

Ordinance would redefine lodging in SLT

By Kathryn Reed

South Lake Tahoe has an overabundance of lodging units. With 26 percent of the more than 5,000 rooms within the 120 hotels-motels being used for long-term rentals, the city is on a quest to change the rental market landscape.

In doing so, it could help the hotel market so the less desirable rooms are off the market and are not dragging down the average daily rate.

Average daily rate for South Lake Tahoe hotels in fiscal year 2013-14 was \$127.65, according to the Lake Tahoe Visitors Authority. Those are the most current statistics. That number has been rising since 2009-10, but is still off the peak of \$137.11 in 2008-09.

Occupancy in 2013-14 was at 25 percent. Since 2003-04, occupancy has ranged from 20 to 28 percent. Hotel occupancy in a tourist destination should be double those numbers, according to officials. City officials would like an occupancy rate of 60 to 70 percent.

“As far as single occupancy motels, I think any destination is served well with a mix of property types, but we just have more than we need from a demand perspective. And from a visitor perspective, we think he/she is looking for more amenities than that typical property would be able to provide,” Carol Chaplin, LTVA executive director, told *Lake Tahoe News*.

The single room occupancy ordinance will essentially legalize long-term rentals, even though city officials say that is not the case.

“We are working with TRPA because these are still in essence short-term housing. They are not intended for long term,” City Manager Nancy Kerry told *Lake Tahoe News*. “They are transient occupancy.”

The city is calling this change a hybrid model.

Property owners will still get to keep their transient occupancy units, which in the Lake Tahoe Basin are a commodity. The Tahoe Regional Planning Agency decades ago created them as a way to control growth. Mission accomplished. However, the unintended consequence is that these properties have a higher value than they would if left to the free market.

What the ordinance is intended to do is address the quality of life for people in these units. Many people are cooking in them, stressing electrical systems that were not designed for this use, and they don't have laundry facilities.

Rent at some of these places is \$900 a month. People are in them because they can't save enough for first, last month's rent and a deposit.

Val McClay, 17, lived in the Elizabeth Lodge with her dad and younger brother when they first arrived to town last year. The room had a mini refrigerator and microwave. It was small, pretty clean and didn't have laundry.

“The best thing about it was it was a place to live. The worst were the neighbors and the people there were not good. They were loud and disruptive,” McClay told *Lake Tahoe News*.

Current code does not allow inspections of hotels. The proposed ordinance would allow inspections similar to what is done with multi-family residential housing.

One of the problems is the city doesn't have many places for short- or long-term rentals. That is how the hotels got into

the business of providing residential housing instead of tourist accommodations.

“I think the city is creating an opportunity for people such as myself to provide better quality moderate income housing,” Dave Kurtzman, who owns 20 units that would be affected by the ordinance, told *Lake Tahoe News*. “I am not sure how I will go about doing it. It will depend on what the regulations are.”

His goal, as well as the city’s, is for tenants to have better accommodations.

It will be up to the property owners if they act more like a traditional motel, where paying transient occupancy tax is required, or if they comply with the ordinance to essentially act as a long-term rental.

Kerry hopes the changes will attract capital investors to the area; as well as better align the supply-demand of tourists-hotels and residents-living quarters.

“Government can create policy to help incentivize change. The ordinance is intended to do that,” Kerry said.

Neither Lake Tahoe South Shore Chamber of Commerce’s board nor its Government Affairs Committee has taken an official position on this topic.

“There are numerous perspectives in addition to intended and unintended consequences to be discussed and addressed during the process,” B Gorman, CEO of the chamber, told *Lake Tahoe News*. “There are questions that need to be answered related to the impacts on lodging such as the direct impact these properties have or could have on lodging rates and property values. There are additional community and societal concerns related to the aesthetic impact these properties currently have on the community versus the potential improvements as well as crime, health and safety issues.”

Notes:

- Single room occupancy ordinance workshop on April 22 at 5pm at South Lake Tahoe Senior Center, 3050 Lake Tahoe Blvd.
- The ordinance should be voted on this spring by the City Council.
- Property owners would have one year from July to become compliant.