



MEMORANDUM
COMMUNITY DEVELOPMENT RESOURCE AGENCY
ADMINISTRATION
County of Placer

TO: Honorable Board of Supervisors **DATE:** October 25, 2022
FROM: David Kwong, Agency Director
BY: Emily Setzer, Principal Planner, 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 an updated ordinance, requesting staff focus on adaptive management and providing annual reports to the Board. On February 8, 2022, the Board adopted an 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 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

Since adoption of the ordinance, staff has begun to implement the new STR ordinance and administer the revised program. On June 28, 2022, staff presented an overview of the program implementation to date. This report provides a status update of staff’s efforts since the new 2022 STR permit cycle began.

REVISED STR PROGRAM LAUNCH

Following the end of the moratorium, the 2022 STR permit cycle began on April 1, 2022. Key focus areas have been on staff recruitment, onboarding, training, refining 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 fire and life safety inspections between County staff and North Tahoe Fire Protection District.

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:

Position	Status
Principal Planner/ STR Program Manager	Onboarded
STR Analyst	Onboarded
STR Administrative Tech	Onboarded
STR Administrative Clerk	Interviews in process
Code Compliance Supervisor	Onboarded
Code Compliance Officers	Four filled, one departure, recruiting one

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. Staff has been working closely with Deckard to refine the system to ensure it operates efficiently. Staff are already working with Deckard to plan for the permit renewal process that will begin April 1, 2023.

2022 STR PERMIT COUNTS

The updated STR ordinance establishes a cap limiting STRs in east Placer to 3,900, which is roughly 20 percent of East Placer's housing units. It also eliminates previous exemption provisions so that previously exempt properties are now required to obtain permits. As of September 6, 2022, staff had received a total of 3,128 permit applications. The cap has not been reached and a waitlist has not been established. The rate of applications has decreased and has averaged about 20 applications per week for the last two months. If this pace were to continue, we would not hit the cap until approximately May, 2023.

For comparison, in 2021, roughly 2,550 STR permits were issued (excluding approximately 760 STR properties which were approved as exempt). Staff expected to see approximately 3,300-3,400 permit renewals and applications for STR properties that were previously exempt under the former ordinance.

The updated STR ordinance outlined a permit priority process for the 2022 STR permit cycle as follows:

1. Priority 1 – STR permit renewals (~2,550) had priority permitting until July 1, 2022.
2. Priority 2 – STR properties with previously approved exemptions (~760) had priority permitting until July 1, 2022.
3. Priority 3 – New STR permits could apply on or after April 1, 2022 but wouldn't be processed or issued until July 1, 2022, 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
5. Applications will be processed as permits become available.

2022 STR Permit Applications Received as of September 6, 2022	
Issued Permits	2,334
Pending Permits	797
Total	3,131

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 focused on conducting outreach and education to STR permit holders, property managers, visitors, and the local community, focusing on getting the message out about the new operational provisions and increased fines and penalties. With the onset of the new program manager, the team is continuing education while also focusing on citations and enforcement. The table below shows compliance data from April 1, 2022 to September 6, 2022. Half of all complaints were related to noise, a quarter were related to trash, and about 17 percent were related to parking.

Compliance Data from April 1, 2022 - September 6, 2022	
Total Complaints	141
Total Citations Issued	13
Appeal Hearings Conducted	4

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. 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). Staff coordinated with the Tahoe fire districts to ensure that STR properties comply with this provision before they renew their permits in 2023. On June 14, 2022, an MOU between the County and Truckee Fire Protection District Board of Director's was approved to continue STR life-safety inspections. An updated MOU with North Tahoe Fire Protection District was approved on October 11, 2022 to allow North Tahoe Fire to conduct life-safety inspections to satisfy the ordinance. 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 for

the STR program and have terminated their STR life-safety inspection MOUs for this year so County staff is conducting life-safety inspections for STR permitted properties in these districts. All four districts are conducting defensible space inspections for permitted STR properties.

The following provides a breakdown of 2022 STR permit applications to date by fire district as of September 10, 2022, which illustrates the current number of inspections anticipated within each district:

Fire District	2022 STR Permit Applications Issued
North Tahoe Fire Protection District/ Alpine Meadows County Water District	1,727
Olympic Valley Public Service District	97
Truckee Fire Protection District	111
Northstar Community Service District	397
Other	2

ADAPTIVE MANAGEMENT

As directed by the Board, staff is also developing an adaptive management component as part of the STR program. The adaptive management includes monitoring key metrics, community and permit holder feedback, the formation of a stakeholder working group to provide ongoing input, and annual reports to the Board. The following initiatives have begun since the beginning of September:

- Community-wide public survey
 - Staff released a survey to the East Placer community and stakeholders, released from August 23, 2022 to September 2, 2022. The survey (See Attachment A for results) received 635 responses – 328 who live in East Placer and 307 who own an STR in East Placer.
- Survey to Non-Renewals
 - To better understand why some previous permit holders did not renew, staff sent a survey (See Attachment B for results) to about 690 previous permit holders who did not renew for the 2022 cycle. Staff received 21 responses.
- Stakeholder Working Group
 - Staff formed a stakeholder working group comprised of community members, STR owners, business owners, realtors, fire district staff, and industry representatives. The stakeholder working group which met for the first time on September 20, 2022 and will meet quarterly thereafter. The purpose is to review permit and compliance data from the beginning of the new ordinance implementation to date, and to brainstorm on what is working well and what could be improved. The group’s feedback will be incorporated into program management and potential code amendments.
- Data Tracking
 - Staff has been using Rentalscape to collect and process STR permit applications and fee payments. Once an STR permit is issued, staff are able to track a variety

of details about our STR permit holders including, the property and dwelling type, if the property is professionally or privately managed, the type of ownership, if the property is owner-occupied and the maximum occupancy for the rental property. This information is used to support processes with partner departments such as Revenue Services, Code Compliance, the Treasurer-Tax Collector and Assessor Records offices, as well as the fire districts.

- List of Potential Ordinance Amendments
 - Staff has compiled a list of suggestions received from community members, STR permit holders and operators, as well as fire district staff for consideration. They include potential refinements to the fire inspection requirements, nightly minimums for fulltime residents, the maximum cap and who it applies to, business license requirements, and cleanups to the penalties section to better enable enforcement of nuisances. Staff will work with the stakeholder working group to review and bring forward proposed amendments, tentatively targeted for Winter 2022/2023.

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

This item does not have a fiscal impact as it is just an update on the implementation of the STR program. 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 funded by revenues from STR enforcement fines, TOT and/or General Fund to fully reimburse the enforcement costs of the STR program. Based on the 3,128 permit applications received as of September 6, 2022, the County generated \$957,168 in permit fees. As this is an update on the program, staff will return to the Board if any budget amendments are needed.

ATTACHMENTS

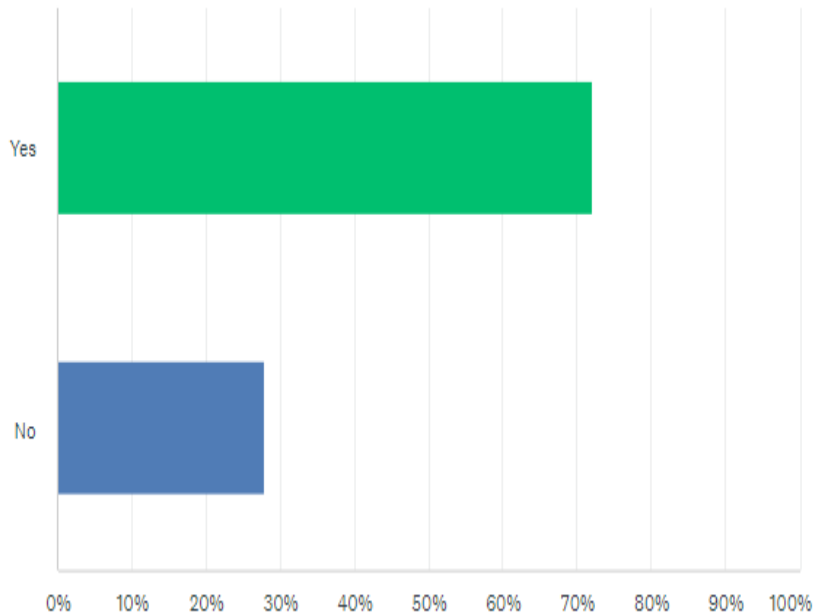
Attachment A: Public Survey Results

Attachment B: Previous STR Permit Holder Survey Results

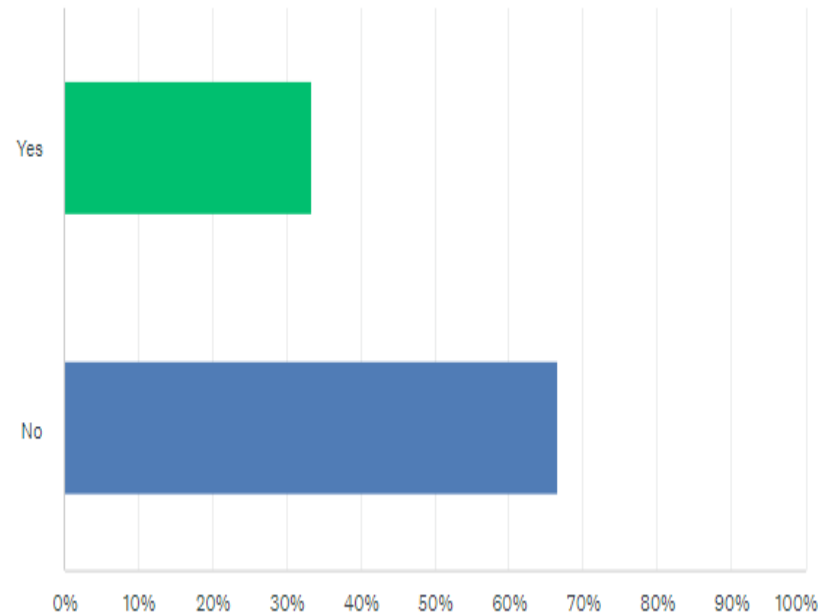
Attachment A: Public Survey Results

Respondents Who Live in East Placer

Have you had any issues with a STR in your neighborhood?

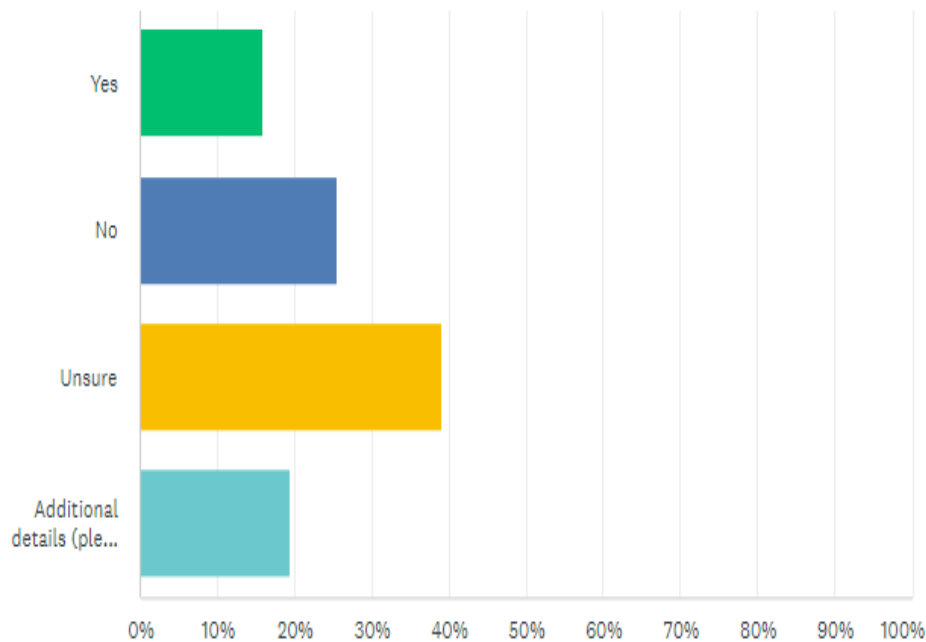


If yes, have you reported any violations to Placer County Code Compliance?

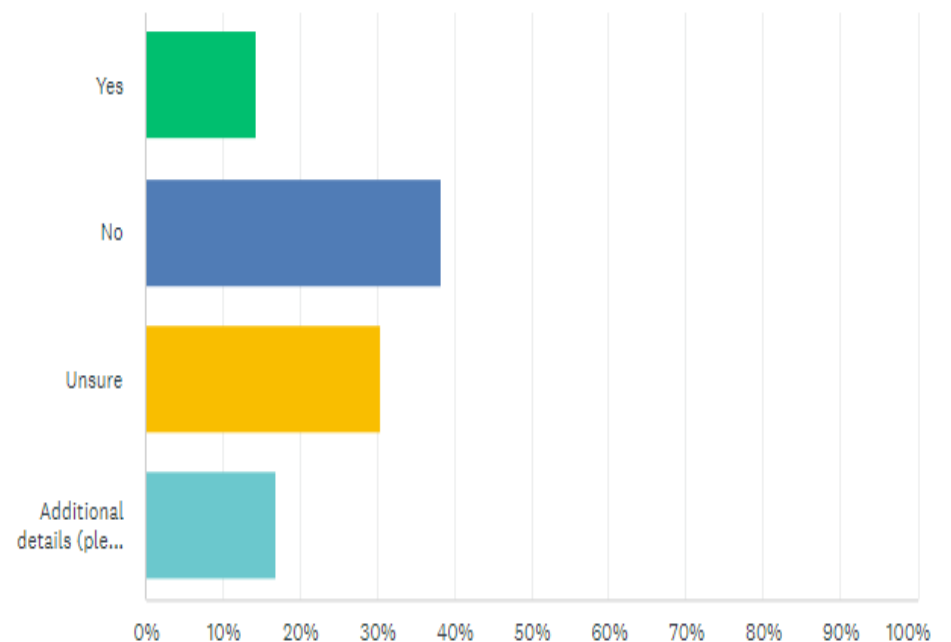


Respondents Who Live in East Placer

Under the new STR Ordinance that took effect in April, have you noticed improvements in Code Compliance responses to nuisances and/or violations?

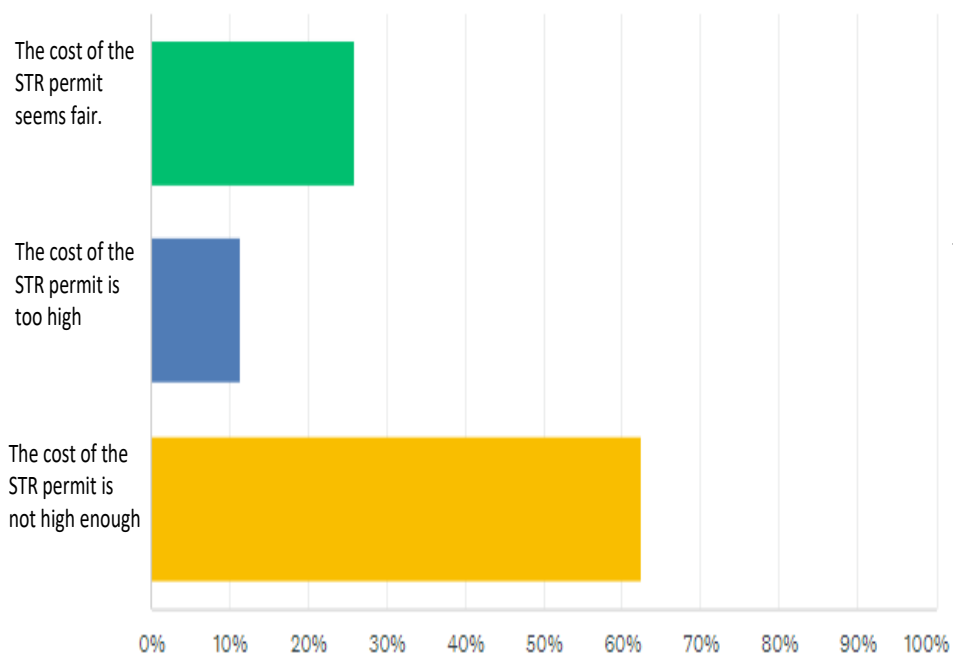


Under the new Short Term Rental Ordinance that took effect in April, have you noticed decreases in nuisances and/or violations from STRs?

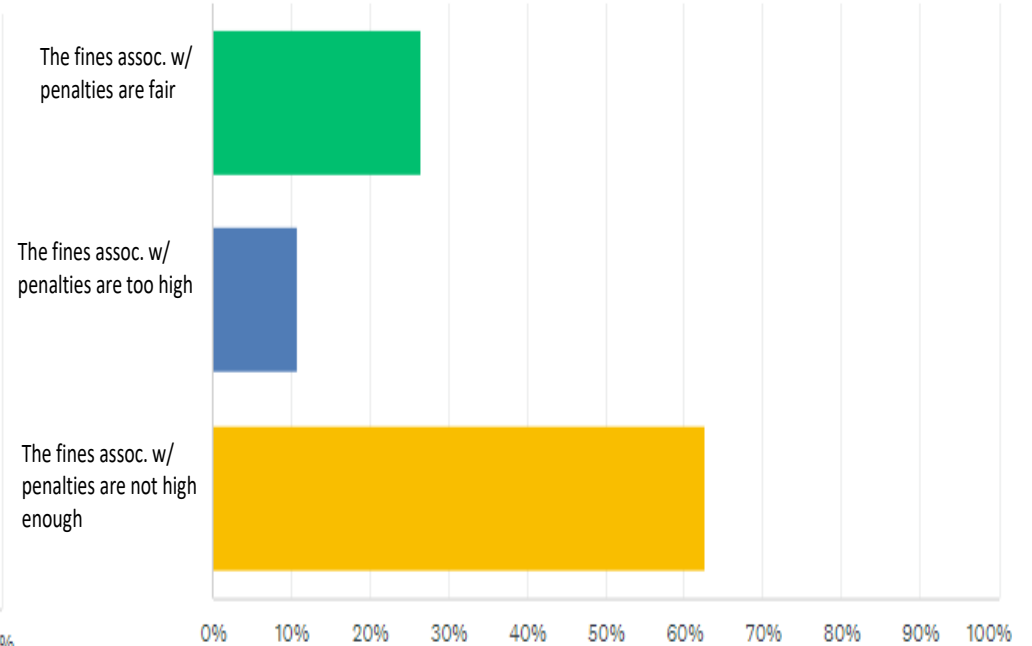


Respondents Who Live in East Placer

Which of the following statements about permit costs do you agree with?

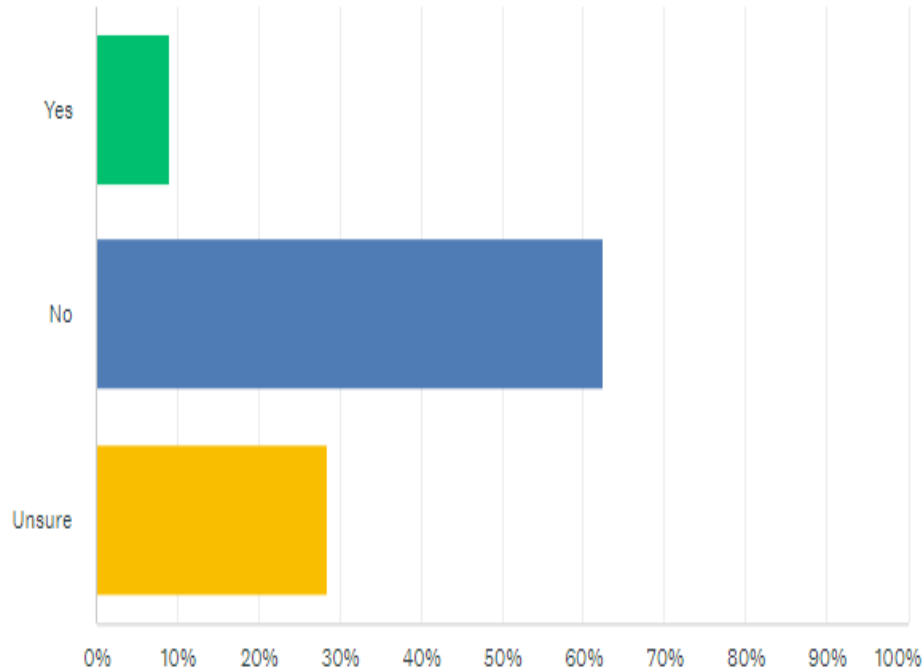


Which of the following statements about penalties do you agree with?

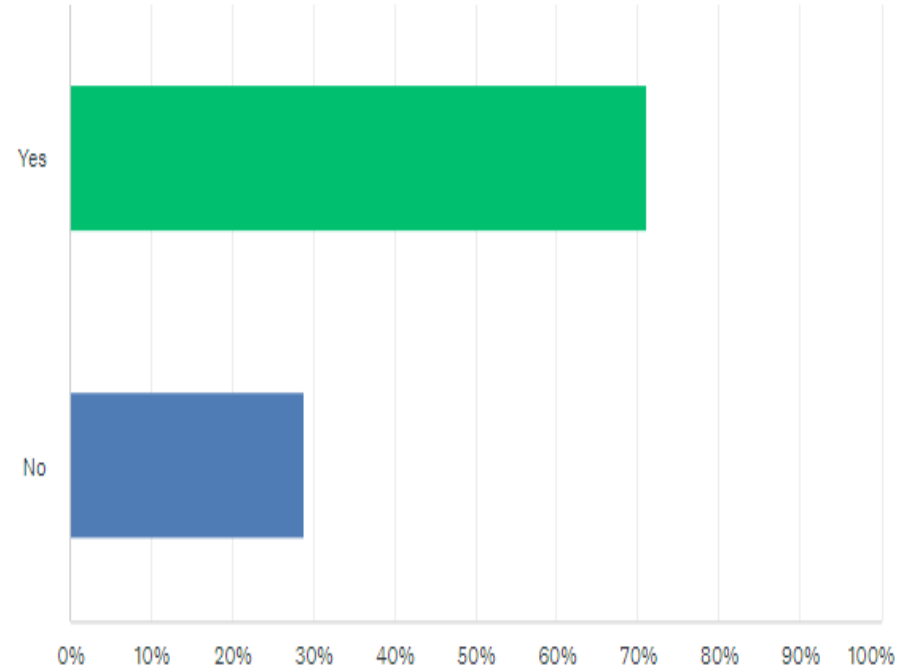


Respondents Who Live in East Placer

Do you think the new STR ordinance improves the balance between workforce housing availability and STRs?

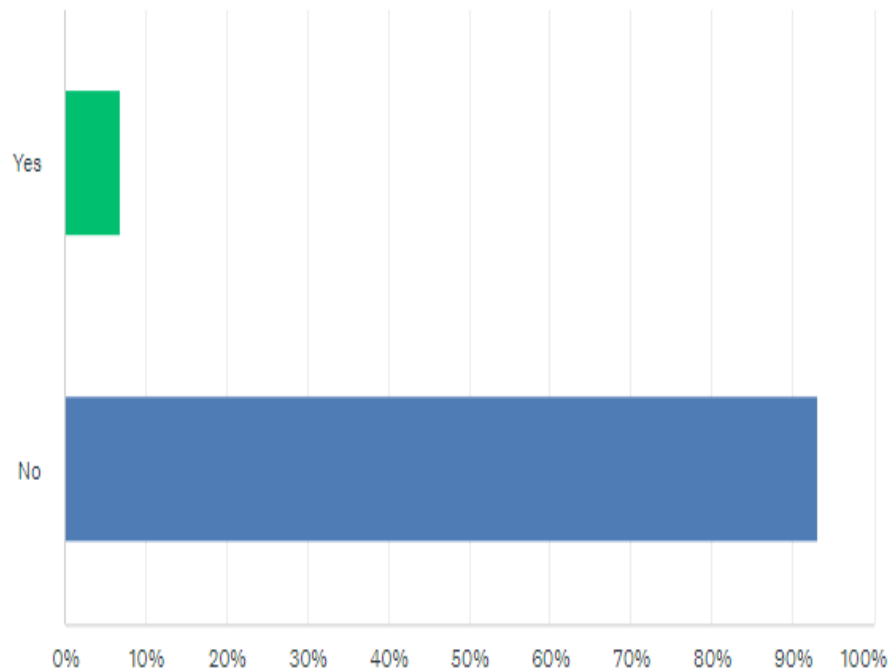


Do you know about Placer County's Lease to Locals program, which financially incentivizes long term rentals?

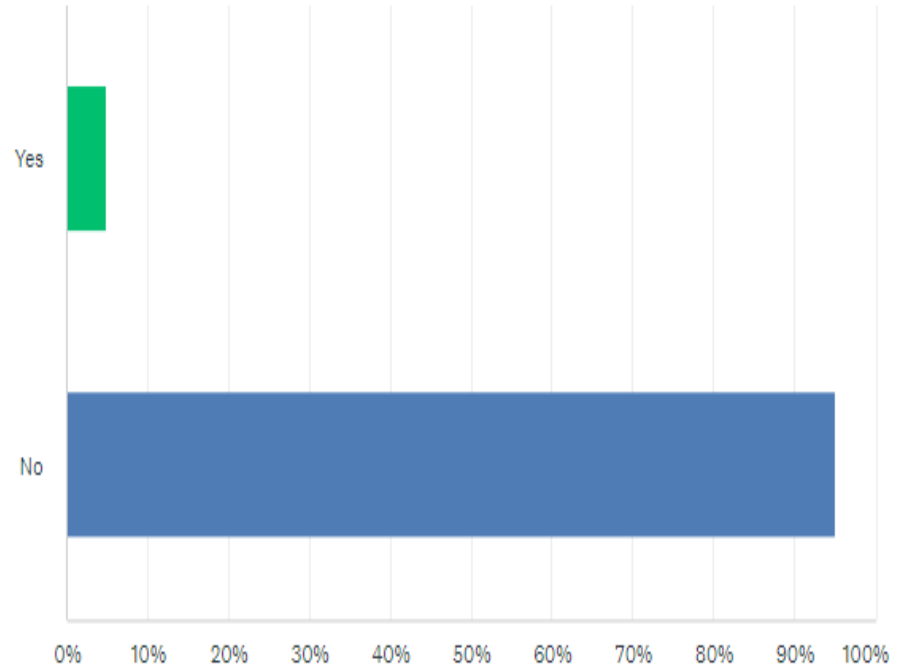


Respondents Own an STR in East Placer

Have you had any issues with a STR in your neighborhood?

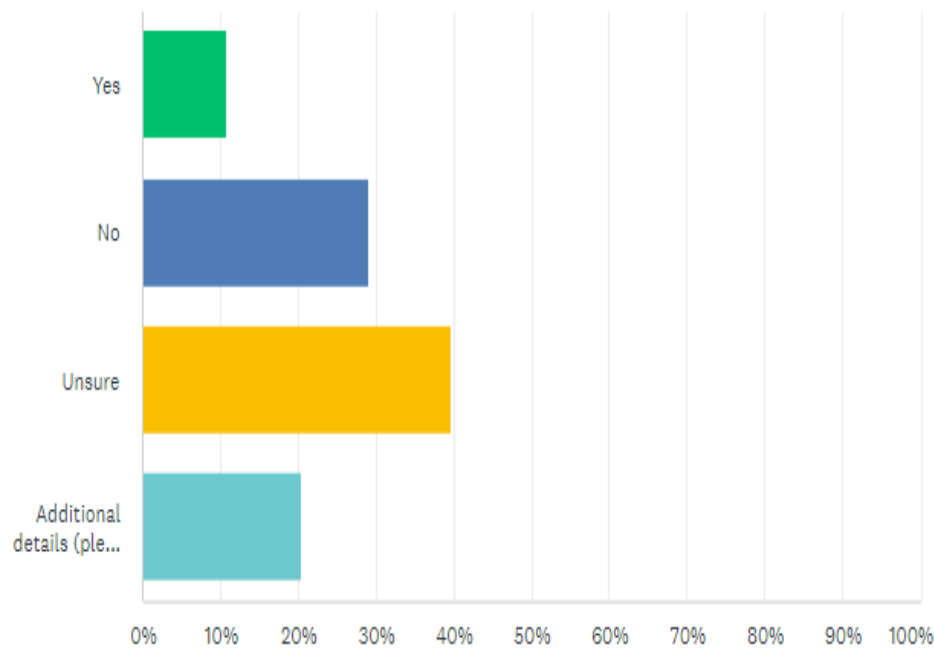


If yes, have you reported any violations to Placer County Code Compliance?

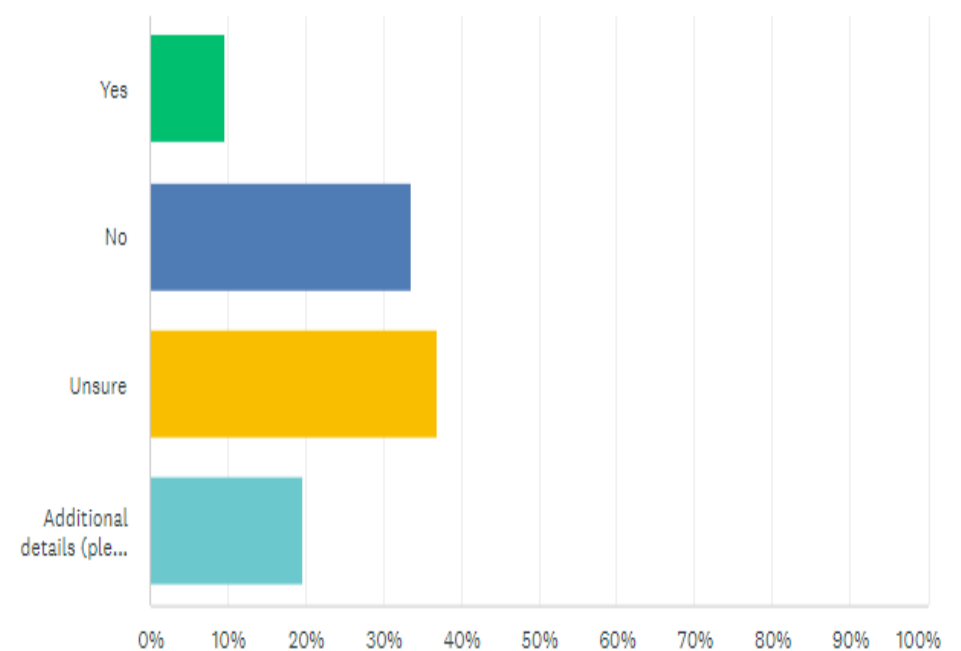


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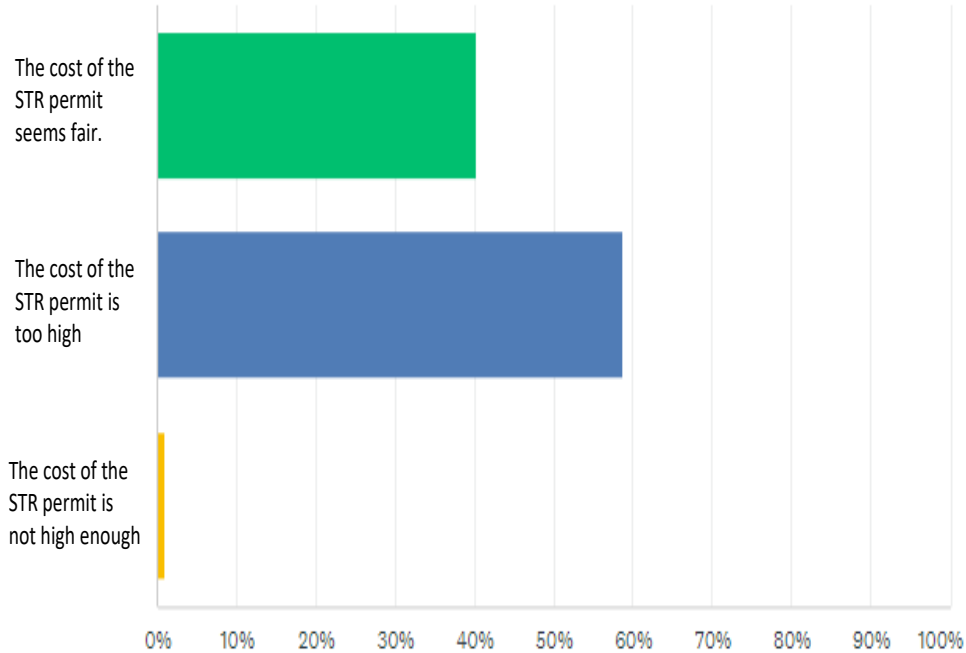


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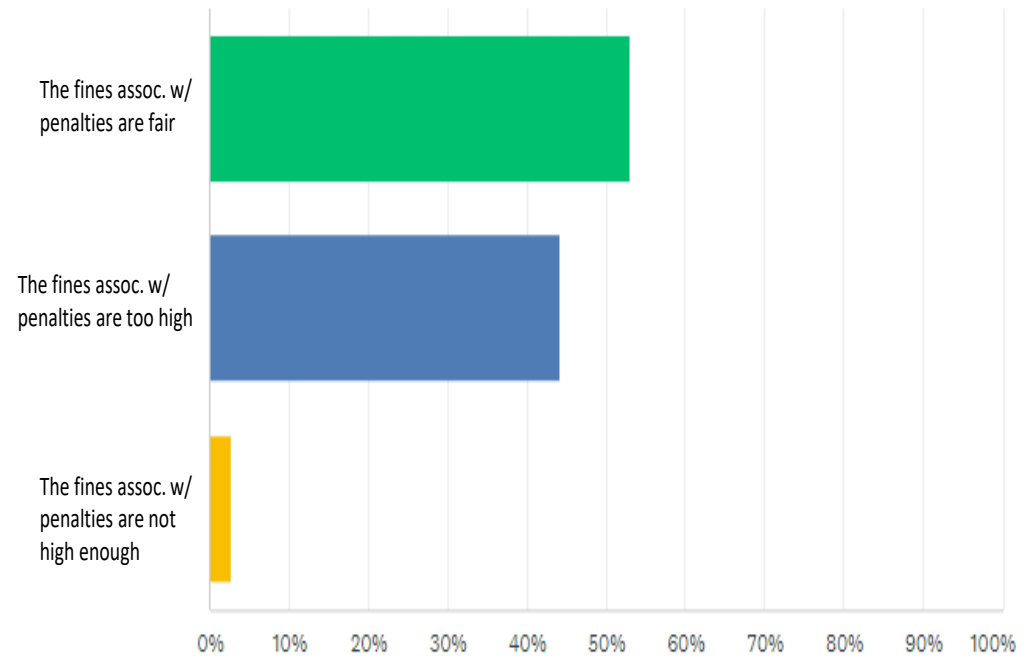


Respondents Own an STR in East Placer

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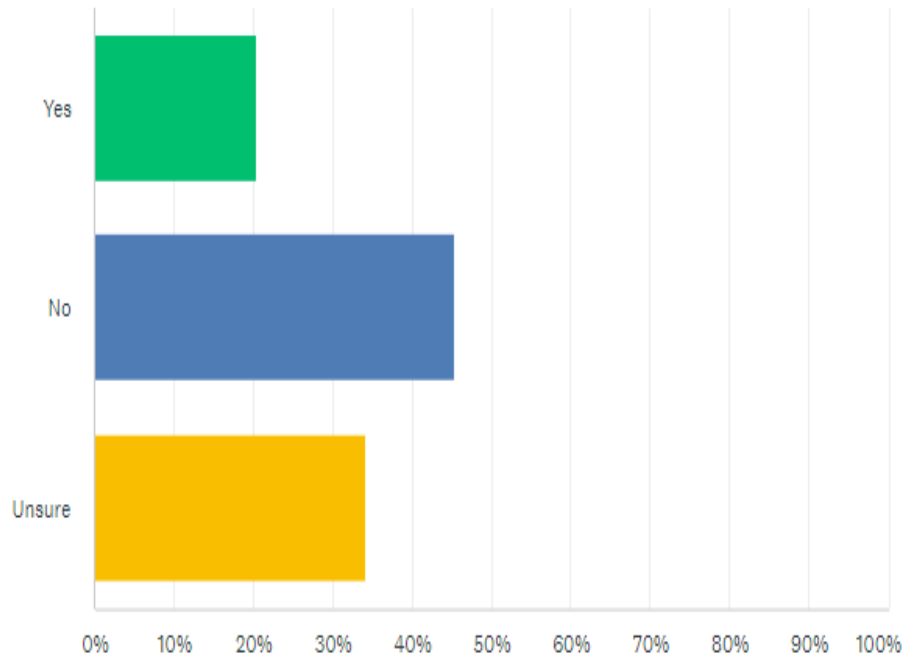


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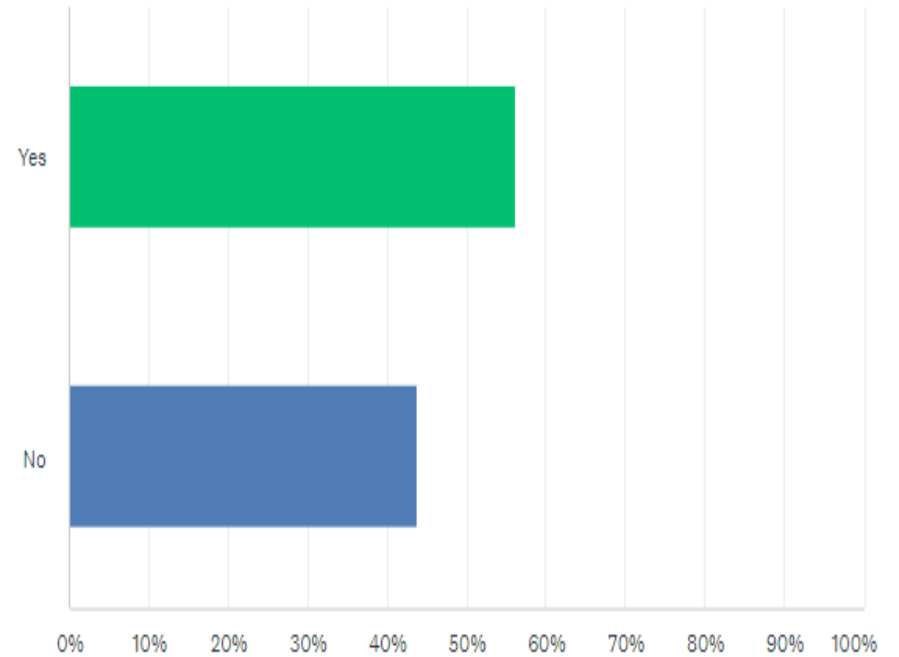


Respondents Own an STR in East Placer

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Do you know about Placer County's Lease to Locals program, which financially incentivizes long term rentals?

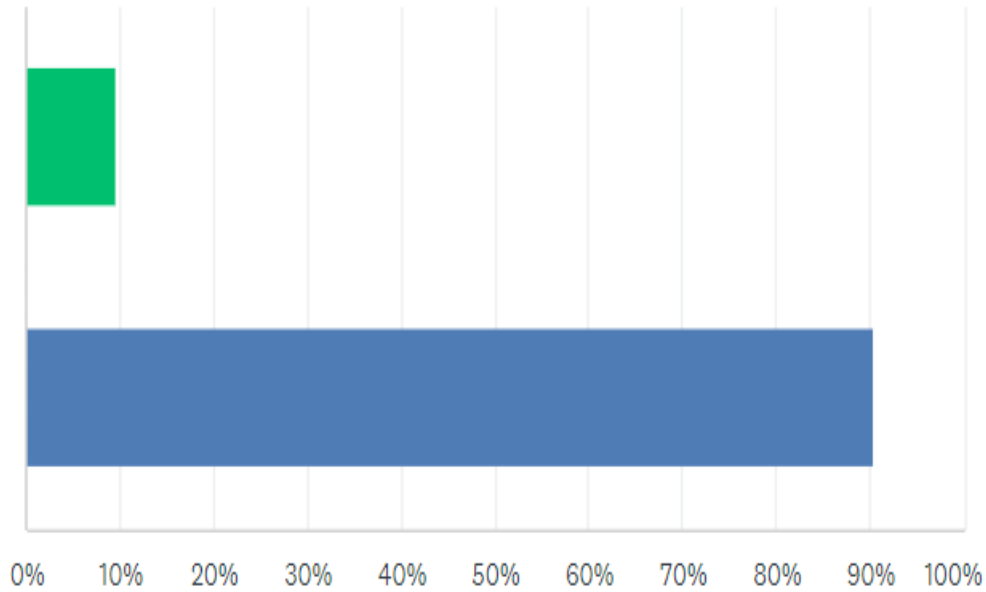


Attachment B:

Previous STR permitholder Survey Results

Q 1. Please select the option about your short-term rental that applies to you.

Answered: 21 Skipped: 0

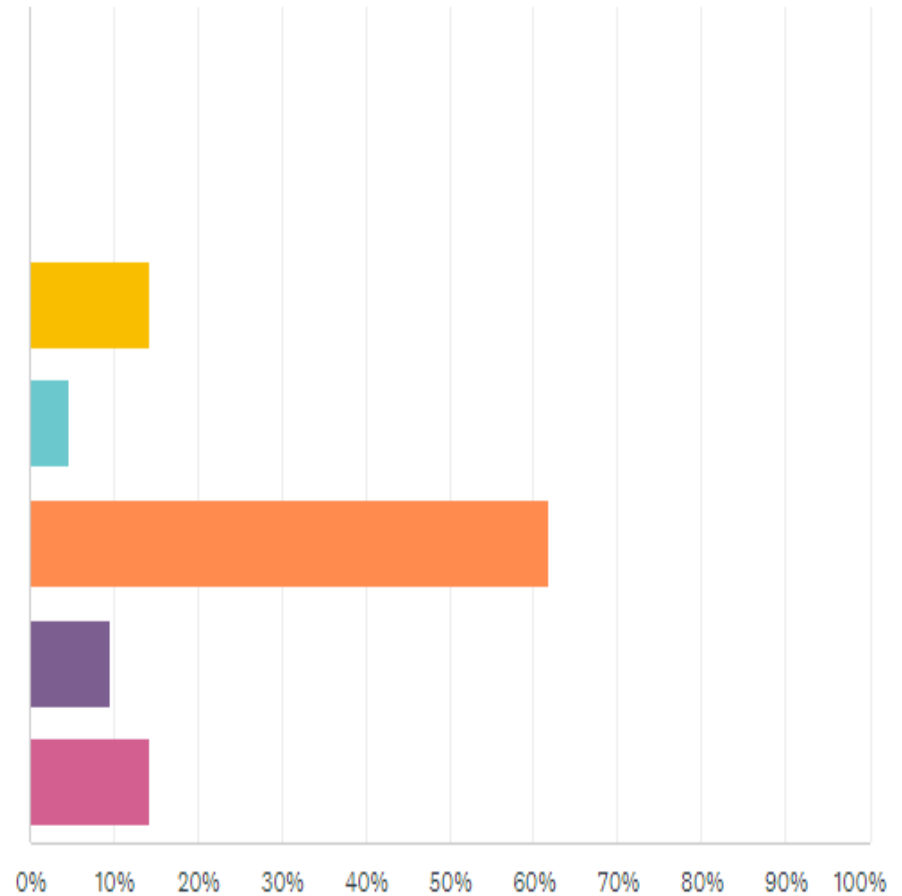


ANSWER CHOICES	RESPONSES
I live in the home.	9.52%
I do not live in the home/this is my second home.	90.48%
TOTAL	

Q 2. Which describes your current Short Term Rental status? (Choose all that apply)

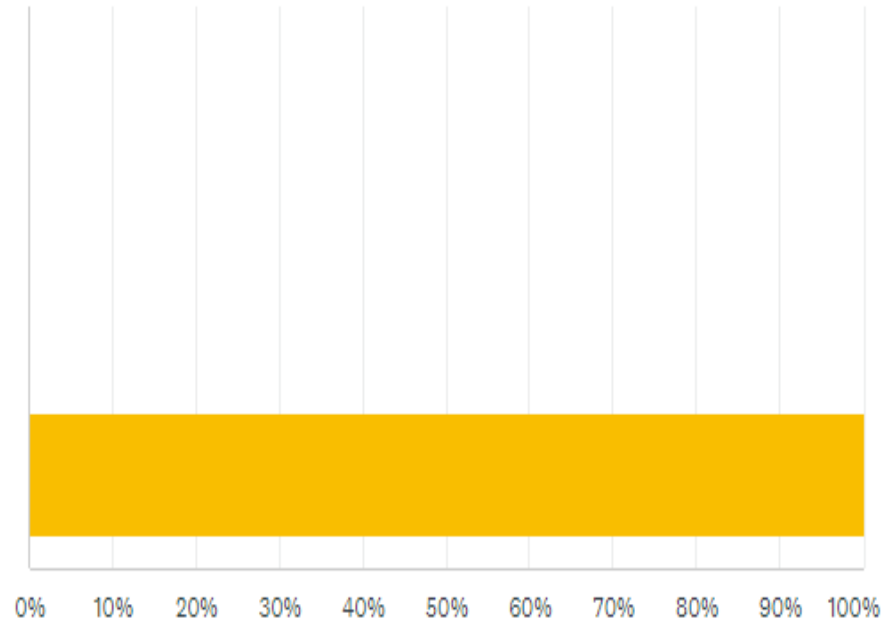
Answered: 21 Skipped: 0

ANSWER CHOICES	RESPONSES
I sold the property.	0.00%
I moved into the property full time.	0.00%
The property is no longer used for STRs.	14.29%
The property is used as a long-term rental.	4.76%
The property is still used as a short-term rental.	61.90%
The property is used as a ski/seasonal lease.	9.52%
Other (please specify)	14.29%
Total Respondents: 21	



Q 3. If you are still renting your property on a short-term basis, please select the reason for not obtaining a permit that applies to you

Answered: 16 Skipped: 5

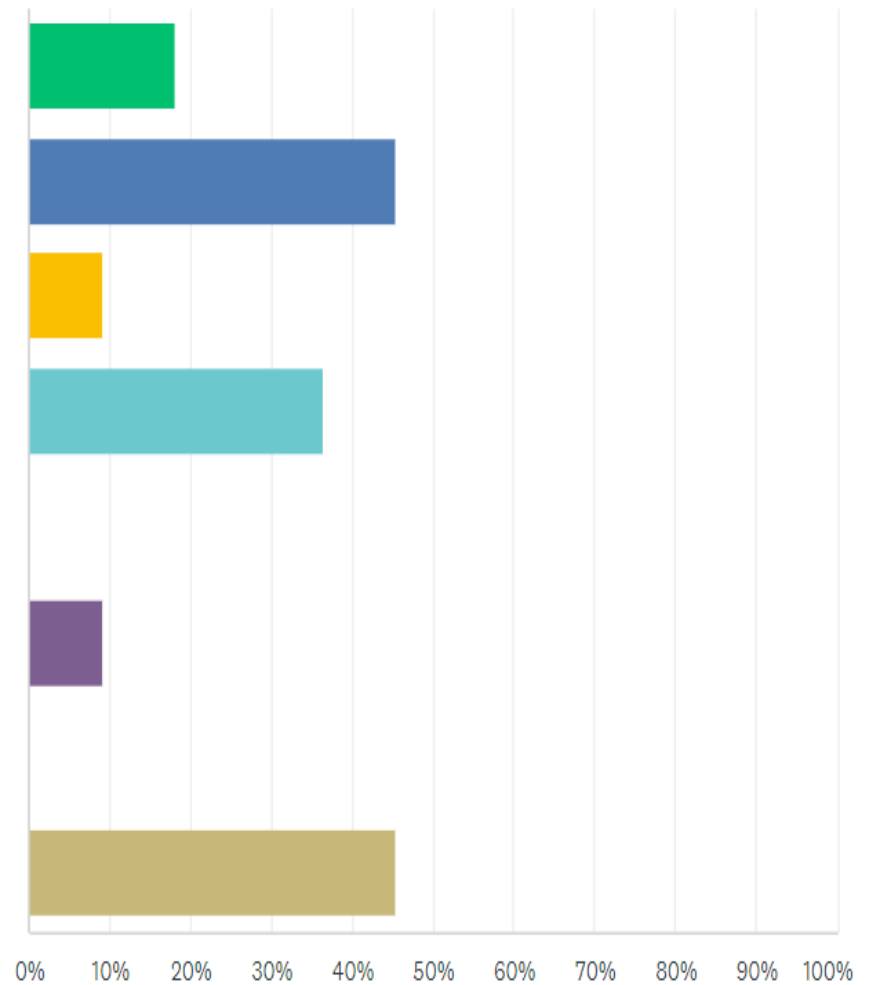


ANSWER CHOICES	RESPONSES
I have not applied for a permit because I did not know I needed a permit.	0.00% 0
I have not applied for a permit because I thought my property did not require a permit.	0.00% 0
Other (please specify)	100.00% 16
TOTAL	16

Q 4. Which of the following statements about Short Term Rentals (STRs) do you AGREE with, if any? (Choose all that you AGREE with)

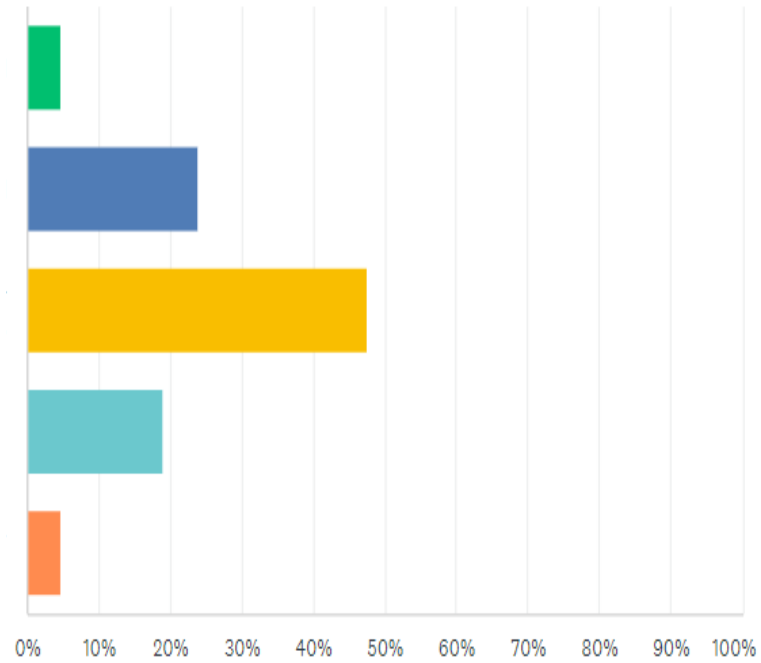
Answered: 11 Skipped: 10

ANSWER CHOICES	RESPONSES	
The increased penalties have changed my mind about renting on a short-term basis.	18.18%	2
The cost associated with the permit process for operating my STR is too expensive.	45.45%	5
I have decided to rent on a long-term basis.	9.09%	1
I will not meet the 30-night minimum.	36.36%	4
I will be unable to rent more than one unit as I have in the past.	0.00%	0
I've had a negative experience with renters.	9.09%	1
I feel pressured by the community/my neighbors who do not want STRs in our neighborhood.	0.00%	0
Other (please specify)	45.45%	5
Total Respondents: 11		



Q 5. Rate your experience with the STR program

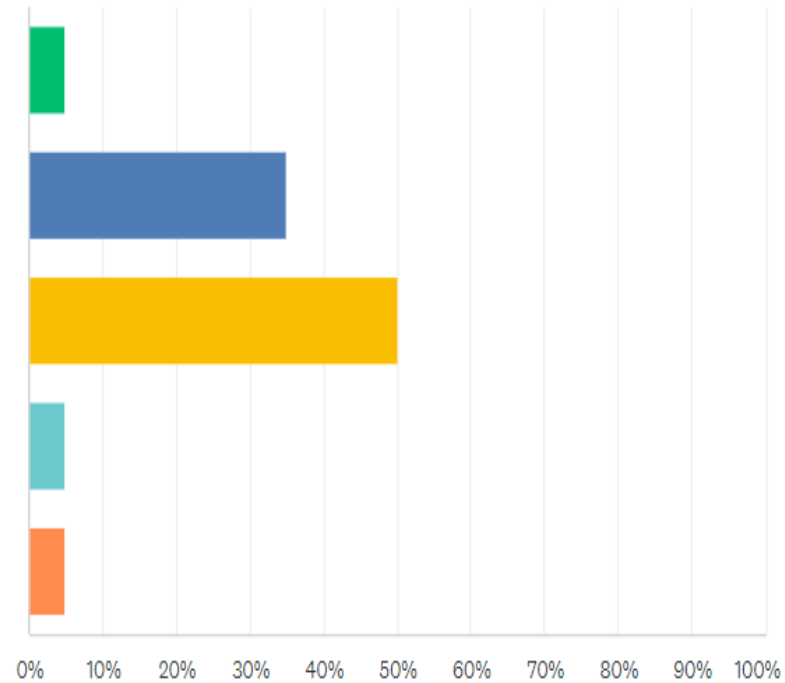
Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES
Very satisfied	4.76% 1
Satisfied	23.81% 5
Neither satisfied nor dissatisfied	47.62% 10
Dissatisfied	19.05% 4
Very dissatisfied	4.76% 1
TOTAL	21

Q 6. Rate your experience with Code Compliance

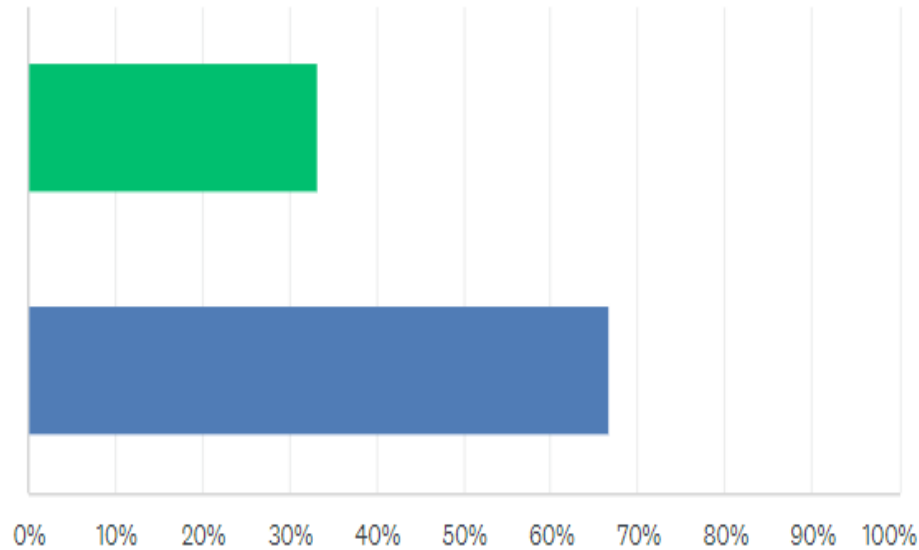
Answered: 20 Skipped: 1



ANSWER CHOICES	RESPONSES	
Very satisfied	5.00%	1
Satisfied	35.00%	7
Neither satisfied nor dissatisfied	50.00%	10
Dissatisfied	5.00%	1
Very dissatisfied	5.00%	1
TOTAL		20

Q 7. Do you know about Placer County's Lease to Locals program, which financially incentivizes long term rentals?

Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	33.33%	7
No	66.67%	14
TOTAL		21