



MEMORANDUM
COMMUNITY DEVELOPMENT RESOURCE AGENCY
ADMINISTRATION
County of Placer

TO: Honorable Board of Supervisors **DATE:** June 28, 2022
FROM: David Kwong, Agency Director
BY: Crystal Jacobsen, Deputy Director, and Jasmyn Carr, Staff Services Analyst
SUBJECT: Short-Term Rental Program Implementation – Update

ACTION REQUESTED

1. Receive an update on implementation of the County’s Short-Term Rental Program in Tahoe.

BACKGROUND

The Board of Supervisors (Board) established the Short-Term Rental (STR) program and fee schedule on November 19, 2019. The STR program requires owners of STRs located in Eastern Placer County (as described in Placer County Code Section 9.42.010) to obtain a STR permit. The fee schedule was established to offset the cost of providing the STR permit program, including periodic fire inspections.

At the January 25, 2022, Board hearing the Board also discussed strategic goals related to the STR program and provided direction to staff on implementation of a new ordinance, requesting staff focus on adaptive management and providing annual reports to the Board. On February 8, 2022, the Board adopted the ordinance to repeal and replace Chapter 9, Article 9.42 of the Placer County Code, which went into effect on March 11, 2022. On March 8, 2022, the Board adopted the ordinance to adjust the STR fee schedule offsetting the cost of the updated STR program.

The updated STR Ordinance contains several new provisions that significantly expanded the STR program. A substantial amount of STRs in the region were previously exempted from the Ordinance. Under the new Ordinance, the majority of these rentals are now subject to the Ordinance and require STR permits. Key changes to the STR program include the following:

- Establishment of a 3,900 cap of STR permits
- Elimination of previous exemption provisions
- A 30-night per year rental requirement
- Increased frequency of fire life safety inspections
- Stricter operational and enforcement standards
- Limit of one STR per property
- Increased fines and penalties

At the January 25, 2022, Board hearing the Board also discussed strategic goals related to the STR program and provided direction to staff on implementation of the ordinance, requesting

staff focus on adaptive management including monitoring key metrics, forming a stakeholder working group to provide ongoing input, and providing annual reports to the Board.

Since adoption of the ordinance, staff has begun to implement the new STR ordinance and administer the revised program. This report provides a status update of staff's efforts to date.

REVISED STR PROGRAM LAUNCH

Following adoption of the STR ordinance and fee schedule, staff has focused on launching the new STR program and 2022 STR permit cycle, which began on April 1, 2022. Key focus areas have been on staff recruitment, onboarding, and training, building a new STR website permit platform that is aligned with the Transient Occupancy Tax (TOT) certification system, developing a revised permit intake/issuance and enforcement process, and coordinating with the Tahoe fire districts on STR inspections.

STAFFING RESOURCES

As noted above, the updated STR ordinance contains several new provisions that significantly expanded the STR program. This expansion resulted in the need to enlarge the Tahoe City-based STR staff program administration and enforcement teams. The following positions have been filled or are undergoing recruitment:

- STR Program Administration:
 - STR Program Manager – Recruitment closed and applications currently being screened
 - STR Analyst – Position accepted and staff onboarding/training
 - STR Administrative Technician – Recruitment closed and interviews scheduled
 - STR Administrative Clerk – Recruitment ongoing
- STR Enforcement:
 - Code Compliance Supervisor – Position filled, supervises Tahoe Code/STR team
 - Code Compliance Officers – Four positions filled, recruitment ongoing for one additional position

STR PERMIT PLATFORM

In an effort to align the STR permitting process with the TOT certification system, staff worked with Deckard Technologies, a software firm that specializes in STR and TOT data, 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 system into one website is intended to resolve issues related to customer confusion about the disjointed processes and to streamline the permitting process, to improve staff's ability to efficiently track key metrics, and to improve enforcement of STR operations. The new website launched on April 1, 2022 and staff has been processing STR permits and TOT certificates since. While staff has identified some areas of the permitting platform that require troubleshooting, in general the new permitting website is operating effectively and the launch of the 2022 STR permit cycle was successful.

2022 STR PERMIT COUNTS

The updated STR ordinance establishes a cap limiting STRs in east Placer to 3,900. It also eliminates previous exemption provisions so that previously exempt properties are now required to obtain permits. In 2021 roughly 2,550 STR permits were issued (excluding approximately 760 STR properties which were approved as exempt). Staff expects to see approximately 3,300-3,400 permit renewals and applications for STR properties that were previously exempt under the former ordinance. Updated STR Ordinance outlines a permit priority process for the 2022 STR permit cycle as follows:

1. Priority 1 – STR permit renewals (~2,550) have priority permitting until July 1, 2022.
2. Priority 2 – STR properties with approved exemptions (~760) have priority permitting until July 1, 2022.
3. Priority 3 – New STR permits may apply on or after April 1, 2022, however the permit applications may not be processed or issued until July 1, 2022, and on a first come first served basis until the cap is reached.
4. Waitlist – Once the cap is reached all STR permit application requests will be put on a waitlist and applications will be processed as permits become available.

As of June 1, 2022 the cap has not been reached and a waitlist has not been established.

2022 STR Permit Applications Received as of June 1	
STR Permit Renewals and Previously Exempted Properties	1,897
New STRs	574
Total	2,471
Issued	951

STR ENFORCEMENT

The updated STR ordinance includes stricter operational and enforcement standards and fines. Since adoption of the updated ordinance the STR enforcement team has conducted outreach and education to STR permit holders, property managers and the community, focusing on getting the message out about the new operational provisions and increased fines and penalties. Anecdotally, STR staff is hearing that STR permit holders and property managers understand the stricter operational standards and increased fines and penalties and are working diligently to maintain compliance. Since April 1, 2022 two citations/fines have been issued and one appeal hearing has been conducted.

STR FIRE DISTRICT COORDINATION/INSPECTIONS

A provision of the updated ordinance requires that every STR conduct a life-safety inspection (annually for privately managed STRs and every three years for professionally managed STRs) and an annual defensible space inspection for all STRs to ensure the rental complies with safety standards set out in the ordinance. The updated ordinance requires all current permit holders to conduct a life-safety inspection and defensible space inspection by March 31, 2023. That said, staff has been coordinating with the Tahoe fire districts to outline an implementation plan to

ensure that STR properties comply with this provision before they renew their permits in 2023.

Historically, four districts have conducted STR life-safety inspections through executed memorandums of understanding (MOUs), the North Tahoe Fire Protection District/Alpine Meadows County Water District, the Olympic Valley Public Service District (including a fire department), the Truckee Fire Protection District, and the Northstar Community Service District (including a fire department). Based on recent discussions with the fire districts, Olympic Valley Public Service District and Northstar Community Service District have opted out of conducting the life-safety inspections and have terminated their STR life-safety inspection MOUs so County staff will conduct life-safety inspections for STR permitted properties in these districts. The Truckee Fire Protection District and the North Tahoe Fire Protection District/Alpine Meadows County Water District have indicated that they will continue to conduct life-safety inspections and accordingly, the MOUs with these districts are being modified. The North Tahoe Fire Protection District/Alpine Meadows County Water District continues to monitor its inspection workload and may request County inspection assistance if necessary. All four districts will conduct defensible space inspections for permitted STR properties.

The following provides a breakdown of 2022 STR permit applications to date by fire district, which illustrates the current number of inspections anticipated within each district:

Fire District	2022 STR Permit Applications Received
North Tahoe Fire Protection District/ Alpine Meadows County Water District	690
Olympic Valley Public Service District	27
Truckee Fire Protection District	36
Northstar Community Service District	197
Other	1

ADAPTIVE MANAGEMENT

As directed by the Board, staff is also developing an adaptive management component as part of the STR program. The adaptive management will include monitoring key metrics and forming a stakeholder working group to provide ongoing input and providing annual reports to the Board. This component of the STR program will be managed by the STR administrative team with focus on the following over the next few months:

- Forming a STR stakeholder working group
- Tracking and analyzing data related to residential units, new tourist accommodation units, short-term rental units, complaint/citation/appeal data, officer response time and frequency data
- Conducting ongoing research/monitoring of other STR programs and trends
- Providing quarterly program review and reporting to stakeholder groups and annual updates to

the Board

- Preparing ordinance revisions driven by metrics and working group input
- Conducting public outreach and education, and
- Conducting fee analysis and preparing fee updates as needed.

ENVIRONMENTAL IMPACT

The requested action does not constitute a project under the California Environmental Quality Act because it does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

FISCAL IMPACT

Total STR program costs for FY2022/2023 are estimated at \$1,421,015. With adoption of the STR fee adjustment in March 2022, which set the STR permit fee at \$306.00, it was anticipated that permit fees would cover 75 percent or \$1,065,761 of the program costs. The remaining 25 percent are costs associated with enforcement of the STR Ordinance and would be funding by revenues from STR enforcement fines, TOT and/or General Fund to fully reimburse the enforcement costs of the STR program. Based on the existing 2,471 permit applications received to date, the County has generated \$756,126 in permit fees.

