

S. Lake Tahoe on cusp of limiting vacation rentals

By Kathryn Reed

Owning and operating a vacation rental in South Lake Tahoe is likely to become more restrictive.

The City Council on Tuesday spent nearly six hours listening to the ideas staff and the subcommittee of councilmembers Austin Sass and Wendy David came up with, and then heard 35 people give their input. (Several people had to leave and never got a chance to talk.)

What the council didn't identify was what problems exist that necessitate any changes to the current ordinance.

A cap on the number of vacation rentals and the density of those types homes in neighborhoods are the two big unresolved issues.

Sass is of the thinking everyone believes there is a saturation point for VHRS. But that is factually inaccurate. Plenty of people in the room believed free market should dictate the number.

Even among the council there was not consensus on a cap.

Comments on Sept. 5 spanned the spectrum from wanting a ban on the rentals to having an unlimited supply.

Most believe enforcement needs to be a bigger part of the picture. That has been an ongoing theme as these meetings. Noise, trash and parking remain the top three complaints.

The police department has the responsibility to make sure the laws are enforced. Community service officers are hired to do this. A second person is coming on board soon, which means

there will be coverage seven days a week.

Councilwoman Brooke Laine believes enforcement is lacking – saying one CSO working four days a week is not robust enforcement.

Sass doesn't believe there will ever be enough enforcement to satisfy people.

An increase in permit fees for owners was supposed to pay for added enforcement. The city admits it has had a hard time finding people to fill that position, so the added enforcement has not been consistent. This means it is not known if adequate enforcement would resolve real or perceived problems.

From mid-December through mid-March, High Security Patrol workers were hired in a pilot program to work 10-hour overnight shifts. They did not interact directly with people at the VHR, but instead reported back to the community service officer who made the face-to-face contact. The \$30,800 for the 90-day contract came from the Undesignated Vacation Home Rental Fund.

As of Tuesday's meeting, there were 1,350 active vacation home rental permits, with 92 pending. This represents about 18 percent of the housing stock in the city limits. Including the tourist core, there are about 1,800 VHR permits.

While the city contends the number of VHR permits is going up, based on stats provided by staff in **July 2015** there were 1,600 permits before the changes took effect that year and were closer to 2,000 after the new rules.

In 2015, it was stated that vacation rentals are a \$20 million business in town. Changing the rules could reduce that figure. As one person said, a cap would be a "community killer." Secondary businesses like cleaning, hot tub service and landscaping are part of the VHR economy.

For the city, transient occupancy tax is its main revenue source, equating to millions of dollar a year.

The council has been tweaking the ordinance nearly every year since it was first adopted in January 2003.

While no action was taken Sept. 5, direction was given to staff to come back with a revised ordinance that would include:

- Mandatory bear boxes for VHRs.
- Allowing homeowners associations in the Tahoe Keys and Tahoe Tyrol to enact their own rules.
- Increasing fines.
- Eliminating warnings.
- Counting children as occupants.
- Limiting hot tub use from 7am-10pm.
- Occupancy totals being two per bedroom. Occupancy is any time of day – not just those sleeping there.
- Eliminating zoning hearings.

The tourist core area would not be affected by any changes in the next iteration of the ordinance.

Many of those commenting spoke about the potential of new VHRs not being allowed within 250 feet of an existing one. (This was a subcommittee recommendation.) With many neighborhoods having 50- to 60-foot frontages, that would mean about every fifth house could be used as a VHR. The city, though, could not provide a figure for how many VHRs would then be allowed.

Laine did math at the meeting and came up with a total of 250 VHRs would be allowed if the 250-foot rule were enacted.

Staff said they'd come back in October to show how many VHRs would be allowed based on different density scenarios.

Existing VHRs would be grandfathered in. However, industry representatives said about 15 percent of VHRs turn over each year. Their fear is ultimately there would be a dramatic decrease in the number of VHRs because the homeowner could not meet the 250-foot criteria.

Jerry Goodman, who has been a longtime opponent of VHRs because of the problems in his neighborhood, said he would consider getting a permit to stop others from being able to get one.

The subcommittee thought going forward 1,100 square foot homes or smaller should not be allowed to be a VHR. The thinking is this could help free up housing stock for permanent residents.

Councilman Jason Collin said it's important to separate the VHR issue from housing for full-time residents. He mentioned how he recently rented a small place and knows people coming to Tahoe might want a similar abode. Plus, he believes those owners should be able to make money.

Councilwoman Brooke Laine seconded those thoughts. She said it's better to incentivize what the council wants, not set up obstacles to what they don't want.

David supports 1,100 square foot and smaller houses being taken out of the VHR pool because she believes locals would be able to live there.

Ultimately, the 1,100 square foot threshold was eliminated.

(Councilman Tom Davis had recused himself from the entire discussion because of his ties to Tahoe Keys Resort Association.)

The subcommittee had wanted owners to be subjected to the same rules as renters, which would include noise and occupancy.

That rule would mean owners could essentially not have parties because they would be over the occupancy threshold. That idea got dropped.

It was also agreed to back off on the idea of having an owner or their rep have to meet with the renters in person.

The council is slated to revisit the vacation home rental ordinance at the first meeting in October.

At the end of the meeting the council asked staff to bring back an agenda item to discuss possibly limiting the size of house on lots to thwart McMansions that tend to be built primarily as a vacation rental.