

SLT adds confusion to shared use rental business

By Kathryn Reed

Policy is now being made by the part-time city attorney instead of the South Lake Tahoe City Council.

A letter was sent Jan. 11 to owners of shared rentals from the city's revenue division at the direction of Nira Doherty. Doherty is an attorney with Burke, Williams & Sorensen out of Oakland. The city contracted with the law firm to have Doherty represent South Lake Tahoe after Tom Watson left last fall.

(The firm is contracted to provide 80 hours of legal work a month at a rate of \$19,500/month or \$234,000/annually. They bill every six minutes. Doherty's review will be on the Jan. 23 council agenda, at which time the council is expected to discuss if it wants to continue with this type of representation or return to having a staff attorney.)

It is the City Council that is tasked with setting policy, and then staff doing the work to carry out the policy.

According to Mayor Wendy David, "(Doherty) was asked to interpret or clarify the code by the Finance Department. This is a one of the city attorney's jobs, to assist staff in applying the policies of the council, including codes and ordinances."

However, the council at no time gave direction for contents of the letter to become policy. The letter states that those using their property as a shared rental – meaning they allow short-term renters while they stay on the property – must have a business license and pay transient occupancy tax.

"My understanding of the council's intention was that we

wanted to bring back a separate shared rental ordinance," Councilwoman Brooke Laine told *Lake Tahoe News*. "I am not aware of any direction that provides for the requirement of a business license."

The letter explicitly says, "This new VHR ordinance does not regulate shared rentals."

Doherty and the Finance Department appear to be deciding the regulations for shared rentals, not the council.

Council members were not aware the letter existed until *Lake Tahoe News* told them about it last weekend.

Councilman Tom Davis said he would answer *LTN's* questions by Tuesday. He didn't. Councilman Jason Collin, per his MO, never acknowledged the questions.

David told *Lake Tahoe News*, "As you know, the council stated that we would bring back shared rentals at a later date. The date has not been agendized yet. My understanding is that TOT is a part of the shared rental owner expectation."

However, that is not what this reporter was told after the council took action last fall when it revamped the vacation rental ordinance. *LTN* was told that shared rentals would not be regulated in any manner until a separate ordinance was written sometime in 2018.

The city's policy related to shared rentals has been inconsistent at best. It's been an on and off again situation when it comes to the requirement to pay transient occupancy tax, or to even have a vacation home rental permit that was different from those renting out their entire house.

At one time in 2017 there was a one-time shared use rental permit that cost \$114. This fee was good forever, or so city staff said at the time. However, the permittee never actually got a physical document. This differs from full house rentals

which do have a paper document to show they are permitted.

Transient occupancy tax requirements have come and gone at various times. City employees give different information to different people, making it difficult to know what rules to play by. Paying TOT would put these properties on a level playing field with traditional hotels. It would also provide the city added income.

The city's Finance Department did not respond to questions about who got the letter. It's unknown if only people in the system already were notified or someone ferreted out the shared rental owners on the various platforms.

This city department has also not clarified why shared rentals need a business permit when owners renting out their dwelling year round or others subletting in the same manner do not have to have such a license.