

Opinion: Why we shouldn't hate VHRs

By Jim Wire

I've lived on the South Shore of Lake Tahoe for over 34 years, which qualifies me as a longtime local. As a local, I'd like to give my humble opinion regarding a controversial subject that continues to fester in our community. All too often we are subject to negative opinions that often overlook the positive. I'd like to change that by giving a perspective that is not expressed enough. My objective is to outline the issues that have contributed to the hatred of vacation rentals and balance that with a more positive perspective.



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For the last couple of years, the South Lake Tahoe City council has been consumed with creating more regulations for vacation home rental permits. This has been driven by a small group of older folks that just aren't happy until they have effectively eliminated vacation rentals all together. What began as a noise nuisance complaint has grown into something larger that encompasses a wider range of issues. The other issues include unfair competition, neighborhood character, housing shortage, health and safety, mini-hotels, zoning and more. What should have been a quick and easy fix to the noise nuisance issue instead turned into a perpetual and unrelenting attack on VHRs.

When you ask almost any local about their feelings regarding VHRs, they will almost always say that they hate them. Their reason is based primarily on the noise nuisance issue. Almost everybody has a story about their sleep being disrupted in the middle of the night. They are further frustrated that there has never been an immediate remedy. Nobody likes to lose sleep, but with the added regulations the city has more tools to provide the remedy. Regardless, this is a stigma that still sticks in the minds of many locals.

Within the last couple of years more regulations have been created to give law enforcement more tools to abate the noise issue. Rental management companies are more sensitive and more responsive than ever before. They have become late night minutemen and respond to noise complaints. If their property owner receives more than two police citations, then the VHR permit is revoked. Despite the more stringent enforcement and proactive rental management, they are still pushing to make the VHR process more restrictive than it already is.

While most locals hate the noise nuisance from VHRs, they love the dollars that it brings to our town. After all, tourism is our economy. It always has been and it will continue to be so. We all benefit when the tourists fill our town whether it is directly or indirectly. If you aren't touched by a tourist dollar, then you aren't looking close enough. Even if you are retired or unemployed, you still benefit from the government services that it contributes to or the property values.

Not long ago, the city of South Lake Tahoe was faced with a budget deficit. Thanks to the surge in the tourism the TOT (transient occupancy tax) tax that VHRs had generated amounted to something close to \$2.2 million. At that time, it was an unanticipated gift. Nobody had complained about the VHRs then.

Property values have benefited from vacation rentals. Locals care about real property values because eventually, everybody sells their home, income property or vacant lot. For buyers

that may not be able to afford the higher price, a vacation rental income may give them a little edge. As a real estate agent, I can attest that most property owners that use their homes or condos as VHRs are not motivated to make it a profitable venture. It is primarily an investment in lifestyle. It's a place to park their money and have a place to stay in Tahoe.

It has been argued that vacation rentals have depleted the rental housing for locals. Squeezing the VHRs with regulations will not result in a conversion to more long term rentals. Contrary to belief, many owners will choose to keep them vacant to allow for their own personal usage. If the loss of VHR income results in a hardship, the owner may choose to just sell, which may go to another second home buyer that intends to acquire it for personal use. It is a weak argument to say that less VHR homes will translate to a larger long term rental inventory. I believe that there are better solutions to providing more long term rental housing and it doesn't involve squeezing the VHRs.

It has been said that VHRs have negatively impacted the character of the neighborhoods. I'm assuming, that they are objecting to having nicer homes that are rarely occupied. Personally, I like that my neighborhood is vacant about 70 percent of the year because it's more tranquil. I don't like to admit it, but some of those VHR homes are better kept than mine. To be competitive in the market, a VHR must be better kept. That means that they are using local contractors, maintenance services and buying product and materials in Tahoe. They are also paying for services that they don't use all the time such as mandatory garbage pickup.

Another objection is what the city has labeled "mini-hotels". I don't know of many homeowners that haven't maximized the allowable coverage on their land. If your lot is large, then your home will most likely be large. Owning the smallest home in the neighborhood isn't such a bad thing. You will most

certainly benefit from higher values which are influenced by larger homes. The impact of larger homes is that they have a higher number of bedrooms which can accommodate larger families or groups of people. For some neighbors this can be an intimidating experience but they too must comply with the same rules as a small home.

Some of the motel and hotel owners have expressed a concern that VHRs are unfairly taking their business away. In an effort to level the playing field, the city had increased fees and regulations. Most notably homeowners with VHR permits are now subject to a building inspection. This is to ensure health and safety code and check for unpermitted improvements.

From my observation, the plight of motel and hotel owners has more to do with vacation trends and lack of investment. For decades, I've seen motels and hotels neglect to maintain and improve their properties. They have relied on reducing their room rates which crippled them financially to make the much-needed reinvestment.

More than that, vacation trends have changed on a national level. More tourists are choosing homes over motels or hotels because they are seeking a different experience. Homes have space for people to mingle and gather. They can share more activities together. Be closer to the outdoor activities that they enjoy such as paddle boarding, mountain biking, hiking and snow riding. Being embedded in a neighborhood allows them to feel like a local and fit in.

However, hotels are still competitive and are hugely successful. The Grand Marriott and Heavenly Village is proof that a large tourist population prefers the walkable access to a wide variety of services and experiences. A couple of the top grossing restaurants in the city of South Lake Tahoe are in the Heavenly Village. Edgewood has recognized this and they have built a new hotel which is opening this spring.

I may not have persuaded you to love VHRs, but at least you may recognize that are positive impacts as well. They contribute to a significant portion of our local economy. You might say that VHRs have evolved from home sharing and that is a concept that is old as the homes in our community. It's also a concept that you cannot regulate away. We can save a lot of city's time, energy and money by learning to accept and embrace VHRs. The current rules and regulations has had a significant impact on the behavior of VHRs. Rental management companies and home owners have learned to become more responsible and accountable. My suggestion is to give it time. Most of these rules and regulations are still new. Both the city and stakeholders are still in the process of adapting to it. More time is needed to recognize a measurable impact. Before you cuss out the tourist for driving too slow on the highway, keep in mind that they are the ones putting food on your table and a roof over your head. Be patient and welcome our tourists with a smile.

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