joined with the County’s parcel database, providing attribute data on things like number of bedrooms and homeowners exemption status.

The remainder of this section summarizes key findings from the analysis of the TOT certificates data, as well as the County’s inventory of permitted STRs, as of early October 2021. Supplemental information was also collected from CoStar on the inventory of hotel properties within the eastern County, which is presented along with the TOT certificates information.

STRs in the Eastern Placer Market

According to Placer County, there are a total of 17,431 housing units located in the eastern County as of December 2021. As shown in Figure 1, on the following page, roughly 13 percent of the total housing stock is estimated to be occupied by the property owner, while another nine percent is rented out long-term. The remaining 78 percent is held vacant for seasonal or occasional use (e.g., second homes).

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2 Web-scraped data refers to information that is collected through a periodic sampling of current online STR listings. The major online STR booking platforms keep information regarding online listings confidential to their own platform. Web-scraped data, therefore, represents one of only a few data sources regarding online STR listings.

3 Web-scraped data typically includes only the information that can be viewed by a prospective renter, including identified nights available and asking nightly rates. Occupancy is often then either left out of the dataset or extrapolated based on proprietary estimation methods that could not be independently verified.

4 Note that these figures are based on total housing units figure and owner occupied housing units as identified by Placer County. The number and proportion of housing units that are renter occupied is based on data from the
According to the County’s TOT certificates database, as of the 2020-2021 fiscal year, there were a total of 5,865 residential units in eastern Placer County with TOT certificates, which would be equal to approximately 34 percent of the current housing stock in the eastern County. Of those, 4,420 actively generated TOT revenue to the County, while another 1,445 did not. This suggests that around 25 percent of the total housing inventory in eastern Placer County was engaged in short-term rental activity during the fiscal year, while another eight percent had the capacity to do so, but were inactive. As of early October, Placer County reportedly had a total of 2,510 active STR permits, indicating that around 60 percent of all active STRs are permitted and non-exempt under the County’s current STR regulatory program.

Figure 1: Distribution of Housing Units by Use Type

Sources: Placer County; Census; BAE, 2021.

Increasing Market Share for STRs

Figures 2 and 3 illustrate the number of units with associated revenue generating TOT certificates (i.e., where TOT receipts are greater than zero) over time by type of property, including residential properties that were being rented short-term. Traditional hotel, motel, and bed and breakfast uses and condotel and timeshare properties are broken out separately.

2019 five-year American Community Survey. The portion of the housing stock that is vacant for seasonal or occasional use is based on the difference between these estimates.

As noted in the introduction, STRs in this case include single-family homes, duplex and triplex units, townhomes, condominiums, mobile homes, and apartment units. Properties that function as part of the more permanent inventory of visitor accommodations include hotels and motel, bed and breakfasts, time shares, and condotels.
The data indicate that there were 8,741 total units with revenue generating TOT certificates during the 2020-2021 fiscal year, which is a 57 percent increase from the 2009-2010 fiscal year. The data show that the number of hotel, motel, and bed and breakfast units in eastern Placer County has remained relatively constant between the 2009-2010 and 2020-2021 fiscal years. Meanwhile, eastern Placer County added more than 2,000 new condotel and timeshare units (a 147 percent increase; 8.6 percent per year) and more than 1,300 residential STRs (a 43 percent increase, 4.9 percent per year). While the increase in STRs occurred fairly gradually over time, changes in the number of condotel and timeshare units with revenue generating TOT certificates fluctuated significantly over time. The reason for this is not immediately clear. Figure 3 illustrates the same data as Figure 2, but with a slightly different breakout and chart format, illustrating that a majority of the growth in STRs occurred within the single-family housing stock, with more modest growth among short-term rented condominium units that are not associated with timeshare or condotel developments.
Figure 3: Cumulative Inventory of Transient Occupancy Accommodations, FY ’09-'10 to ’20-'21

Note:
(a) Includes single-family, plex, apartment, mobile home, and condominium units.
(b) The figure generally includes all housing units and hotel/motel rooms with TOT certificates where the amount of TOT received by Placer County is greater than zero.

Sources: Placer County; BAE, 2021.

County STR Permits
The Placer County Board of Supervisors adopted a Short-Term Rental Ordinance, Placer County Code Article 9.4.2, on November 19, 2019. The ordinance regulates the short-term rental of residential units that are rented for 30 days or less, typically including those advertised as vacation rentals. Under the ordinance, property owners are required to secure an STR permit that is renewed annually on April 1, with separate permits for each STR unit, as well as a TOT certificate. There are a number of exemptions under the current ordinance (Section 2.D and E), including for hotel and motel, timeshare, and resort properties, as well as properties that are part of homeowners’ associations that enforce CC&Rs that are aligned with the ordinance.

Figure 4, on the following page, illustrates growth in the number of active STR permits in eastern Placer County since establishment of the Short-Term Rental Ordinance. The data shows rapid growth in the number of permit applications and new permits through March of 2020 as the new regulations came into effect. The number of new STR permits which are still active that were issued since March of 2020 has grown steadily to a total of roughly 2,510; though the true total fluctuates quite frequently based on the receipt of new STR permit applications, as well as the expiration or withdrawal of existing permits.
STR Ownership and Management

One of the common narratives around short-term renting is that it can provide an important revenue stream that can help households offset the costs of homeownership. This is an important consideration in a market where many local households are struggling to secure for-sale housing. To estimate the extent to which owner households are short-term renting their primary residence, BAE joined the TOT certifications data to the Placer County Assessor’s parcel database using the Assessor’s Parcel Number (APN). The analysis then uses homeowner exemption status as a proxy for owner occupancy.6

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

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6 Under current state law, homeowners are eligible to claim a $7,000 reduction in taxable value for a qualifying owner-occupied home, defined as a person’s principal place of residence as of January 1st of the tax year.
Based on this information, BAE estimates that only around three percent of all STRs (i.e., residential units with revenue generating TOT certificates) in eastern Placer County in the 2020-2021 fiscal year were owner occupied, as illustrated in Figure 5 above. Another 1.5 percent of the STR inventory failed to join with the County’s current parcel database. The remaining 95.5 percent of residential properties with revenue generating TOT certificates in the 2020-2021 fiscal year were not associated parcels with homeowners’ exemptions, suggesting that the vast majority of STRs in eastern County are second homes.

Figure 6 reports additional data on the share of permitted STRs are professionally versus privately managed. The data indicate that just over 60 percent of permitted STRs are professionally managed.

**STR Unit Size Characteristics**

Figure 7, on the following page, illustrates the distribution of residential units with revenue generating TOT certificates by number of bedrooms. Similar to the data presented above, the figure below is based on the TOT certificates database joined with the County Assessor’s parcel inventory. This data indicates that approximately 67 percent of the STRs in eastern Placer County during the 2020-2021 fiscal year had between two and four bedrooms, with another 18 percent being studio and one-bedroom units. Only around six percent of units had five or more bedrooms, while around nine percent failed to join with the parcel inventory (i.e., no information on bedroom count). This indicates that a majority of the STR inventory is associated with residential units that would be functionally suitable for occupancy by workforce households (i.e., there were nearly 3,800 active STR units with four or fewer bedrooms in fiscal year 2020-2021), versus units with five or more bedrooms which are larger than most resident households would need.
**Figure 8: Percent of Residential Units with Revenue Generating TOT Certificates by Number of Bedrooms, FY '20-'21**

![Bar chart showing the distribution of residential units with revenue generating TOT certificates by number of bedrooms.](image)

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

**STRs by County Sub-Area**

Figure 8 illustrates the distribution of residential units with revenue generating TOT certificates by County sub-area in the 2020-2021 fiscal year, as well as the total change in the number of units between the 2009-2010 and 2020-2021 fiscal years. The data generally indicate that the areas around Northstar and Olympic Valley, as well as the West Shore, had the largest inventories of active STR units in the 2020-2021 fiscal year. The figure also shows significant concentrations of units in Tahoe City, Kings Beach, and Carnelian Bay. The areas that experienced the most robust growth in STRs also include Olympic Valley, the West Shore, Kings Beach, and Carnelian Bay. Notably, the Northstar area shows relatively little growth in the number of STR units at around 100 units over the decade.

**Figure 9: Residential Units with Revenue Generating TOT Certificates by County Sub-Area, Total FY '20-'21 and Change FY '09-'10 to FY '20-'21**

![Line graph showing the total number of residential units with revenue generating TOT certificates by county sub-area.](image)

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Figure 10: Residential Units with Revenue Generating TOT Certificates, Eastern Placer County, FY ’20-’21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
While the available information on the total number of housing units by sub-area is relatively limited, as the County’s sub-area definitions do not align with the available Census geographies, the data that is available from the five-year American Community Survey (ACS) suggests that around 50 percent of the total housing inventory in Olympic Valley was actively engaged in short-term renting, as was 47 percent of the housing stock in Carnelian Bay, 22 percent in Tahoe City, 20 percent in Kings Beach, and 19 percent in Tahoe Vista; though the comparisons are not exact and should be interpreted with caution.

Figure 9 further illustrates the distribution of residential units with revenue generating TOT certificates throughout eastern Placer County by unit type. Additional sub-area breakouts are provided in Appendix A. The figures clearly show that a majority of the STR inventory in most parts of eastern Placer County were single-family homes as of the 2020-2021 fiscal year; though the map does show notable concentrations of condominium units in places like Northstar, Olympic Valley, Kings Beach, Tahoe City, Carnelian Bay, and Homewood.

**STR Availability and Occupancy**

Figure 10 illustrates the distribution of residential units with revenue generating TOT certificates by the number of nights that the unit was available for rent in the 2020-2021 fiscal year. The data generally reflect the common practice among many STR owners and managers of listing units for large portions of the year. The unit is then short-term rented during periods of greater demand and either left vacant or is available for use by the owner during periods of lower demand. As reported in Table 3, on the following page, the average unit was listed for 250 nights during the 2020-2021 fiscal year. Historical data indicate that the average available nights per unit was virtually unchanged form the 2009-2010 fiscal year, with similar trends identified among the more permanent visitor accommodations inventory (i.e., hotels, motels, condomotels, etc.).

**Figure 11: Percent of Residential Units with Revenue Generating TOT Certificates by Nights Available for Rent, FY ’20-’21**

Note: Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Figure 11 similarly illustrates the distribution of residential units with revenue generating TOT certificates by the number of nights that the unit was actually occupied. These data indicate a broader distribution of units by nights occupied, reflecting both the preferences of the owners and managers, as well as the general market positioning of each unit (i.e., units in higher demand with willing owners and managers are occupied the greatest number of nights). As reported in Table 3, on the following page, the average unit was occupied as an STR for 103 nights during the 2020-2021 fiscal year. Historical data indicate that the average nights occupied per unit has changed significantly over time, up from 53 nights in the 2009-2010 fiscal year. This represents growth in average STR occupancy of 91 percent increase over the decade, or around six percent per year, which may imply growing investor activity in the local STR market. Occupancy among the more traditional visitor accommodation classes grew more modestly during the same period (i.e., 18 percent growth).

**Figure 12: Percent of Residential Units with Revenue Generating TOT Certificates by Occupancy Class, FY '20-'21**

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

Table 3, below, identifies the number of nights available, nights occupied, occupancy rate, ADR, and annual and monthly gross revenue for residential units with revenue generating TOT certificates for the 2020-2021 fiscal year, including the average and median, as well as the 1st and 3rd quartiles. The data generally indicate that there is not a great deal of variation in the number of nights each unit is listed as available for rent, reflecting the strategy discussed above. However, the number of nights occupied and resulting revenue varies. On average, residential units in eastern Placer County that are engaged in short-term rental activity were occupied a total of 103 nights in the 2020-2021 fiscal year. For reference, that is roughly the same as if the unit were rented every weekend night of the year; though it could be likely that those nights were distributed unevenly throughout the course of the year.
Table 3: Summary Statistics by Quartile, Residential Units with Revenue Generating TOT Certificates, FY ‘2020-’2021

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Nights Available</th>
<th>Nights Occupied</th>
<th>Occ. Rate</th>
<th>Average Daily Rate (ADR)</th>
<th>Annual Gross Revenue</th>
<th>monthly Gross Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quartile</td>
<td>174</td>
<td>39</td>
<td>22%</td>
<td>$221</td>
<td>$8,614</td>
<td>$718</td>
</tr>
<tr>
<td>Average</td>
<td>250</td>
<td>103</td>
<td>41%</td>
<td>$344</td>
<td>$35,320</td>
<td>$2,943</td>
</tr>
<tr>
<td>Median</td>
<td>274</td>
<td>88</td>
<td>32%</td>
<td>$286</td>
<td>$25,181</td>
<td>$2,098</td>
</tr>
<tr>
<td>3rd Quartile</td>
<td>362</td>
<td>153</td>
<td>42%</td>
<td>$309</td>
<td>$47,220</td>
<td>$3,935</td>
</tr>
</tbody>
</table>

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.

Average STR Revenue Generation
Table 3 reports that the ADR, or average daily rate, for residential units with revenue generating TOT certificates was $344 per night. This is roughly in line with the ADR for hotel and motel properties. Historical data indicate that the ADR for residential properties increased by $52 since the 2009-2010 fiscal year, which represents an increase of 18 percent, or around two percent per year.

The table also reports that based on the average occupancy and ADR, the average STR in eastern Placer County in the 2020-2021 fiscal year generated more than $35,000 in gross revenue to the property owner and/or manager. While it is clear that STR revenue accrues unevenly throughout the year, this averages out to just over $2,940 per month. Using the median occupancy and ADR results in a slightly lower figure of nearly $25,200 per year, or nearly $2,100 per month. Of course, individual STRs may generate significantly more or substantially less than the average and median figures noted above. For example, the data indicate that there were 276 residential units that generated more than $100,000, and up to more than $600,000, in gross revenue during the 2020-2021 fiscal year.

Based on current mortgage lending standards, the average monthly revenue from short-term renting, reported in Table 3, would be sufficient to offset roughly 50 to 55 percent of the monthly debt service payment on a median priced home in eastern Placer County,7 including payments of principal, interest, property taxes, and mortgage insurance. Comparison with data on private home rental listings collected by BAE for the Truckee North Tahoe market in mid-2021 (see Appendix B) indicate that both the median and average gross revenue figures above would likely be competitive compared to long-term rental rates in the current market.

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7 Data from ListSource indicate that the median priced residential unit in eastern Placer County from October 2020 to September 2021 was priced at $858,000, including all sales of single-family, townhome, and plex units.
Traditional Tourist Accommodations Supply
The current census of overnight accommodations from CoStar, a private real estate data vendor, identifies 46 hotel and motel properties in eastern Placer County with a total of 2,328 rooms across various hotel classes (e.g., luxury, mid-scale, economy, etc.). The full inventory is provided in Appendix C. However, comparison with the County’s TOT certificates database indicates that the CoStar census is incomplete, as the County has record of a total of 4,318 units in the hotel, motel, bed and breakfast, condotel, and timeshare market segments. According to the County’s data, the number of hotel, motel, and bed and breakfast units in eastern Placer County was relatively stable over time, while the County added more than 2,000 new condotel and timeshare units since the 2009-2010 fiscal year.

Demand for Transient Accommodations
There is relatively little information currently available that can provide perspective on the magnitude of demand for overnight accommodations in eastern Placer County. The most recent published information comes from a 2017 study prepared by Dean Runyan for the North Lake Tahoe Resort Association (NLTRA). While the report narrative describes the study area as including Placer County only, the map provided in the report shows that the study area includes the Town of Truckee; therefore, the demand estimates may not be fully translatable to the current research effort (i.e., represent demand for a larger study area).

Nonetheless, the Dean Runyan (2017) report indicates that as of 2016, there were approximately 2.6 million visitor days associated with persons staying in paid overnight accommodations in the North Lake Tahoe region, as they define it. This included 1.16 million visitor days among persons staying in hotel and motel accommodations, and 1.02 million visitor days among persons staying in rented condo and single-family homes (i.e., STRs). The report also indicates that there were 932,000 visitor days among persons staying in private and vacation homes and 125,000 visitor days among persons who stayed at campgrounds.

Table 4: North Lake Tahoe Visitation by Type of Accommodation, 2016

<table>
<thead>
<tr>
<th>Accommodation Type</th>
<th>Visitor Days</th>
<th>Length of Stay (Days)</th>
<th>Visitor Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel/B&amp;B</td>
<td>1,155,000</td>
<td>3.4</td>
<td>339,000</td>
</tr>
<tr>
<td>Rented Condo/Home</td>
<td>1,021,000</td>
<td>3.5</td>
<td>289,000</td>
</tr>
<tr>
<td>Private/Vacation Home</td>
<td>932,000</td>
<td>10.4</td>
<td>90,000</td>
</tr>
<tr>
<td>Campground</td>
<td>125,000</td>
<td>3.5</td>
<td>36,000</td>
</tr>
<tr>
<td>Day Trip</td>
<td>523,000</td>
<td>1.0</td>
<td>523,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,756,000</strong></td>
<td><strong>2.9</strong></td>
<td><strong>1,275,000</strong></td>
</tr>
</tbody>
</table>

Sources: Dean Runyan, 2016; BAE, 2021.
According to the annual Economic Impact of Travel in California report produced by Dean Runyan for Visit California, visitor spending on hotel, motel, and STR accommodations grew by 21 percent between 2016 and 2019, or around six percent per year. Further evaluation indicates that growth in gross visitor spending on accommodations generally corresponds to the proportionate growth in the ADR for all types of accommodations, as reported in the County’s TOT certificates database, making it difficult to use spending as the basis for projecting growth in overnight visitor demand.

The County’s TOT certificates database indicates that there were a total of 440,782 occupied unit nights across all accommodation types as of the 2009-2010 fiscal year, which nearly doubled to 801,733 as of the 2020-2021 fiscal year. This represents growth of 82 percent, or around 5.6 percent per year. The data show a similar growth rate between 2016 and 2019.

Managing the Accommodations Supply
The TOT certificates data indicate that the average occupancy rates for all accommodation types in the 2020-2021 fiscal year was 42 percent. Broken out by rental type, condotel and timeshare units had the lowest overall occupancy rate at 40 percent, followed by STRs at 41 percent and hotels at 50 percent. The data indicate that hotel occupancy rates have been on the decline since the 2016-2017 fiscal year, when the average occupancy rate was 58 percent, which may be attributable, in part, to the corresponding increase in the STR inventory, which has also experienced an increase in average occupancy over time, from 30 percent in the 2016-2017 fiscal year. While not a definitive finding, the relatively low occupancy rates across accommodation types may indicate that the current supply of overnight accommodations is, on average, more than adequate to serve demand in the current market.

Prior research conducted by BAE in early 2020 regarding the economic feasibility of new development in Town Centers within the Lake Tahoe Basin found that the target occupancy rate among many hotel operators and developers is typically between 70 and 75 percent. This suggests that there may be room within the current market for overnight accommodations to reduce the number of STRs that are available for occupancy throughout the year in a way that encourages increased occupancy within the hotel and motel inventory. While this may constrain supply during some time periods, it may also have the effect of encouraging visitors to shift the timing of their visits to periods that are in less demand, which would have the added benefit of reducing congestion during peak season. Nonetheless, there may be limits to this approach, such as the reality that most households take vacations during the same periods of time due to correspondence in allowed vacation time and school schedules.

STR Regulation and Hotel Feasibility
While the primary aim of most STR regulatory regimes is to make housing more readily available and affordable for full-time occupancy, a common secondary aim is to facilitate the development of new hotel and motel development. Based on an update of the hotel analysis prepared for Placer County in 2020, BAE estimates that new hotel development in eastern
Placer County would be challenging under current market conditions. While ADR has improved since the prior analysis, construction costs have increased, and the available data on hotel occupancy suggest that the market average rate is lower than previously assumed.

Accounting for estimated increases in construction costs since the prior analysis was conducted, BAE estimates that average occupancy would need to increase from approximately 50 percent to around 60 percent to achieve the minimum yield on cost determined to reflect possible financial feasibility for new hotel development, assuming the current average ADR.
SUMMARY OF KEY FINDINGS

While the concept of renting out privately owned housing units short-term is not a new concept in eastern Placer County, the recent proliferation of units rented using online booking platforms like Airbnb and VRBO, has disrupted the broader lodging industry, distributing overnight visitor accommodations more broadly throughout the community, including into what had traditionally been more resident oriented neighborhoods. The conspicuous growth of the STR sector, along with observed nuisance issues and perceived impacts to the availability and pricing of long-term housing, are driving an increasing number of jurisdictions adopting new regulatory regimes, which vary significantly in scope and structure. These new regulatory regimes are all relatively new, with the first high profile policies being established in the mid-2010s; therefore, there is little research available to provide definitive direction to communities aiming to institute similar policies and regulatory structures. Also complicating the regulatory process is a need to balance sometimes contradictory policy objectives, as the regulation of STRs is likely to have impacts on not only STRs, but also the lodging and real estate industries; which in resort-oriented communities represent important constituencies.

Literature Review
The literature review conducted as part of this research found general consistency among the published, peer reviewed, academic literature indicating that there is likely a statistically significant relationship between STRs and the availability and affordability of long-term housing. While the magnitude of the impact was relatively modest in some cases, the significant growth in the STR sector likely translates into notable impacts to the long-term housing market. Nonetheless, STRs represent just one factor, among many, that are influencing long-term housing availability and affordability. One factor that likely has a significant impact on the long-term housing market, particularly during the recent Coronavirus pandemic, is strengthening demand for second homes throughout the Truckee North Tahoe Region; though the literature review also found that the ability to short-term rent residential property may likely contribute to the increase in demand for second homes; as property owners can monetize their property during periods when it may not otherwise be in use, which helps to offset their carrying costs, while allowing them to speculate on long-term capital appreciation. The literature similarly found that STRs do likely have an impact on hotel pricing and occupancy, suggesting that regulation of STRs is one approach to improving hotel viability.

STR Inventory Characteristics
The evaluation of Placer County’s database of TOT certificates found that 5,865 residential units in the 2020-2021 fiscal year that were registered with the County to submit TOT, including 4,420 units (roughly 25 percent of the total housing stock in eastern Placer County) which actively submitted TOT revenue and another 1,445 units (eight percent of the housing stock) which did not generate revenue. The analysis also found that while the inventory of traditional visitor accommodations (e.g., hotels and motels) remained relatively constant over
time, the number of STRs in the market has steadily increased, and that only three percent of STRs are associated with households that otherwise live in the unit full-time. Therefore, full time resident homeowners in eastern Placer County do not appear to be short-term renting their primary residences, while a significant portion of second home owners do appear to be short-term renting their homes, many of whom live outside the region. The analysis also found that the majority of STR units would be functionally suitable for full-time occupancy by workforce households, were they to be made available. Nonetheless, the literature review suggested, and the data analysis substantiated, that clusters of STRs in eastern Placer County are in proximity to areas where full time residency has been historically low, which may make those units potentially more desirable for use as STRs than workforce housing, in some cases.

**STR Revenue Generation**

While the magnitude of the impact that STRs have on the pricing of long-term housing suggest a relatively modest effect, the available data on occupancy and revenue generation for STRs located in eastern Placer County suggests that short-term renting can pose a significant financial benefit to property owners and managers, which translates into increased pricing of for-sale housing and decreased availability of long-term rentals (as well as price increases). The data indicate that STRs in the eastern County are occupied an average of 103 nights per year, which roughly corresponds with the number of weekend days in the calendar year. While STR occupancy is likely spread out unevenly throughout the year (i.e., some people stay for a week or two, others for a night or two), this indicates that most STRs in eastern Placer County are occupied for significant portions of the year. An observed increase in average occupancy over time may also be indicative of increasing investor activity. The data also indicate that STR units generate around $35,000 annually, on average, which corresponds to just over $2,900 per month; though, again, STR revenue generation is likely to accrue unevenly, which makes short-term renting more advantageous for property owners with higher incomes or greater wealth who can absorb disruptions in revenue generation without risking loss of the unit and among those who wish to use the unit themselves. At this level, the revenue generated by an average STR in eastern Placer County is competitive with what the property owner could likely charge within the regional market for long-term rental housing on a gross basis.

**Hotel and Motel Feasibility**

It is quite difficult, based on the available data, to fully assess the balance between the supply of, and demand for, overnight accommodations in the eastern Placer County market. Occupancy rates across all types of overnight accommodations – including STRs, hotels and motels, and condotels and timeshares – were relatively low as of the 2020-2021 fiscal year, suggesting that the region may have a modest oversupply of available overnight accommodations. Prior research conducted by BAE on behalf of Placer County found that the target occupancy rate for many hotel properties ranges from 70 to 75 percent, with a current average across the hotel and motel sector of only around 50 percent. Additional analysis indicates that occupancy would need to increase to roughly 60 percent, or ADR to increase by 14 percent, to allow for minimal financial returns on development of a new hotel property.
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Appendix A1: Residential Units with Revenue Generating TOT Certificates, Soda Springs/Serene Lakes, FY ’20-’21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A2: Residential Units with Revenue Generating TOT Certificates, Olympic Valley/Alpine Meadows, FY '20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A3: Residential Units with Revenue Generating TOT Certificates, Northstar, FY ’20-'21

Note: Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021
Appendix A4: Residential Units with Revenue Generating TOT Certificates, Kings Beach/Carnelian Bay, FY '20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A5: Residential Units with Revenue Generating TOT Certificates, Tahoe City/Dollar Point, FY ’20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021.
Appendix A6: Residential Units with Revenue Generating TOT Certificates, West Shore, FY ’20-'21

Note:
Includes single-family, duplex and triplex, apartment, and condominium units with revenue generating TOT certificates.

Sources: Placer County; BAE, 2021
Appendix B: Private Residential Rentals, Truckee North Tahoe Region, 2021

<table>
<thead>
<tr>
<th>Address</th>
<th>City/State</th>
<th>Beds</th>
<th>Sq. Ft.</th>
<th>Rent/ Sq. Ft.</th>
<th>Unit Type</th>
<th>Term of Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>10551 East Jibboom St.</td>
<td>Truckee</td>
<td>0</td>
<td>420</td>
<td>$1,545</td>
<td>Unfurnished studio aps</td>
<td>1 yr</td>
</tr>
<tr>
<td>10069 Riverside Dr. #4</td>
<td>Truckee</td>
<td>0</td>
<td>300</td>
<td>$1,200</td>
<td>Unfurnished apartment</td>
<td></td>
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<tr>
<td>1300 Regency Wy. #88</td>
<td>Kings Beach</td>
<td>0</td>
<td>436</td>
<td>$1,900</td>
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<td></td>
<td>Truckee</td>
<td>1</td>
<td>900</td>
<td>$2,900</td>
<td>Furnished duplex</td>
<td>1 yr</td>
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<tr>
<td></td>
<td>Kings Beach</td>
<td>1</td>
<td>435</td>
<td>$1,400</td>
<td>Unfurnished condo</td>
<td>1 yr</td>
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<tr>
<td></td>
<td>Carnelian Bay</td>
<td>1</td>
<td>1</td>
<td>$1,000</td>
<td>Furnished studio</td>
<td></td>
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<tr>
<td>1142 Dulzura Rd.</td>
<td>Soda Springs</td>
<td>1</td>
<td>500</td>
<td>$1,500</td>
<td>Furnished apartment</td>
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<tr>
<td></td>
<td>Truckee</td>
<td>2</td>
<td>1,000</td>
<td>$3,000</td>
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<td>6 mo</td>
</tr>
<tr>
<td></td>
<td>Tahoe City</td>
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<td></td>
<td>$2,500</td>
<td>Furnished condo</td>
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<tr>
<td></td>
<td>Truckee</td>
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<tr>
<td></td>
<td>Truckee</td>
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<td>1,384</td>
<td>$3,495</td>
<td>Furnished single-family</td>
<td></td>
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<tr>
<td></td>
<td>Carnelian Bay</td>
<td>3</td>
<td>1,700</td>
<td>$2,500</td>
<td>Unfurnished single-family</td>
<td></td>
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<tr>
<td>11691 Snow peak Wy.</td>
<td>Tahoe Donner</td>
<td>3</td>
<td>1,380</td>
<td>$4,500</td>
<td>Furnished tow home</td>
<td>Flexible</td>
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<tr>
<td>11420 Dolomite Wy. #2</td>
<td>Truckee</td>
<td>3</td>
<td>1,337</td>
<td>$2,700</td>
<td>Unfurnished apartment</td>
<td>Long-term only</td>
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<tr>
<td>11771 Riverview Ct.</td>
<td>Tahoe Donner</td>
<td>3</td>
<td>1,460</td>
<td>$3,900</td>
<td>Furnished single-family</td>
<td>1 yr</td>
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<tr>
<td>14611 Alder Creek Rd.</td>
<td>Tahoe Donner</td>
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<td>2,628</td>
<td>$8,500</td>
<td>Furnished single-family</td>
<td>4 mo</td>
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<tr>
<td>13770 Pathway Ave.</td>
<td>Tahoe Donner</td>
<td>4</td>
<td>3,489</td>
<td>$9,000</td>
<td>Furnished single-family</td>
<td>1 mo to 1 yr</td>
</tr>
<tr>
<td>14801 Tyrol Rd.</td>
<td>Tahoe Donner</td>
<td>4</td>
<td>3,378</td>
<td>$8,850</td>
<td>Furnished single-family</td>
<td>1 mo to 1 yr</td>
</tr>
<tr>
<td>21572 Donner Pass Rd.</td>
<td>Soda Springs</td>
<td>4</td>
<td>3,090</td>
<td>$6,800</td>
<td>Furnished single-family</td>
<td>4 mo to full time</td>
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<tr>
<td>5769 Dodorah Rd.</td>
<td>Carnelian Bay</td>
<td>4</td>
<td>2,354</td>
<td>$9,000</td>
<td>Furnished single-family</td>
<td>4 mo</td>
</tr>
<tr>
<td>12693 Falcon Point Pl.</td>
<td>Tahoe Donner</td>
<td>5</td>
<td>6,000</td>
<td>$12,750</td>
<td>Furnished single-family</td>
<td>4 mo</td>
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<td>249 Granite Chief Rd.</td>
<td>Olympic Valley</td>
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<td>3,450</td>
<td>$19,000</td>
<td>Furnished single-family</td>
<td>4 mo</td>
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<tr>
<td>636 Olympic Dr.</td>
<td>Tahoe City</td>
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<td>5,500</td>
<td>$25,000</td>
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<tr>
<td>708 Clayton Wy.</td>
<td>Carnelian Bay</td>
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<td>2,700</td>
<td>$8,250</td>
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<td>226 Rim Dr.</td>
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<td>2,974</td>
<td>$18,500</td>
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<td>2,605</td>
<td>$12,500</td>
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Notes:
(a) This data was originally collected in mid-2021 as part of the Town of Truckee SB2 Housing Sites analysis prepared by BAE.
(b) Units listed as private rentals are independently owned, but most often are leased through a property management company.

Sources: Online Apartment Listings; BAE, 2021.
### Appendix C: CoStar Census of Hotel and Motel Properties, 2021 (Page 1 of 2)

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Submarket Name</th>
<th>Rooms</th>
<th>Hotel Class</th>
<th>Operation Type</th>
<th>Constr Status</th>
<th>Operational Status</th>
<th>City</th>
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<tbody>
<tr>
<td>Destination Hotels Resort At Squaw Creek</td>
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</table>

Sources: Costar; BAE, 2021.
<table>
<thead>
<tr>
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<th>Operation Type</th>
<th>Constr Status</th>
<th>Operational Status</th>
<th>City</th>
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</table>

Sources: Costar; BAE, 2021.