

March 2019



Short-Term Rental White Paper

Short-Term Rentals (STRs) in the North Tahoe-Truckee Region



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PROJECT OF
TAHOE TRUCKEE
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ABOUT THE MOUNTAIN HOUSING COUNCIL OF TAHOE TRUCKEE

The Mountain Housing Council, a project of the Tahoe Truckee Community Foundation, is a regional, coalition of diverse stakeholders working to accelerate solutions to achievable local housing. Twenty-nine partners have joined together to decrease barriers, identify potential solutions, and develop innovative policies, programs and funding streams that could increase both the availability and affordability of much needed local housing.

The Council seeks to address the unique and pressing challenges of housing in the North Lake Tahoe-Truckee, as defined in the 2016 Regional Housing Study, commissioned by the Tahoe Truckee Community Foundation as availability, variety, and affordability.

VISION

All people that work and live in the North Tahoe-Truckee region have access to diverse, quality, and achievable local housing.

MISSION

To accelerate solutions for achievable local housing for those that live in the North Tahoe-Truckee Region.

WHITE PAPER PARTNERS

The following list of Mountain Housing Council Partners approve the research in this paper.

- | | |
|--|---|
| Contractors Association of Truckee Tahoe | Tahoe Forest Hospital District |
| Family Resource Center of Truckee | Tahoe Prosperity Center |
| Mountain Area Preservation | Tahoe Regional Planning Agency |
| Nevada County | Tahoe Sierra Board of Realtors |
| North Lake Tahoe Resort Association | Tahoe Truckee Community Foundation |
| North Tahoe Family Resource Center | Tahoe Truckee Unified School District |
| Placer County | Town of Truckee |
| Sierra Business Council | Truckee Chamber of Commerce |
| Squaw Valley Alpine Meadows | Truckee Downtown Merchants Association |
| Squaw Valley Public Service District | Truckee North Tahoe Transportation Management Association |
| Sugar Bowl Resort | Truckee Tahoe Airport District |
| Tahoe City Public Utility District | Vail Resorts / Northstar California |
| Tahoe Donner Association | |

For a full list of Mountain Housing Council partners, visit www.mountainhousingcouncil.org

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SECTION I ▶

MHC STR White Paper Overview

1. WHITE PAPER PURPOSE

The issue of short-term rentals is complex, one that is growing in importance locally and nationally. With the growth in short-term vacation rentals available through on-line platforms such as Airbnb and VRBO, many communities are starting to look at the changing use of STRs beyond traditional property management models to understand potential impacts, and address community character and nuisance issues.

The Mountain Housing Council of Tahoe-Truckee developed the STR White Paper to help decision-makers and communities better understand if and how short-term rentals impact housing for locals.

This paper provides an overview of the various approaches taken by communities to address short-term rentals ranging from no regulation, to incentive/matching programs that aim to increase long-term rentals for residents, from moderate restrictions on short-term rentals to complete prohibition in defined areas.

As outlined in this paper, some research exists that demonstrates that regulation can potentially decrease second home investments in certain neighborhoods. There is a fair amount of research that demonstrates that nuisance-focused regulations do help curb issues such as reduced parking, excessive noise and trash. No two communities have exactly the same approach; each one is tailored to address specific priorities and issues of importance. It is our intent that the summary of regulatory and other approaches provided in this document be referenced by local jurisdictions as they consider what options may best serve their unique communities.

The goal of this White Paper is to aggregate local market data as well as research from other communities — from large cities to small resort communities — to help inform current and future discussions. These valuable lessons will help to broaden the scope of information and tools available to policymakers, housing advocates and residents in the Tahoe-Truckee area as they work to craft approaches appropriate for the unique characteristics and needs of their own communities.

NOTE

The Mountain Housing Council members listed have agreed to include their organizations' names, not as an endorsement of any one STR policy but rather as acceptance of the research included in this study.

2. PROCESS AND AGREEMENTS

For eleven months, the Mountain Housing Council's Short-Term Rental Tiger Team worked to develop the STR White Paper. Thank you to the members of this group who contributed their time and expertise to the effort (see page 3 for list of members).

Following is a summary of Agreements developed by the Mountain Housing Council STR Tiger Team on short-term rentals that helped guide the development of the White Paper.

TIGER TEAM AGREEMENTS

The following Agreements were developed based on research contained in this report, input from local community members and insights from local experts in property management, technology, tourism, real estate, and housing:

- ▶ Primarily, through the traditional property management model, short-term renting has always been a facet of our community housing landscape.
- ▶ With the rise and ease of short-term renting through web-based platforms, more people are doing it.
- ▶ Short-term rentals play a role in our housing crisis, but are not the driving force behind our housing problem.
- ▶ Short-term rentals create both benefits and impacts in our communities.
- ▶ Economic benefits from STRs, both in terms of taxes and ancillary spending, is significant.
- ▶ Solutions coming out of other communities, for STR-related issues fall into two main categories: 1) Regulations/Programs to address neighborhood nuisance issues and 2) Regulations/Programs to address loss of locals' housing.
- ▶ To date, regulations restricting short-term rentals have not proven to significantly increase the number of long-term rentals.
- ▶ Regulation has, to some extent, been effective in addressing nuisance issues.
- ▶ All short-term rentals should register with their local jurisdictions and pay Transient Occupancy Tax (TOT).
- ▶ TOT generated from STRs could and does serve a role in local housing solutions.
- ▶ One of the main reasons property owners rent their properties on a short-term basis rather than long-term, is to use their home.
- ▶ It is worth exploring the matching or incentive program model to increase the availability of long-term rentals.
- ▶ Those who short-term rent their homes fall into basic categories: 1) The full-time resident (to offset homeownership costs); 2) The second homeowner (to offset homeownership costs and maintain access); and 3) The investor (to generate income or garner tax incentives).
- ▶ Online short-term renting seems to have opened up the second home market to more people as it helps offset homeownership costs.

To review other areas of consideration that the Tiger Team explored, please go to Section V, on page 48.

3. DEFINITIONS

ACHIEVABLE LOCAL HOUSING

The Mountain Housing Council's adopted definition of the range of housing needs in the North Tahoe-Truckee region, by the Mountain Housing Council, which includes the traditional affordability levels of very low and low (up to 80% Area Median Income), as well as households earning up to 195% of the Area's Median Income.

LONG-TERM RENTAL (LTR)

The rental of a residential dwelling unit for 31 consecutive days or longer.

SHORT-TERM RENTAL (STR)

The rental of a residential dwelling unit for 30 consecutive days or less. This includes both STRs rented via on-line platforms and property rental companies.

REGISTERED SHORT-TERM RENTAL (STR)

A short-term rental property that is registered with the local jurisdiction, thereby allowing collection of Transient Occupancy Tax (TOT). The Town of Truckee and Placer County have close to a 90% compliance rate for registration of all STRs.

ACTIVE SHORT-TERM RENTALS

The Town of Truckee defines active short-term rentals as those generating a minimum of \$1 per year. Placer County does not have a definition that describes active short-term rentals.

TRANSIENT OCCUPANCY TAX (TOT)

A rental tax paid by the guest of a short-term rental to the respective local jurisdiction.

SECOND HOME

A residence that owners intend to occupy in addition to a primary residence for part of the year. Typically, a second home is used as a vacation home. Second homes qualify for certain loans as long as the owner does not rent out the property. (source: Nolo.com)

INVESTMENT PROPERTY

A property that is not the primary residence of the owner and is purchased in order to generate income, profit from appreciation, or to take advantage of certain tax benefits. Investment property loans usually have a higher interest rate and require a larger down payment than second homes. (source: Nolo.com)

4. KEY FINDINGS

Following are the key findings from the research and data outlined in this paper. Sources for the data listed below can be found in the report.

Regional Housing Market

- ▶ The estimated number of housing units in the North Tahoe-Truckee region is 38,937.

TOWN OF TRUCKEE

- 13,368 housing units (does not include condos or hotel-condos).

EASTERN PLACER COUNTY (NORTH TAHOE)

- 25,569 housing units (does not include condos or hotel-condos).

- ▶ Second homes comprise 60% of the housing stock in the region; in 2000, the number was 52.5%.

FIGURE 1 ▶

Town of Truckee Estimated Number of Housing Units and Uses

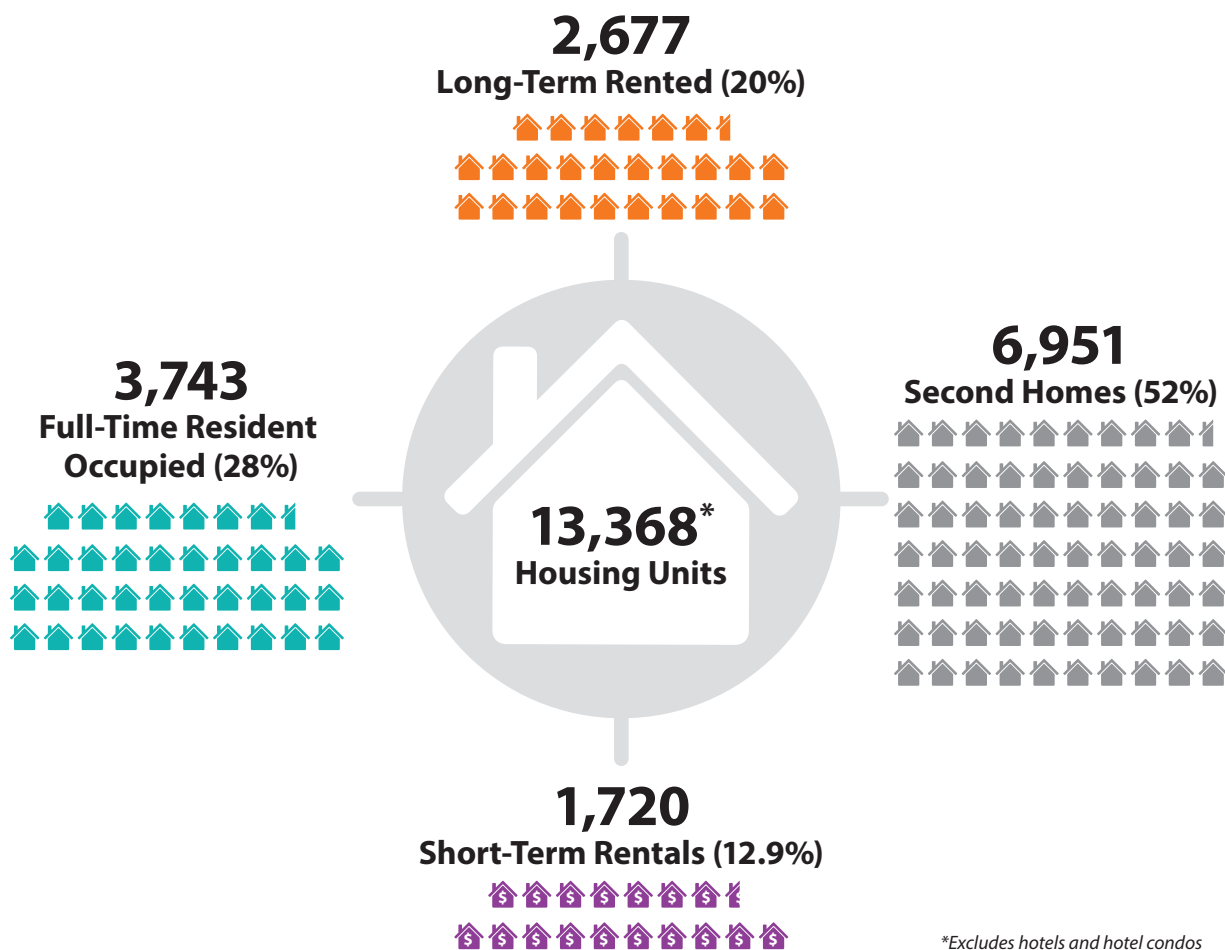
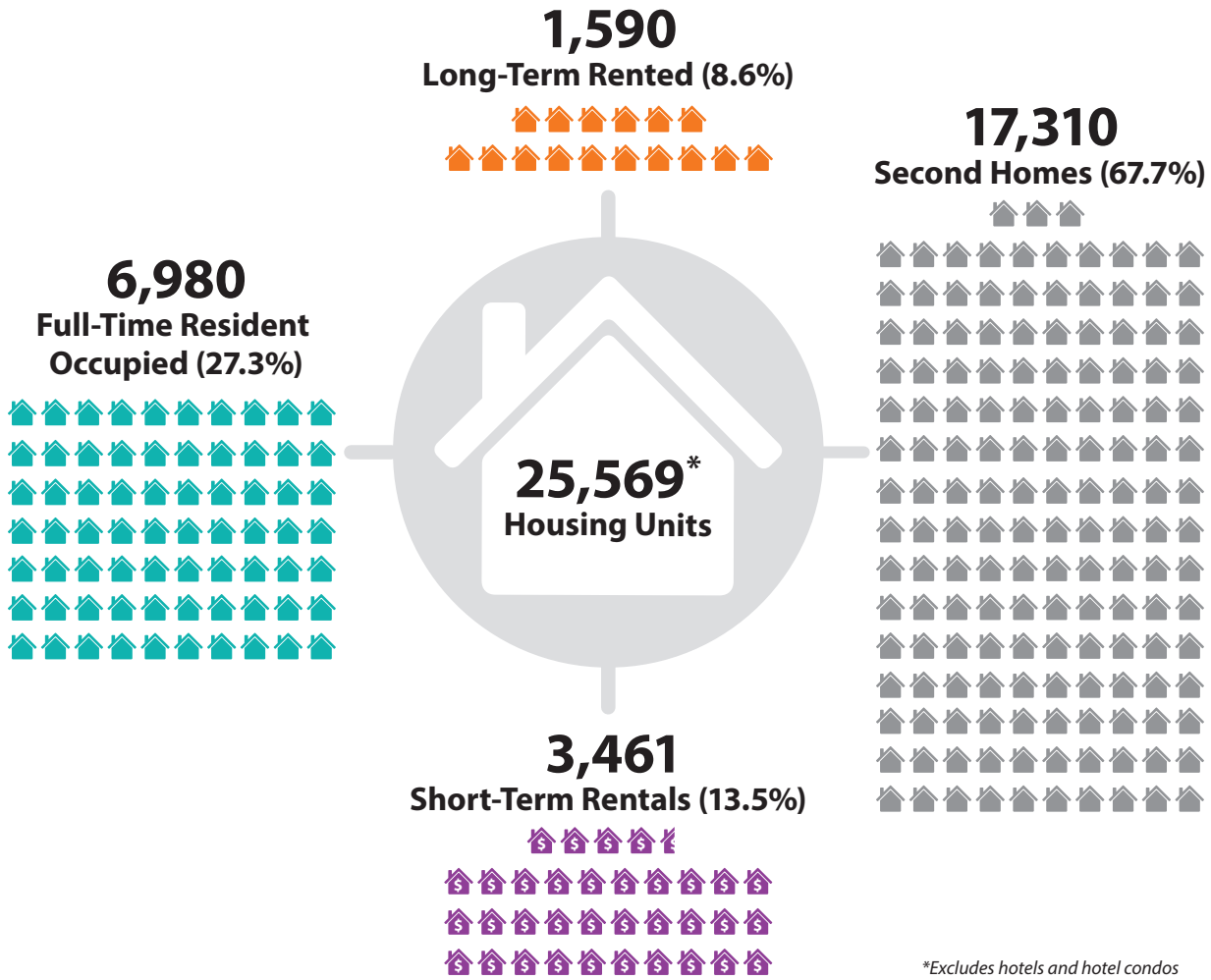


FIGURE 2 ▶

Eastern Placer County Estimated Number of Housing Units and Uses



Short-Term Rental Market

- ▶ Regionally, approximately 13% of the housing stock is used, at any given time, for short-term rentals. This number excludes hotels and condo-hotels and reflects all registered STRs which may or may not be actively renting.
- ▶ Approximately 90% of short-term rentals in the North Tahoe-Truckee region (Placer County and Town of Truckee) are registered.

TOWN OF TRUCKEE

- 12.9% of the housing stock is registered for short-term renting (1,720 units)
- Approximately 50% of STRs are not active for any given quarter.

EASTERN PLACER COUNTY (NORTH TAHOE)

- 13.5% of the housing stock is registered for short-term renting (3,461 units)

NEVADA COUNTY (DONNER SUMMIT AREA INCLUDING KINGVALE AND PLAVADA)

- Approximately 10-15% of the housing stock is registered for short-term renting (508 units)

Long-Term Rental Market

- ▶ Approximately 19.6% of units are currently rented long-term in Town of Truckee.
- ▶ Approximately 8.6% of Eastern Placer County's units are currently rented long-term.

STR Growth

The growth in STRs does not only reflect supply but also actions taken by Placer and Town of Truckee in the last few years to bring STRs into compliance with registration and TOT remittance collection. Both jurisdictions hired Host Compliance in FY 2016/2017, which reflects the increase in the number of STRs.

PLACER COUNTY

- 33% growth rate from 2012–2018, with the highest annual rate of growth between FY 15/16 and FY 16/17 at 11% — the same period Host Compliance was hired.

TOWN OF TRUCKEE

- 81% growth rate from 2012–2018, with the highest annual rate of growth between FY 15/16 and FY 16/17 at 27% — same period Host Compliance was hired.

Tax Benefits from Short-Term Rentals

Transient Occupancy Tax (TOT) generated from STRs in North Tahoe-Truckee provides millions of dollars resulting in significant benefits to the region:

- ▶ TOT Collection Rates

TOWN OF TRUCKEE

- 12%, (10% TOT tax plus 2% Truckee Tourism Business Improvement District Assessment Fee)

PLACER COUNTY

- 10%

► TOT from STRs

TOWN OF TRUCKEE

- 60% of Town of Truckee TOT comes from STRs (2017/2018) — to date, about \$8M collected since 2012.

PLACER COUNTY

- 60% of Eastern Placer TOT comes from STRs (2017/2018) — to date, about \$48.8M collected from STRs (since 2012).

NEVADA COUNTY (DONNER SUMMIT INCLUDING KINGVALE/PLAVADA)

- Over a six-year period (2012 – 2017), TOT revenues for STRs have increased by 24%, bringing the total TOT collected from STRs close to \$900K for this period.

Use of TOT Funds

PLACER COUNTY

- Uses 100% of the TOT revenues it collects in the Eastern Placer region to attract, serve, and mitigate the impacts of North Tahoe tourism.
- 60% is earmarked for transit, capital improvements, bike paths, arts and culture, and marketing.
- 40% is used for government services including snow removal, libraries, public safety, roads, and health and human services, etc.
- For more information on how Placer County uses TOT funds, go to: www.placer.ca.gov/tot

TOWN OF TRUCKEE

- Uses the TOT revenue for trails, sidewalks, road maintenance, affordable housing, snow removal, public safety, crosswalks, emergency services, lighting, and river revitalization.
- The additional 2% of funds designated for the Truckee Tourism Business Improvement District are used for destination marketing and event sponsorship.
- For more information on how the Town of Truckee uses TOT funds go to: www.townoftruckee.org

NEVADA COUNTY

- Uses the TOT funds for economic development efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.
- Projects may include public infrastructure improvements (sewer, roads, fire suppression, broadband potentially), land acquisition, planning and feasibility studies, land-reuse studies, and public restrooms/visitor attractions.

Who is STR'ing

Though data does not exist for this customer segmentation, the Tiger Team agreed that the following begins to define who is STR'ing:

- 1 The full-time resident (for income)
- 2 The second homeowner (to generate income and maintain access)
- 3 The investor (to generate income or garner tax incentives)

Active STRs in the Town of Truckee

In the Town of Truckee, there are 1,720 registered STRs. Of the 1,720 registered STRs, 1,452 are active which is defined by the Town of Truckee as generating \$1 or more of TOT per year. The data below reflects the breakdown of active STRs by residency status since July 1, 2017:

- ▶ 7% are full-time residents
- ▶ 88% are second homeowners
- ▶ 5% unable to match

STRs By Neighborhood

Looking at neighborhood data may be a helpful way for policy makers to look at STRs. For example, some neighborhoods are historically tourism based; others naturally fall into full-time resident communities.

- ▶ Tahoe Donner Homeowner Association, in Truckee, has 52% of registered STRs for the Town. Tahoe Donner is recognized as a second home neighborhood.
- ▶ Glenshire, in Truckee, has 3% of registered STRs — a full-time resident type neighborhood.
- ▶ Northstar, in Placer County, comprises 19% of Eastern Placer County's registered STRs, 72% of which are condos. Northstar is known as a primarily tourism and second-home community.
- ▶ Squaw Valley/Olympic Valley in Placer County, comprise 13% of Eastern Placer's STRs of which 62% are condos. STRs comprise 18% of total housing units in Squaw/Olympic Valley and 14% of total housing units in Alpine Meadows. Both of these neighborhoods are known as a mix of full and part-time residents.
- ▶ Donner Summit (Placer County) has 3% of the housing units registered as STRs with the majority (97%) being single family homes (as opposed to condos). Registered STRs comprise 26% of the total housing units on Donner Summit (Placer County).
- ▶ Kings Beach, in Placer County, has 11% of the STRs in Eastern Placer, of which 35% are condos. Kings Beach is known, especially in the grid area, as a full-time resident neighborhood. 15% of total housing units in Kings Beach are being short-term rented.

SECTION II ▶

Regional Market Data

1. UNDERSTANDING OUR SHORT- AND LONG-TERM RENTAL MARKET

A. Overview

The North Tahoe-Truckee region addressed in this document encompasses two counties (Placer and Nevada) and one incorporated town (the Town of Truckee). The region is composed of a number of small, distinct communities along the North and West Shores of Lake Tahoe, the Town of Truckee, and the communities on Donner Summit west of Truckee. The region is a national and international tourism destination known for its world-class ski resorts and abundant summer recreational opportunities. The region's housing stock has always served dual purposes — serving both the full-time local residents and the robust second home market.

Following are key findings from the 2016 Bay Area Economics Needs Assessment about the North Tahoe-Truckee housing market:

- ▶ 30,000: The full-time population in the region
- ▶ 38,801: Total housing units
- ▶ 1979: Majority of housing stock, single-family homes, built before this year.
- ▶ 60%: Percentage of current housing stock used as second homes (up from 52.5% in 2000)
- ▶ 65%: Percentage of homes in the region are vacant more than 50% of the year
- ▶ 12,000: Estimated shortage of affordable housing units to serve the local workforce broken down as follows:
 - ▶ 56%: Commuters
 - ▶ 34%: Under housed/over paying local residents
 - ▶ 10%: Seasonal workforce

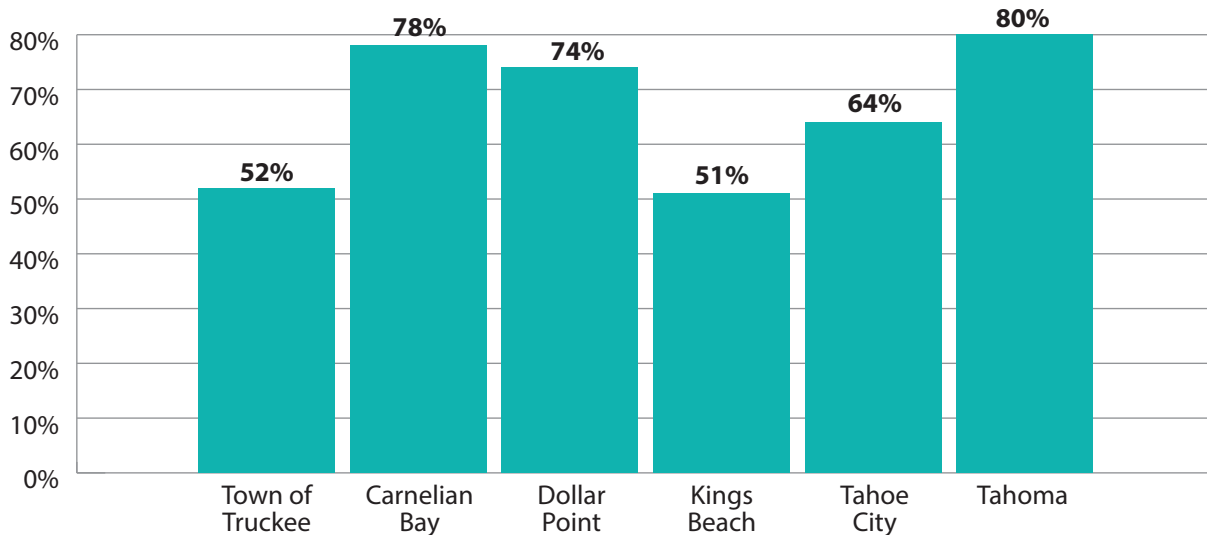
B. Vacancy Rates

Vacancy rates can be a useful measure, particularly in resort communities, to understand the extent to which the existing housing stock is serving residents. Vacant homes in North Tahoe-Truckee communities are predominantly second homes, but also include homes that are for rent, for sale, rented or for sale but not occupied. As shown on the next page (**Figure 1**), the percentage of homes that are vacant vary in the region, from 80% in Tahoma and Carnelian Bay to just over 50% in Truckee and Kings Beach. By comparison, these rates exceed the county rate of 11% for the rest of Placer and Nevada Counties.²

¹ BAE Needs Assessment, 2016

² BAE Needs Assessment, 2016

FIGURE 3 ▶
Vacancy Rates North-Tahoe Truckee Region



Source: BAE Needs Assessment, 2016

Data from the American Community Survey (ACS) can shed light on the mix of housing stock across home types as well as net changes in stock in recent years.³ Based on ACS estimates, second homes grew at a faster rate than full-time resident homes between 2010 and 2015 in North Lake Tahoe (Eastern Placer County). About 81% of the estimated 1,260 units added since 2010 were second homes. **As a result, the percentage of second homes is approximately 67.7% of all housing stock in the region.**

TABLE 1 ▶
Change in Housing Stock Between 2010 and 2015, North Lake Tahoe (Eastern Placer County)

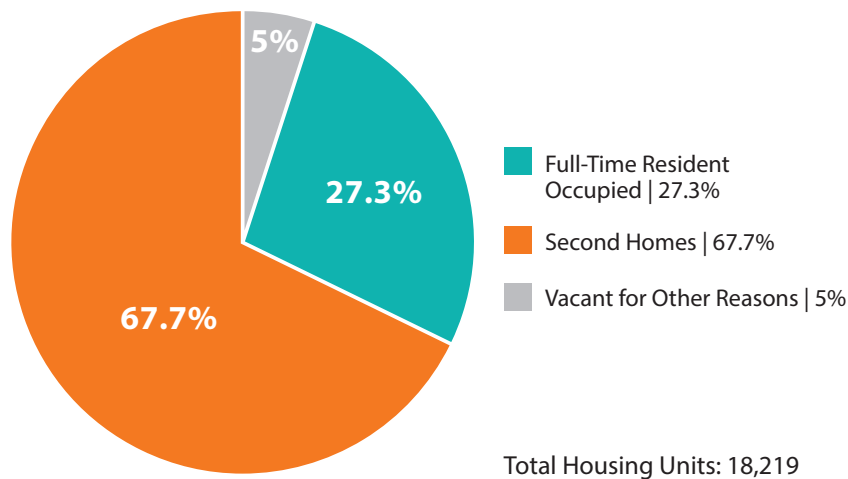
	ALL VACANT UNITS		SECOND HOMES		FULL-TIME HOMES		TOTAL HOUSING STOCK
	COUNT	% OF TOTAL	COUNT	% OF TOTAL	COUNT	% OF TOTAL	
2010	12,015	70.8%	11,305	66.7%	4,944	29.2%	16,959
2015	13,245	72.7%	12,332	67.7%	4,974	27.3%	18,219
Change in Units	1,230	97.6%	1,027	81.5%	30	2.4%	1,260
% Change in Units		10.2%		9.1%		0.0%	0.0%

Source: American Community Survey (using 5-year Census ACS data) in Beacon Economics Report prepared for Placer County, 2017

As shown in **Figure 2** (next page), in North Lake Tahoe (Eastern Placer County) 67.7% (12,332) of housing is being used as second homes while 27.3% (4,974) of housing stock is being utilized by full-time residents with the remaining 5% vacant for other reasons (for rent, for sale, and rented or sold but not occupied).

³ Data is from the 5-year ACS sample data, meaning 2015 refers to the 2011–2015 consolidated ACS. The Census Bureau recommends using the data to understand trends in changes, where margins of error are reasonable, and not for exact numerical shifts in population, housing or household demographics (see <http://www.census.gov/programs-surveys/acs/technical-documentation/code-lists.2014.html> for more information).

FIGURE 4 ▶
North Lake Tahoe (Eastern Placer County) Housing Occupancy (2015)



Source: American Community Survey (using 5-year Census ACS data) in Beacon Economics Report prepared for Placer County, 2015

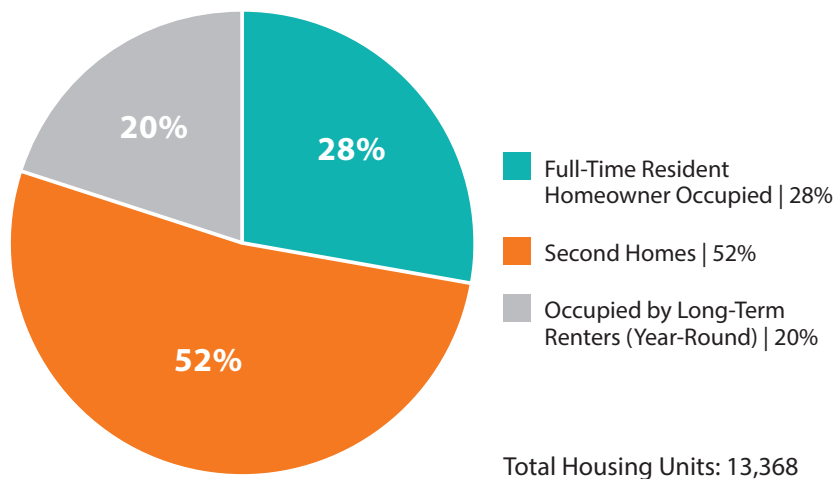
C. Long-Term Rental Market

Another consideration for understanding our region’s housing market is to look at what percentage of housing units are being rented long-term and how this has changed over time. Specifically, it would be helpful to understand how many long-term rentals have been converted to short-term rentals. At this time, however, we have limited data on the long-term rental market.

The data we do have, collected by the Truckee Chamber of Commerce | Truckee Tomorrow, as shown in **Figure 3** (below), shows that in the Town of Truckee, approximately 20% (2,625) of Truckee non-owner occupied housing units are currently rented long-term to locals for year-round use.

Based on the 2012–2017 5-year American Community Survey, it is estimated that about 8.6% (1,590 units) of Eastern Placer County housing units are rented long-term to locals.

FIGURE 5 ▶
Truckee Housing Occupancy (2018)



Source: Socio Economic Indicators — Appendix B, Truckee Chamber of Commerce | Truckee Tomorrow, 2018

D. Short-Term Rental Market

Region wide, registered short-term rentals comprise about 13% of the total residential unit use (see Table 2 below). STR data is collected by jurisdictions with support from Host Compliance — a third-party company serving Town of Truckee and Placer County to track short-term rental properties. The data does not only reflect growth in STR supply, but also the actions taken by Placer County and the Town of Truckee in the last few years to bring STRs into registration and TOT remittance compliance. Both the Town of Truckee and Placer County hired Host Compliance in FY 2016/2017 to assist with bringing STR properties into compliance. As a result, some of the increase of 11% (Eastern Placer County) and 27% (Town of Truckee) in registered STRs from FY 2015/2016 to FY 2016/2017 can probably be attributed to improved compliance efforts rather than a surge in STR growth.

The current policies in the Town of Truckee and Placer County state that STR operators are required to register their short-term rental and remit a transient occupancy tax (TOT) return, every quarter, to their respective jurisdiction even when zero rental revenue is received. **Currently, the Town of Truckee and Placer County have 90% compliance rates for registered short-term rentals.**

TABLE 2 ▶
Registered STRs Compared to Housing Units
(Excluding Hotels and Condo-hotels)

	TOTAL HOUSING UNITS	REGISTERED STRs	STR % OF TOTAL UNITS
Town of Truckee	13,368	1,720	12.87%
Eastern Placer County	25,569	3,461	13.54%
Regional Total	38,937	5,181	13.31%

Source: Town of Truckee & Placer County, 2018

Between Fiscal Years 2012/2013 and 2017/2018, a six-year period, registered STRs have increased steadily by about 33% in Eastern Placer County and 81% in the Town of Truckee. It may not be possible to identify the extent to which the growth can be attributed to: 1) Registration compliance enforcement and/or 2) Increase in new STR units. (See **Table 3** — Year-over-Year STR Total for annual details on next page). Again, this count excludes hotels and condo-hotels (resort condos operating like hotels).

TABLE 3 ▶
Year-over-Year STR Total

FISCAL YEAR	EASTERN PLACER COUNTY		TOWN OF TRUCKEE	
	TOTAL REGISTERED STRs	ANNUAL PERCENT CHANGE	TOTAL REGISTERED STRs	ANNUAL PERCENT CHANGE
2012/2013	2,602	N/A	951	N/A
2013/2014	2,647	2%	1,079	13%
2014/2015	2,730	3%	1,083	0%
2015/2016	2,853	5%	1,219	13%
2016/2017	3,176	11%	1,550	27%
2017/2018	3,461	9%	1,720	11%
6-Year Change		33%		81%

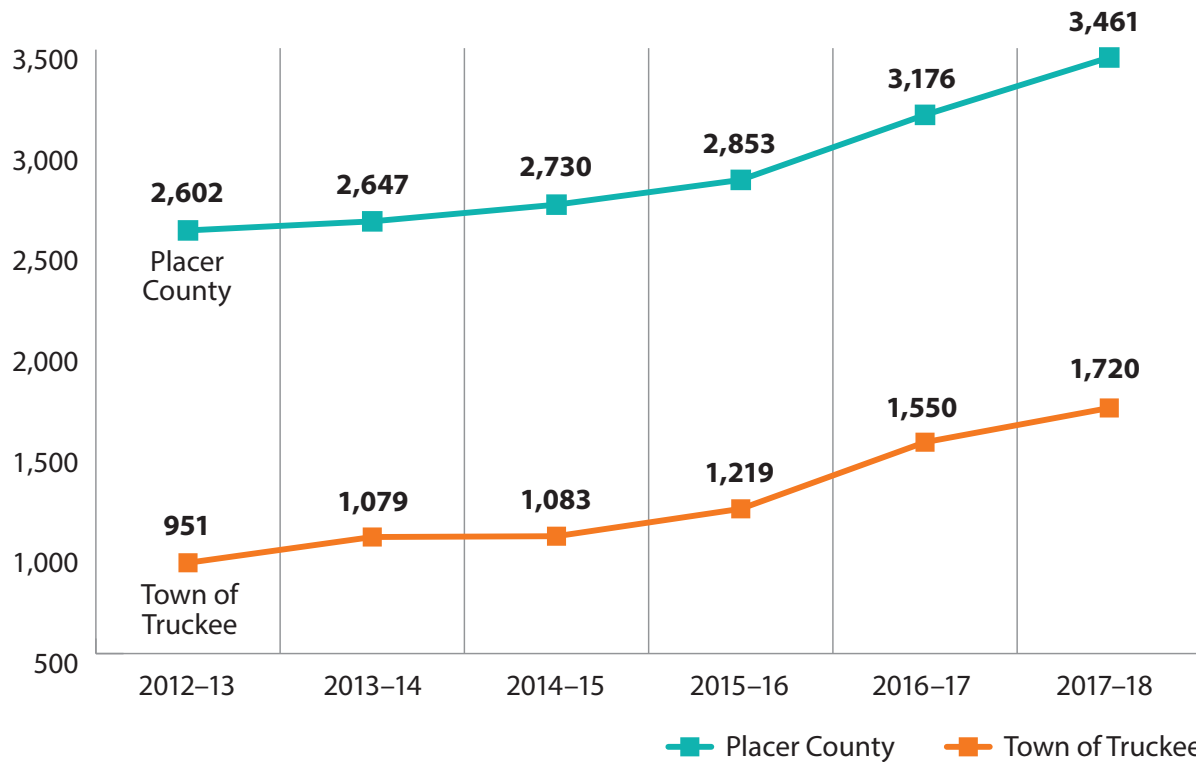
Source: Town of Truckee & Placer County, 2018

As the rate of registered STRs has increased, second homes have also been growing at a faster rate than resident-occupied units. As noted earlier, about 81% of housing unit growth between 2010 to 2015 in North Lake Tahoe (Eastern Placer County) was second homes, increasing the percentage of housing stock being used as second homes to 67.7% in 2015.

It is important to note that in the Town of Truckee, approximately 50% of the registered STRs are not-active for any given quarter. Active is defined as generating \$1 of revenue or more per year. So, though homeowners may register their homes as an STR, only 50% are being actively rented.

⁴ Eastern Placer County/Tahoe Region Workforce Housing Needs Assessment, Beacon Economics, December 2017.

FIGURE 6 ▶
Growth in Registered STRs



Source: Town of Truckee & Placer County, 2018

E. Who + Why Homeowners Rent Short-Term

Understanding who is renting short-term and why helps paint a clearer picture of the short-term rental market. Based on conversations with Tiger Team Members and local property managers, the Mountain Housing Council proposes that there are several categories of homeowners that list their homes for short-term rentals:

- 1 The local resident: supplements his/her income by occasionally renting out a room, a secondary unit, or their entire home, but lives full-time in the primary unit;
- 2 The second homeowner: rents his/her entire home for some weekends or weeks of the year when they are not using it to help generate income; and;
- 3 The investor: purchases a home for the sole purpose of generating income or garnering tax incentives via short-term rentals.

Though we do not have a complete regional set of data on the above listed types of short-term rental homeowners, we have some data from the Town of Truckee.

In the Town of Truckee, of the 1,452 active short-term rentals (defined as generating at least \$1 per year in TOT) in the last two years (see **Table 4** next page):

- ▶ 7% (100) are full-time residents
- ▶ 88% (1,284) are second homeowners
- ▶ 5%: (68) unable to match

TABLE 4 ▶

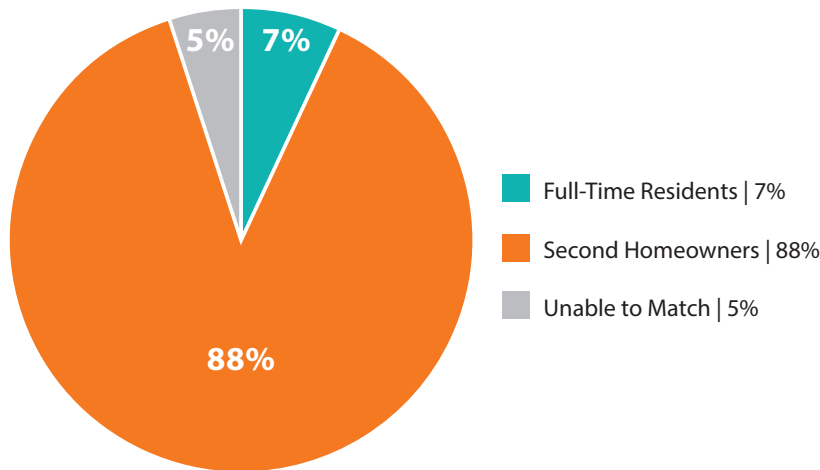
Town of Truckee: Residency Status of Active STR Operating Homeowners

	INDIVIDUALS	PROPERTY MANAGERS	TOTAL	PERCENT
Second Homeowners	663	621	1,284	88%
Full-Time Resident	85	15	100	7%
Unable to Match [1]	17	51	68	5%
Total	765	687	1,452	100%

[1] Could not be matched to determine full-time resident or second homeowner status
 Source: Town of Truckee, 2018 and Truckee Chamber | Truckee Tomorrow

FIGURE 7 ▶

Town of Truckee Residency Status of Active STR Operating Homeowners



Source: American Community Survey (using 5-year Census ACS data) in Beacon Economics Report prepared for Placer County, 2015

F. Short-Term Rentals by Neighborhood

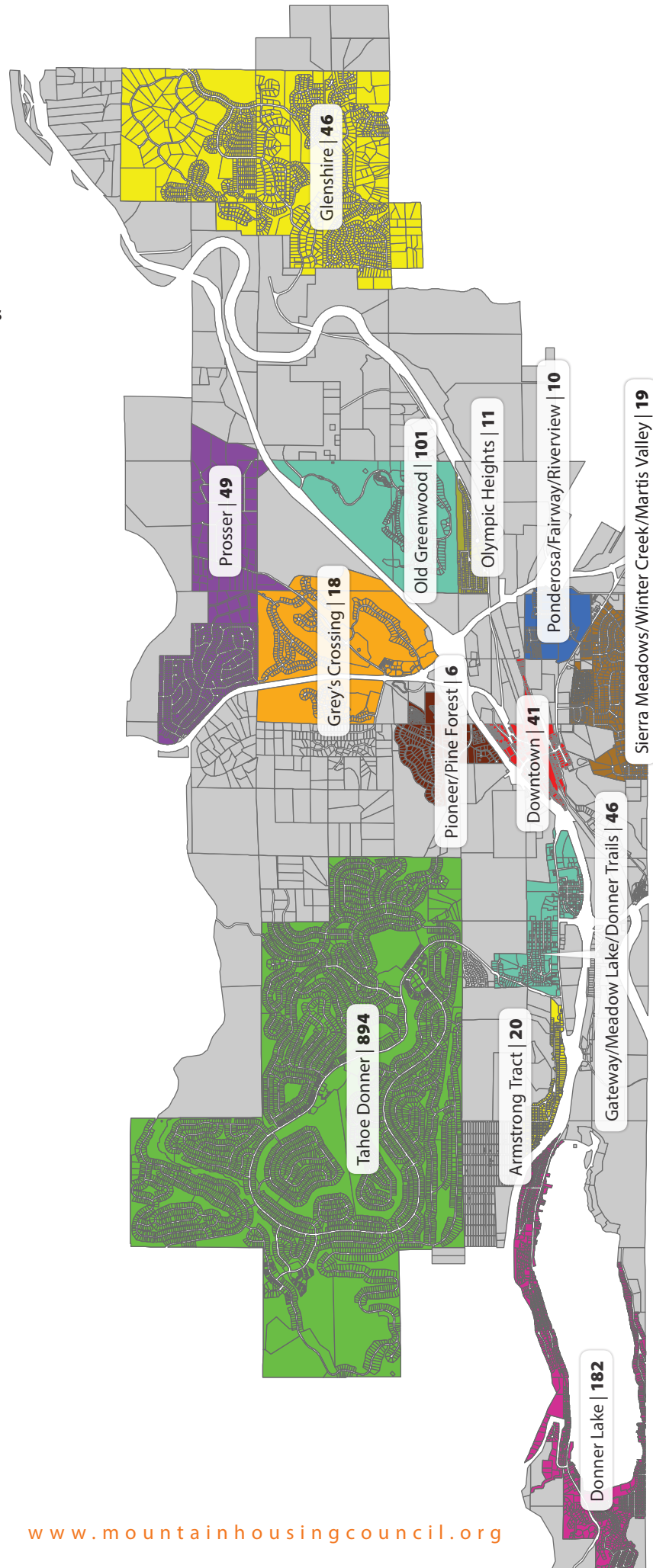
Another important data set is where STR units are concentrated. Are they in neighborhoods that are historically known as full-time residential neighborhoods, or are they in areas known, historically, for tourism and second home ownership? The two maps on the following pages illustrate the breakdown of registered STR units by neighborhood in the Town of Truckee and Eastern Placer County.

As seen in the Town of Truckee map, there are a total of 1,720 registered STRs with the greatest number (894) of STRs located in the Tahoe Donner/Donner Crest neighborhood, which is known for its high rate of second home ownership. Other neighborhoods with more full-time residents, such as Glenshire, have a lower number of registered STRs (46).

As seen in the Eastern Placer County map, there are a total of 3,461 registered STRs with the greatest number of STRs located in Northstar (659) and of those, the majority (472) are condos; Northstar has historically been more of second home neighborhood. Similarly, in Squaw Valley, condos comprise the majority the registered STRs (72%); 255 out of 355 registered STRs are condos. Tahoe City also has a high proportion of registered STRs are condos at 48%; 256 out of 532 registered STRs that are condos. Kings Beach, on the other hand, known more as a full-time resident neighborhood, has 382 registered STRs and of those, just over one-third (134) are condos.

MAP 1 ▶
Town of Truckee
Registered STRs by
Neighborhood

1,720 Total Registered STRs
 Note: 230 STRs are missing
 from the neighborhood data.



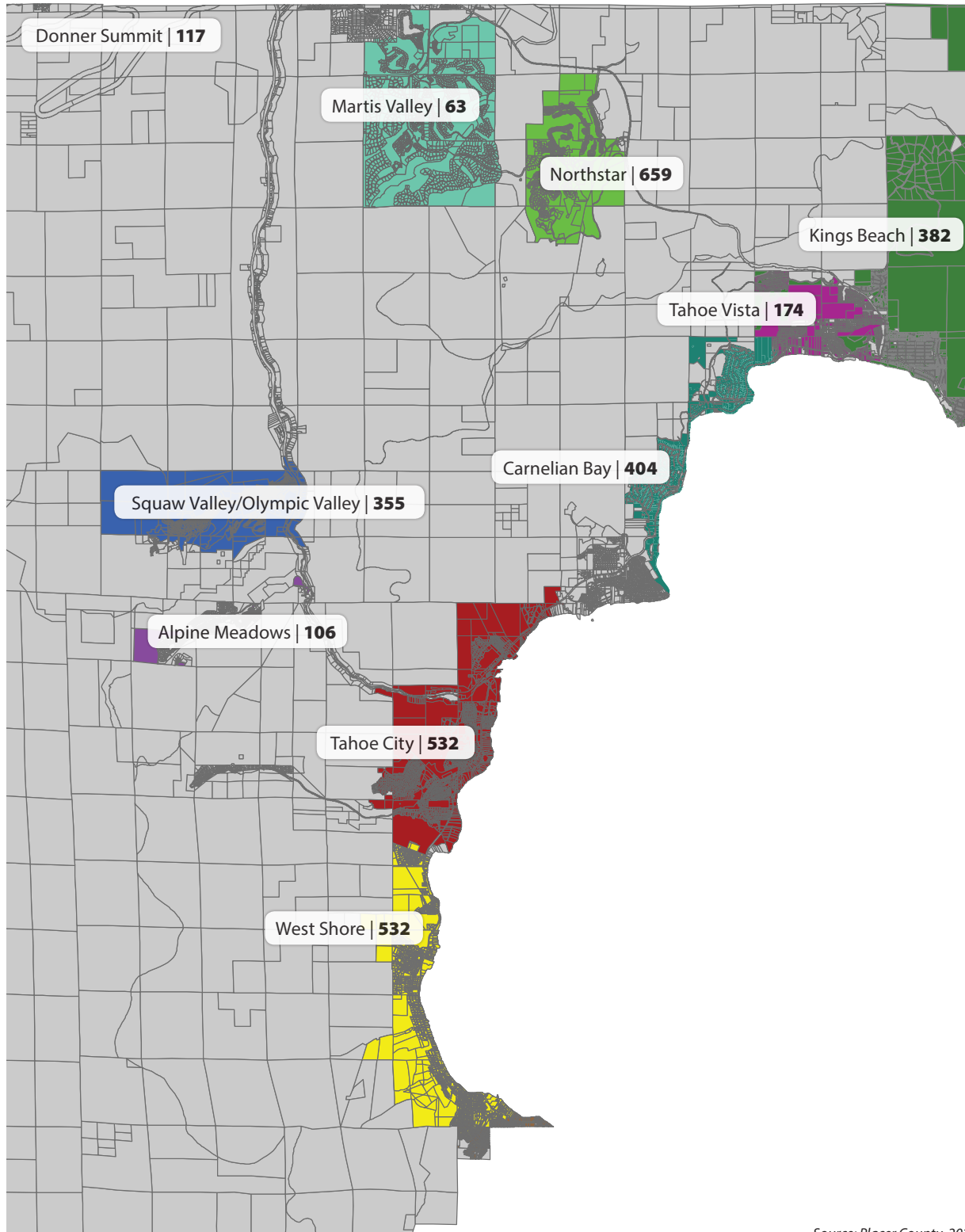
Source: Town of Truckee, 2018

MAP 2 ▶

Eastern Placer County Registered STRs by Neighborhood

3,461 Total Registered STRs

Note: 30 STRs are missing from the neighborhood data.



Source: Placer County, 2018

2. TRANSIENT OCCUPANCY TAX (TOT) FROM SHORT-TERM RENTALS

A. Understanding TOT

Transient Occupancy Tax is defined as a rental tax paid by the guest of a short-term rental to the respective local jurisdiction. STRs offer local jurisdictions an opportunity to diversify their funding streams through the collection of Transient Occupancy Tax (TOT).

The Town of Truckee, Nevada and Placer Counties require quarterly payments of TOT at a rate of 10%. STRs in the Town of Truckee, however, are required to remit an additional 2% for the Truckee Tourism Business Improvement District (TTBID) Assessment bringing the total tax on STRs in the Town of Truckee to 12%. For Nevada County TOT collection, Airbnb collects and remits directly to Nevada County the 10% TOT tax.

B. TOT Revenue Trends

In North Tahoe-Truckee, short-term rentals generate significant TOT revenue for the area.

TABLE 5 ►

**Year-over-Year TOT Revenue Total from Short-Term Rentals
(Excludes TOT collected from hotels and condo-hotels)**

FISCAL YEAR	EASTERN PLACER COUNTY		TOWN OF TRUCKEE	
	ANNUAL TOTAL REVENUES	ANNUAL PERCENT CHANGE	TOTAL TOT REVENUES	ANNUAL PERCENT CHANGE
2012/2013	\$6,354,746	N/A	\$714,068	N/A
2013/2014	\$6,543,728	3%	\$862,953	21%
2014/2015	\$6,811,266	4%	\$1,027,122	19%
2015/2016	\$8,610,743	26%	\$1,471,037	43%
2016/2017	\$9,848,707	14%	\$1,977,347	34%
2017/2018	\$10,657,770	8%	\$2,006,593	1%
6-Year Total	\$48,826,960	68% (6-year change)	\$8,059,120	181% (6-year change)

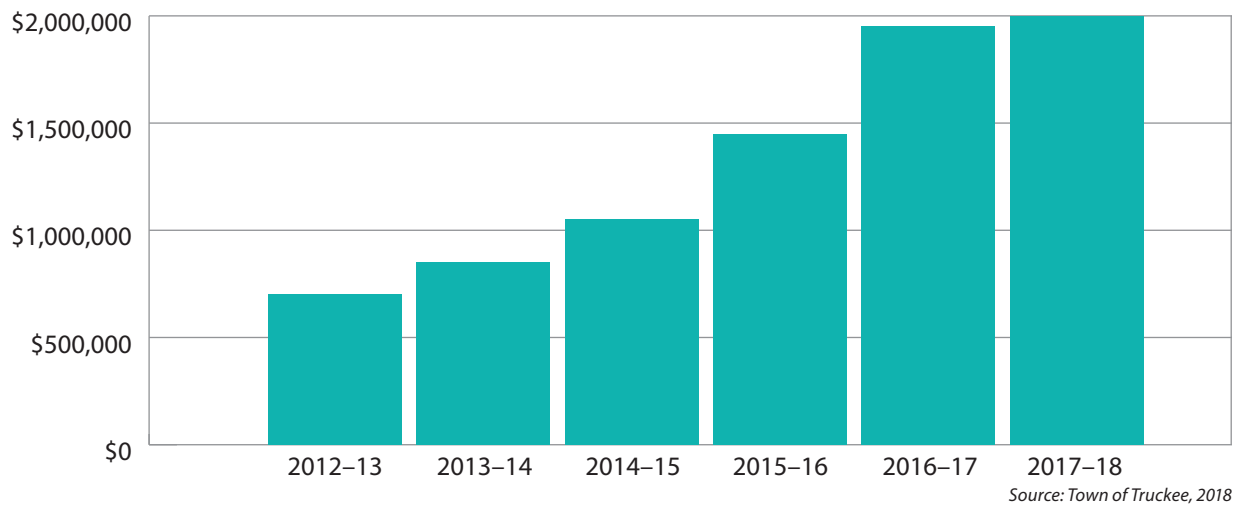
Source: Town of Truckee & Placer County, 2018

As shown in **Table 5** (previous page) and **Figures 6–8** (below):

1. TOWN OF TRUCKEE:

- ▶ Over a six-year period (FY 2012/2013–2017/2018), TOT revenues for STRs have almost doubled (181%) (see **Table 5** — Year-over-Year TOT Revenue for annual details), bringing the total TOT collected from STRs to \$8 million for this period.
- ▶ The annual growth in TOT remitted slowed down significantly in FY 2017/2018 in the Town of Truckee to only 1%.
- ▶ Annual short-term rental TOT revenues for the Town of Truckee comprised about 60% of total TOT collections in 2017/2018.

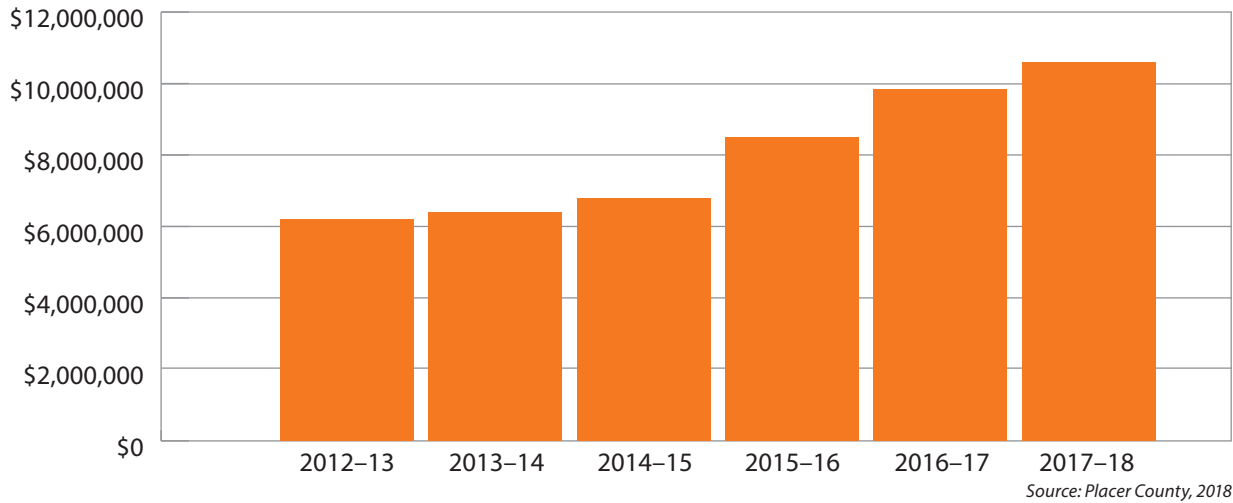
FIGURE 8 ▶
Town of Truckee Annual TOT Collected from STRs



2. EASTERN PLACER COUNTY:

- ▶ Over a six-year period (FY 2012/2013–2017/2018), TOT revenues for STRs have increased by 68% (see **Table 5** — Year-over-Year TOT Revenue for annual details), bringing the total TOT collected from STRs to \$48.8 million.
- ▶ TOT revenue total includes Northstar, which comprised 27% (\$12.9 million) of total revenues from STRs for Eastern Placer County from FY 2012/2013 to FY 2017/2018.
- ▶ Annual short-term rental TOT revenues for Eastern Placer County comprised about 60% of total TOT collections in 2017/2018.

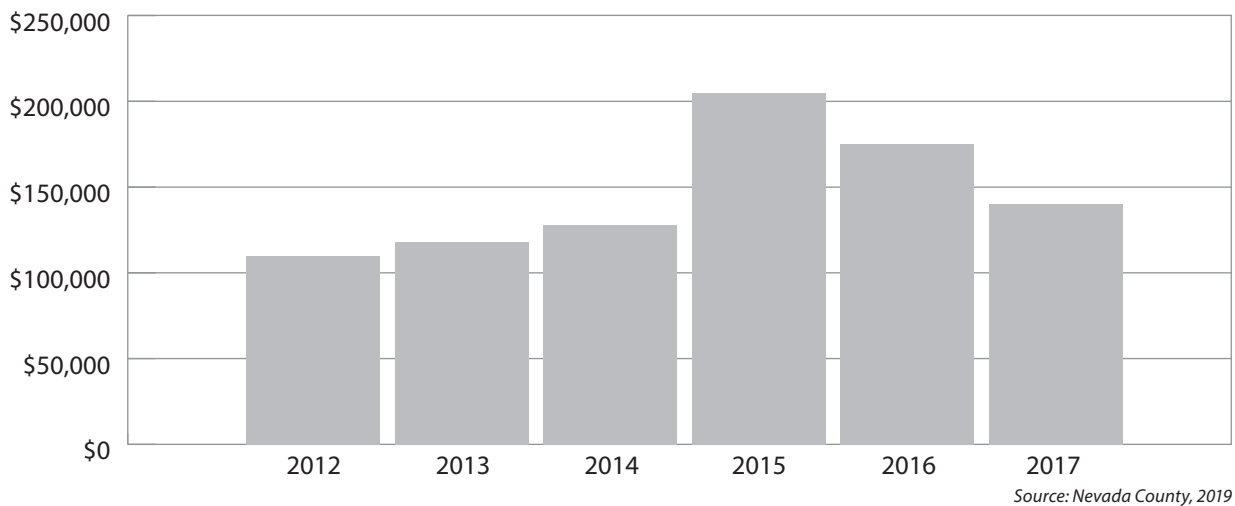
FIGURE 9 ▶
Eastern Placer County Annual TOT Collected from STRs



3. EASTERN NEVADA COUNTY (DONNER SUMMIT INCLUDING KINGVALE/PLAVADA):

- ▶ Between 2012–2017, TOT revenues for STRs increased by 24%, bringing the total TOT collected from STRs to \$863,256 for this six-year period.
- ▶ There are approximately 508 units of housing on Donner Summit (including Kingvale/Plavada). Approximately 10–15% of the units are used as short-term rentals.

FIGURE 10 ▶
Eastern Nevada County Annual TOT Collected from STRs



C. Use of TOT Funds

PLACER COUNTY

Placer County uses 100% of the TOT revenues it collects in Eastern Placer County to attract, serve, and mitigate tourism and its impacts at Lake Tahoe. Of the TOT received, 60% is earmarked for transit, capital improvements, bike paths, arts and culture, and marketing; the remaining 40% is used for government services including snow removal, libraries, public safety, roads, and health and human services, etc. In recent years, Placer County has used TOT revenue to fund the Commons Beach Restoration, Tahoe City Transit Center, Kings Beach Community House, Snow Creek Wetlands Restoration Project, Dollar Creek Shared Use Trail, Kings Beach Commercial Core Project, planning for museums and performing arts centers, and Tahoe Pedestrian Safety Program with TOT revenue. \$1 million was recommended by North Lake Tahoe Resort Association to earmark for purchase of a piece of property to develop workforce housing near Tahoe City. For more information on how Placer County uses TOT funds, go to: www.placer.ca.gov/tot.

TOWN OF TRUCKEE

The Town of Truckee uses the TOT revenues it collects for trail, sidewalk, and road maintenance, affordable housing, snow removal, public safety, crosswalks, emergency services, lighting, and river revitalization. The additional 2% of funds designated for the Truckee Tourism Business Improvement District are used for destination marketing and event sponsorship. For more information on how the Town of Truckee uses TOT funds, go to: www.townoftruckee.org

NEVADA COUNTY

Nevada County used TOT funds for economic development efforts that seek to improve the well-being and quality of life for the community. Projects may include public infrastructure improvements (sewer, roads, fire suppression, broadband potentially), land acquisition, planning and feasibility studies, and public restrooms/visitor attractions.

SECTION III ▶

Summary of Local Approaches to Short-Term Rentals

1. CURRENT PROGRAMS

In the North Tahoe-Truckee region, there are three jurisdictions with land use and taxing authority that affects short-term rentals: Town of Truckee, Placer County, and Nevada County.

Within these jurisdictions, homeowner associations have the ability to implement different rules and regulations for short-term rentals. Following is a summary of local efforts currently underway or in the planning phase, for jurisdictions and homeowner associations, for short-term rentals.

A. Placer County STR Program

1. REGULATION: TRACK STRs + COLLECT TOT TAXES

Regulation	Ordinance in place requiring registration and TOT compliance within 30 days of 1) starting business, 2) beginning advertising, 3) placing unit available for rent.
Why	Collect TOT funds to enhance tourism infrastructure and mitigate impacts, pay for services, etc.
Penalties	Fine: 10% of amount of TOT plus interest (1.5%).
Results	90% of STRs currently in compliance.

2. REGULATION: LAND USE REGULATION

Regulation	Secondary Dwelling Ordinance (ADU)
Why	Limit number of STRs.
How it works	<p>Inside the Tahoe Basin: A secondary unit is allowed if it is deed restricted to prohibit the secondary residence to be converted to a tourist use or utilized as a vacation rental, (short-term rental of a secondary residence or its bedrooms to overnight guests for fewer than 30 consecutive days is prohibited). If the parcel is smaller than one acre, the secondary unit must also be deed restricted for affordability. Additionally, either the primary or secondary residence on the site shall be occupied at least 10 months per year.</p> <p>Outside the Tahoe Basin: If there is a secondary dwelling unit on a property, only one can be rented short term at any given time.</p>

3. REGULATION: DEED RESTRICTIONS FOR AFFORDABLE HOUSING

Regulation	Prohibiting short-term rental through deed restriction on affordable housing projects
Why	Prohibiting short-term rentals for deed restricted, affordable housing properties maintains locals' neighborhoods and ensures subsidized units (e.g. built with local public subsidies) are occupied by residents.
How it works	Property managers of deed restricted properties must comply with annual monitoring to ensure compliance.

4. PROGRAM: GOOD NEIGHBOR EDUCATION AND OUTREACH

Program	The Good Neighbor brochure to be displayed as part of the TOT ordinance update that was approved in December 2018.
Why	Reduce nuisance issues — Educate renters and homeowners on how to be a good neighbor.
Status	County staff is working to integrate registration of short-term rentals with distribution of Good Neighbor Education materials. For more info: www.placer.ca.gov/tot .

5. PROGRAM: HOTLINE FOR NUISANCE CALLS

Program	800# available 24/7
Why	Reduce nuisance issues — A 24/7 hotline is being developed in coordination with Host Compliance for neighbors to call in complaints. Depending on the issue, the local contact of the property may be contacted and/or the Placer County Sheriff's office. All complaint calls will be logged and Placer County staff will be able to review.
Status	Expected to launch in 2019.

B. Town of Truckee STR Program

1. REGULATION: TRACK STRs + COLLECT TOT TAXES

Regulation	Ordinance in place requiring registration and TOT compliance within 30 days of 1) starting business, 2) beginning advertising, 3) placing unit as available for rent.
Why	Collect TOT funds to enhance tourism — infrastructure, mitigate impacts, pay for services, etc.
Penalties	Charge late fees and interest on the amount of tax due — 10% of the tax due per month late (up to 50%) plus 1.5% interest per month. If a property is identified advertising as an STR and not filing taxes, and the owner ignores requests for compliance, the Town eventually can put a lien on the property for the estimated amount of tax owed + late fees/interest.
Results	Currently in place. 90% of STRs in compliance.

2. REGULATION: LAND USE REGULATION

Regulation	STRs only allowed on 1 of 2 units per parcel in single-family residential zones
Why	To limit short-term rentals and to reduce the impacts on neighborhood character.
How it works	Currently in place.

3. REGULATION: DEED RESTRICTIONS FOR AFFORDABLE HOUSING

Regulation	STRs only allowed in multi-family dwellings with Use Permit
Why	Prohibiting short-term renting the property to reduce speculative buying, maintain locals' neighborhoods and ensure subsidized units in particular (e.g. built with local public subsidies) are occupied by local residents.
How it works	Annual monitoring requirements and review of short-term rental information to ensure compliance.

C. Nevada County STR Program

1. REGULATION: TRACK STRs + COLLECT TOT TAXES

Regulation	Ordinance in place requiring registration and TOT compliance through Tax Collector's Office
Why	Collect TOT funds and track STRs.
Results	Don't know compliance rates, tracking revenue and # of STRs.

2. REGULATION: STR ALLOWABLE PROPERTIES

Regulation	Currently, Nevada County does not have a policy that restricts properties from being rented out as an STR other than that the property can only be rented out in its entirety.
How it works	Any property can be rented out for any amount of time. The only restriction is that multiple houses (on a single property) can't be rented out separately. If there are two units on the property, they can't be rented out separately at the same time but both units could be rented to the same person/family.
Penalties	None in place.
Results	Currently in place.

D. Local Homeowner Association (HOAs) STR Programs

TAHOE DONNER ASSOCIATION (TDA), TRUCKEE

The largest HOA in Truckee with nearly 6,500 properties.

The Board recently adopted the following policies aimed at addressing nuisance issues rather than local residents' housing supply.

Covenants and Rules	Nuisance
Purpose	To preserve and protect the quiet residential character of the Tahoe Donner community.
Details	<p>STR Registration with the Association.</p> <p>All STR owners must provide a real-time contact for the property.</p> <p>If a nuisance complaint is made to the owner by TDA, owners or designated person must contact TDA within a 45-minute window 24 hours a day / 7 days a week.</p> <p>STR residences must follow occupancy rules of no more than 2 people per bedroom plus 4 additional people total (children under the age of 7 are excluded from the occupancy count).</p> <p>The number of parked vehicles shall not exceed spaces available in garages and on the driveway of the property.</p> <p>Emergency Evacuation and TDA Rules must be provided to renters.</p> <p>Fines imposed for violation of rules will be imposed on the owner.</p>
Status	Implemented January 2019.

GLENSHIRE DEVONSHIRE RESIDENTS ASSOCIATION (GDRA), TRUCKEE

Glenshire Devonshire Residents Association includes 1,357 properties.

The STR committee provided the following recommendations for the Board of Directors, most of which address nuisances, while a few have the additional benefit of deterring speculative STR purchases, by limiting when and how often a property can be rented short-term. At the time of this report, STR Committee recommendations are being incorporated into a Covenants, Conditions and Restrictions (CC&R) revision process, which will be then voted on by the Glenshire Devonshire Residents Association Membership.

Covenants and Rules	Nuisance
Purpose	Address nuisances and protect neighborhood character.
Details	STR notification with Glenshire Devonshire Residents Association.
	Provide emergency contact name and 24/7 contact phone number for each STR.
	Notify neighbors with intent to STR the home and provide emergency contact information to neighbors.
	Coordination with Town of Truckee Registration Requirements: register with the Town of Truckee and compliance with remitting Transient Occupancy Tax.
	Respect quiet hours between 10 p.m. and 8 a.m.
	Limit Occupancy to two people per bedroom .
	Follow trash rules: "Bear boxes" required for any property after the first validated garbage complaint to GDRA.
	Enforce violations and fines when exceeding allowable rental day limits equal to double (200%) the amount earned by the violation.
Status	Committee put forward to Board in 2018. No action to-date.

Covenants and Rules	Preserve Housing + Character
Purpose	Preserve Housing for Locals and Neighborhood Character.
Details	Considering a regulation that limits STRs based on whether the homeowner is a year-round resident or a second homeowner and if the owner is present or not.
	Restrict short-term renting for New Owners for first ninety days of ownership, for year-round residents, and for first nine months for second homeowners.

SECTION IV ▶

What Other Communities Are Doing

1. STR RESEARCH FROM OTHER COMMUNITIES

With the rise of short-term rentals, many communities from the nation's largest cities (e.g., New York City, Miami, and San Francisco) to small mountain towns (e.g., Jackson Hole, Whitefish, and Mammoth Lakes) have developed various strategies to leverage the benefits and address the impacts of STRs on neighborhood character and available housing. Some communities are taking the regulatory approach, some the matching/incentive type approach, and some a blend of both as outlined in the following pages.

A. To Regulate or Not to Regulate?

For various reasons, some communities choose not to regulate while others choose to regulate. The key reasons communities choose to regulate:

- ▶ Preserving long-term rentals
- ▶ Managing neighborhood nuisance and character issues

Because regulation of STRs is relatively new, there is little research that shows whether regulating or limiting STRs leads to a significant increase in long-term rentals.

The MHC STR White Paper does not advise on whether regulating STRs is a solution to increase long-term rentals. Jurisdictions will need to determine their own path based on community goals and vision. However, following is a summary what other communities are doing to both regulate STRs and build matching/incentive models to increase long-term rental supply.

B. Research on STR Relationship to Long-term Rental Market

Per the available research, concerns have increased in the last few years over the potential link between the increasing supply of STRs and a decreasing supply of long-term rentals. Though it is difficult to quantify the effects of STRs on our local long-term rental market, research from some mountain communities does show that STRs have increased and long-term rentals have decreased. It is important to keep in mind that many factors are at play and it is difficult to correlate, directly, the relationship between short and long-term rentals because long-term rental data isn't tracked like short-term rentals.

1 Decrease in Long-Term Rentals

Primary research conducted in several mountain resort communities over the past few years illustrates that communities have experienced conversion of long-term, resident-occupied rentals to short-term vacation rentals at varying rates.

Table 6, on the next page, displays data collected from representative surveys of households and employees in three distinct resort communities: Mammoth Lakes, CA; Big Sky, MT; and Estes Park, CO.⁵ This shows that:

- ▶ Conversion of units to short-term rentals is only one of several factors that have resulted in renter displacement. Owners selling units during a period when home prices have reached or exceeded pre-recession levels has been the single most significant issue identified.
- ▶ Units being converted to short-term rentals varies from displacing about 3% of renters in Mammoth Lakes, CA (about 50 renters) to 9% in Estes Park, CO (about 200 renters), and up to 23% in Big Sky, MT (about 200 renters).

⁵ Mammoth Lakes, CA: "Mammoth Lakes Community Housing Action Plan Part 1: Housing Needs, Accomplishments and Challenges," WSW Consulting, Inc., et al, July 2017, available at: <http://mammothlakeshousing.org/wp-content/uploads/2018/05/ML-2017-final-July-10-2017.pdf>; Big Sky, MT: "Community Housing Assessment and Needs," WSW Consulting, Inc., et al, Feb. 2018, available at: <http://bigskychamber.com/wp-content/uploads/2018/05/Big-Sky-FINAL-Housing-Assessment-Feb.-2018-f.pdf>; Estes Park, CO: "Estes Park Area Housing Needs Assessment," Rees Consulting, Inc., et al, Jan. 2016, available at: https://www.colorado.gov/pacific/sites/default/files/atoms/files/Final%202016%20HNA%20Report_1.pdf.

TABLE 6 ►
Renters Forced to Move Within the Past 3 to 5 Years

WHY WERE YOU FORCED TO MOVE?	% OF RENTERS		
	MAMMOTH LAKES, CA (2017)	BIG SKY, MT (2017)	ESTES PARK, CO (2017)
Owner sold my rental	7%	26%	9%
Owner changed unit to a short-term rental	3%	23%	9%
Owner moved in	2%	8%	7%
Other**	20%	9%	10%
Total % forced to move*	28%	42%	32%
Total # forced to move	480	400	700

*Sum of individual percentages does not match sum of total % because some renters were forced to move more than once.
 **Other includes, for example, rising rents and/or utilities (could no longer afford), inability to get 6-month or longer lease, damage to home (uninhabitable), rental was foreclosed upon, etc.

The Town of Crested Butte conducted its own census of units in 2012 and 2015, determining how many units were occupied by long-term renters, occupied by owners, and used as vacation rentals in each year. Staff conducted this research by going door-to-door. Of 1,122 housing units in Crested Butte, 23 long-term rental units and 17 owner-occupied by a local in 2012, were rented short term in 2015. In other words, 3.5% of all homes in the community converted from long-term local occupancy to short-term rentals between 2012 and 2015.

2 Do STRs Increase Rents and Sale Prices?

A 2018 paper published by researchers at the National Bureau of Economic Research, the University of California, Los Angeles (UCLA), and the University of Southern California concluded that on a national basis, a 10% increase in Airbnb listings leads to a 0.42% increase in rents and a 0.76% increase in house prices (rental or purchase.) Researchers also found that the impact of Airbnb is smaller in zip codes with a larger share of owner-occupied housing.⁶ Conversely, according to a National Association of Realtors White Paper, removal of STRs and corresponding negative effects on the community can also increase property values.⁷

3 Nuisance Issues Related to Neighborhood Character

Communities across the nation have become concerned about changes in the character of their residential neighborhoods as they transition to lodging-like districts. In national research studies, STRs are often cited as leading to increased noise, parking violations, overcrowding, and garbage issues.

In response to perceived STR impacts on quality of life in residential neighborhoods, other mountain towns have made regulatory changes that limit or otherwise affect how residences are used. For example, the Town of Mammoth Lakes voters passed a measure in 2015 that requires the Town to seek voter approval of zones/neighborhoods that currently do not allow short-term rentals before changing the zoning to allow them.⁸ Voters in the City of South Lake Tahoe just passed Measure T this November, largely banning short-term rentals in residential areas of the city.⁹ However, the new ordinance is currently in litigation.

⁶ Barron, Kyle and Kung, Edward and Proserpio, Davide, The Sharing Economy and Housing Affordability: Evidence from Airbnb, 2018.

⁷ National Association of Realtors White Paper on STR, 2016. Section 3.1.2 - Property Values

⁸ Sahagun, Short-term Rentals Stir Opposition in Mammoth Lakes, LA Times, 2015.

⁹ FINAL ELECTION RESULTS: Measure T passes in South Lake Tahoe, Tahoe Daily Tribune, Dec. 4, 2018, available at: <https://www.tahoe-dailytribune.com/news/final-election-results-measure-t-passes-in-south-lake-tahoe/>.

2. REGULATORY APPROACHES

This section briefly summarizes some of the regulatory approaches various communities have implemented to help address two very distinct issues: the loss of long-term rentals to short-term and nuisance and neighborhood character concerns. It shows:

- ▶ What the regulation is;
- ▶ Why it was being used/intent;
- ▶ Who has implemented the regulation.

This section can be referenced by North Tahoe-Truckee jurisdictions that may be considering similar approaches. Respective jurisdictions might be contacted for analysis of the effectiveness of each. Additionally, resources for how to structure and plan for an STR ordinance can be found on the Host Compliance website.

A. Limits on the number or location of short-term rentals

Regulation	Limit the number of STRs by zone or neighborhood as well as the type of housing that can be short-term rented.
Why	Preserve long-term housing, lower nuisance issues, preserve neighborhood character for primarily full-time residential, and discourage speculative STR investors. Challenging to enforce and controversial.
Who is doing this	<p>City of Santa Barbara, California and Jackson Hole, Wyoming</p> <hr style="border-top: 1px dashed #ccc;"/> <p>Town of Mammoth Lakes, California banned STRs in areas zoned for higher density development, such as multi-family apartments.</p>

Regulation	Ban STRs in all residential neighborhoods except zones designated for lodging and resort activities
Why	Preserve neighborhood character for primarily full-time residential, preserve long-term rentals, discourage speculative STR investors
Who is doing this	Jackson Hole, Wyoming

Regulation	Caps total number of STRs in certain neighborhoods
Why	Preserve residential neighborhood character and discourage speculative STR investors.
Who is doing this	City of South Lake Tahoe, California which caps STRs at 1,400 (see Measure T note previously). Currently in litigation.
	Pacific Grove, California has a limit of 250
	City of Durango limits STRs in two downtown neighborhoods at 3% and maintains a waiting list (currently only 85 legal rentals).

Regulation	Require buffer, such as a set number of feet, between STRs
Why	Lessen the nuisance impact of STRs, maintain year-round community in residential zones.
Who is doing this	Pacific Grove, California (55 ft. buffer), Bend, Oregon (250 ft. buffer)
	Durango, Colorado allows 1 per street segment which is approximately 2 per block.

B. Limits on the length of time and who can short-term rent homes

Regulation	Caps number of nights per year a unit can be short-term rented
Why	To reduce speculative purchase of homes for short-term rental and permit owners limited ability to rent homes to supplement income in lieu of a complete ban.
Who is doing this	Crested Butte, Colorado allows property owners to rent their residences for 60 nights per year or less.
	Telluride, Colorado homeowners in residential zones may only rent out their property for a total period of 29 days or fewer in a calendar year and no more than three times.

Regulation	Only full-time residents can STR (varying definitions) or require full-time owner-occupancy for a year
Why	Discourage speculative STR purchases to preserve the local housing supply
Who is doing this	Portland, Oregon: STR owners must occupy the home nine months out of each year
	San Francisco, California: Only allows 90 un-hosted nights/year when the resident is not present during the guests' stay. To qualify as a resident, a person must occupy their home 275 days per year.

C. Deed or Covenant Restrictions

Regulation	Prohibiting short-term rental through deed or HOA covenant restrictions
Why	Prohibiting renting the property short-term to discourage/reduce speculative buying, maintain locals' neighborhoods, and ensure subsidized units in particular (e.g. built with local public subsidies) are occupied by residents.
Who is doing this	Town of Breckenridge, Colorado: Requires deed restrictions and no STRs in workforce housing units
	Homeowners Associations (e.g., Bozeman, Montana) — HOA covenants that prohibit STR of primary and/or secondary units on a parcel

D. STR Licensing, Inspection, Parking, Enforcement

Regulation	Required permitting, licensing, enforcement of compliance with required inspections and possible enforcement of violations through fines and revoking of permits after multiple citations within a specified time frame
Why	Mitigate nuisance issues; consumer safety concerns; ensure TOT collections; track inventory
Who is doing this	City of San Francisco, California: issues violations of at least \$484/day
	City of South Lake Tahoe, California: code violations result in fines ranging from \$250–\$1,000 and permits are revoked after three citations within 24 months
	Mammoth Lakes, California: increased fines but still have repeat violators willing to pay fines for illegally renting units

Regulation	Set maximum occupancy tied to parking
Purpose	Mitigate nuisance issues associated with over-crowding, parking, snow removal issues, and noise
Who is doing this	Crested Butte, Colorado: maximum allowed occupancy is 10 per unit
	City of Miami, Florida: allows 2 persons per bedroom, plus 2 additional persons per property, up to a maximum of 12 persons, excluding children under 3 years of age
	City of Durango, Colorado: mandates off street parking
	Park City, Utah: requires at least one parking space per unit up to the first six bedrooms and an additional space is required for every two bedrooms utilized by the STR

3. MATCHING AND INCENTIVE APPROACHES

A few communities are considering or implementing programs to incentivize long-term renting to boost local housing supply instead of, or in addition to, regulating STRs. The focus of these types of programs is less on converting short-term homes into long-term rentals but more on unlocking homes that are underused or vacant by providing incentives to homeowners to long-term rent by offering matching property management services.

A. Local Long-term Rental Incentive and Matching Program Efforts

In 2018, Placer County conducted a survey of homeowners in Eastern Placer County to understand what incentives might motivate homeowners to long-term rent their homes.

Following is a summary of the survey (**Table 7** shows survey responses):

- ▶ 510 of 14,122 households responded to the survey for a response rate of approximately 4%
- ▶ 93% of survey respondents were second homeowners
- ▶ The highest percentage of survey respondents owned 3-bedroom homes
- ▶ About one-third (29%) used their home less than 30 days in the last year
- ▶ Another third (34%) used their home 31–90 days per year
- ▶ 9% rented their homes full-time
- ▶ 42.2% selected cash compensation, such as a “signing bonus,” rent subsidy, or property tax reduction as the most appealing incentive
- ▶ 34% said that no incentives would motivate them to rent their place long-term

TABLE 7 ▶
Placer County Second Homeowner Survey Results

INCENTIVES (SURVEY PARTICIPANTS COULD SELECT UP TO 3)	VOTES
Extra Cash Compensation (“signing bonus”, rent subsidy, or property tax reduction)	42.2%
Free property management services	33.7%
Tenants meet agreed qualification standards	25.7%
Guaranteed rent payments if year-round tenant fails to pay rent	25.1%
Extra cash deposit amounts against damages	19.0%
Other	13.9%
Free assistance with collecting and reviewing tenant applications	12.4%
Free supplemental rental insurance	11.6%
None of these would motivate me to participate	34.4%

Source: Placer County, 2018

B. Program Examples from Other Communities

Who	Whistler Housing Authority (British Columbia, Canada)
What	HomeRun Program: Property rental program matching business owners with property owners for workforce housing, Administered by Whistler Housing Authority, managed by licensed property managers. The business enters into an agreement with the homeowner and takes full responsibility for the lease, rent, and maintenance of the property. The business community benefits from being able to use properties to house their employees and homeowners' benefits from not having to become traditional landlords.
Results	Fall 2017, 43 employees housed.

Who	Summit County Housing Works Initiative (Colorado) Run by Family Intercultural Resource Center (FIRC)
What	A master lease matching program that includes incentives such as: low cost (6.25%) property management, vetting of renters (credit + background check), facilitate lease agreements and renter support services. Two full-time staff at FIRC run program (work with local property manager, find houses, renters). Local property management company offers reduced fees.
Results	Year 2: Approx. 33 homes in program, 45 is goal.

Who	Santa Barbara Coastal Housing Partnership (California)
What	Offers housing assistance for employees of member companies, including home buying education, home buying savings, mortgage refinancing savings and rental savings. Local employers can become members which enables their employees to benefit from the services that Coastal Housing Partnership offers. Annual membership rates range from \$795 (less than 25 employees) to \$12,900 (more than 2,500 employees). To assist with rental housing, Coastal Housing Partnership has connected with local landlords that have agreed to reduce the monthly Market Rent on new leases of their rental units for employees of Coastal Housing Partnership Employer Members. Reductions in market rents on studios and one-bedroom units by \$50/month, units with two or more bedrooms by \$75/month, and single-family homes by \$100/month.
Results	4 apartment complexes participating in program. Approximately 60 employees receiving reduced rents.

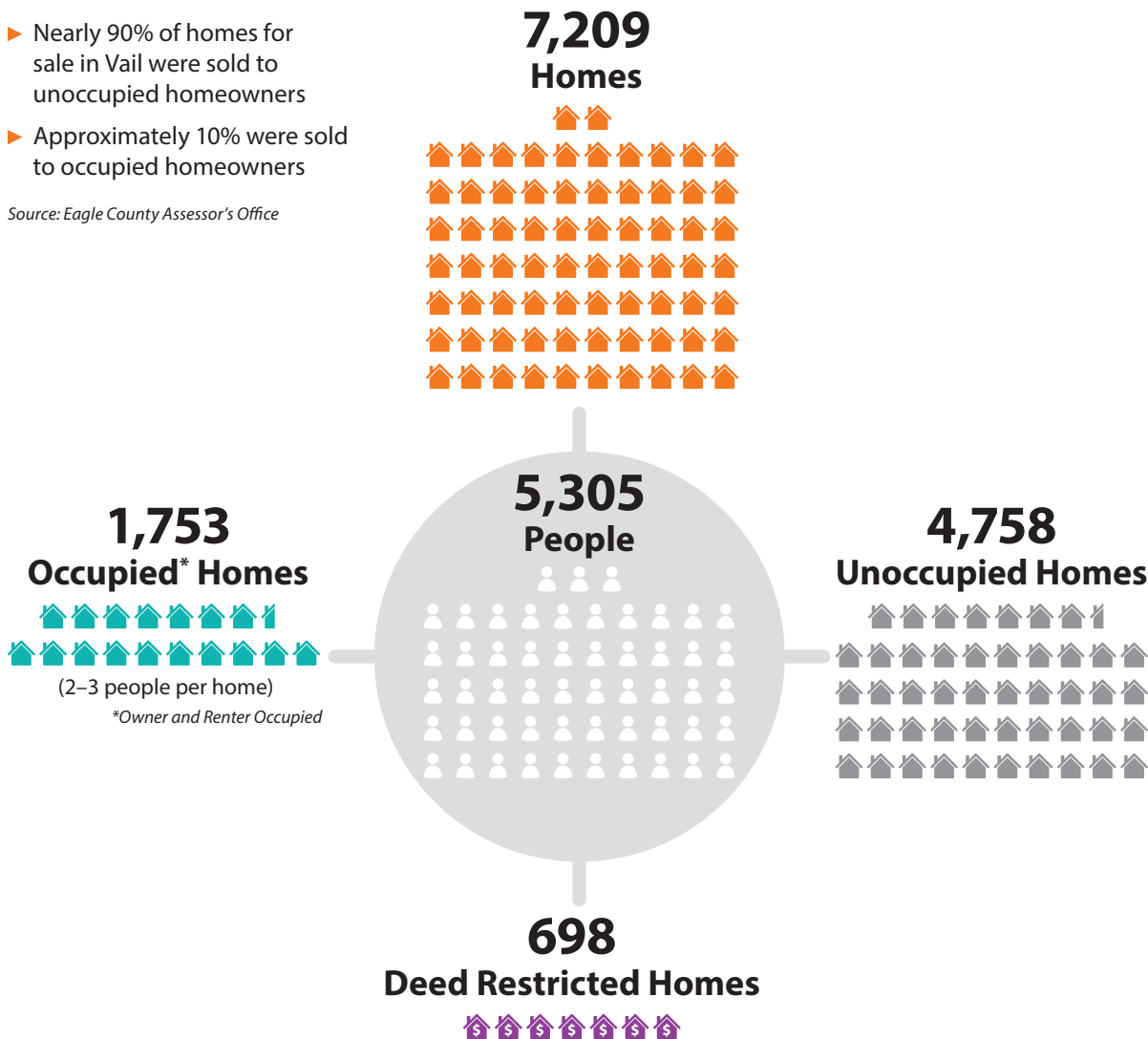
Who	Vail InDEED Program (Vail, Colorado)
What	Prohibiting renting the property short-term to discourage/reduce speculative buying, maintain locals' neighborhoods, and ensure subsidized units in particular (e.g. built with local public subsidies) are occupied by residents.
Results	<p>The Town buys deed restrictions from owners to permanently secure property as a "resident use" only. Deed restricts short-term renting. (www.vailindeed.com)</p> <p>Currently 698 deed restrictions in place. The goal is 1,700 by 2027. See Figure 11 below.</p>

FIGURE 11 ►
Visual of Vail InDEED Program

Since 2010:

- ▶ Nearly 90% of homes for sale in Vail were sold to unoccupied homeowners
- ▶ Approximately 10% were sold to occupied homeowners

Source: Eagle County Assessor's Office



Source: Vail Housing Strategic Plan Document
www.vailgov.com/housing

C. Matching/Incentive Rental Programs for Seasonal Employees

As many ski resorts do not have enough housing for their employees, some are offering incentives such as deeply discounted season passes or a number of free pass vouchers in exchange for renting to their employees.

Who	Steamboat Ski Resort (Colorado)
What	Steamboat Ski Resort offered cash bonuses to landlords who rent to resort employees. Specifically, the resort would pay an additional \$200 a month to qualifying landlords who can house a ski area employee for under \$500 a month.
Results	Program only operated for 1 season and only 1 match was made. Since the market rate for single rooms ranged from \$800–\$1,100/month, there was very little interest from landlords to rent rooms for only \$500+\$200(incentive)=\$700/month. The resort has had greater success with housing employees in dorm-style housing (5 employees/room) that they own as well as renting un-used rooms in older hotels in the area for their employees.

Who	Tenants for Turns (Sugarbush, Vermont)
What	<p>Qualified landlords and homeowners who advertise their rental with Sugarbush and then rent to a Sugarbush employee will receive one of the following:</p> <ul style="list-style-type: none"> ▶ 10 All Mountain Lift Vouchers for the Winter Season. ▶ A Family or Individual Health and Recreation Center Membership for the Winter Season. ▶ A Premium Season Pass for only \$100. <p>The program is only a facilitator that connects available rentals with employees looking to rent. Sugarbush does not match tenants and landlords, have requirements regarding the cost of the rental, collect rent, or intervene if issues arise.</p>
Results	Operating for 2 years; about 30 employees find housing/year through program.

Who	Tenants for Turns (Jackson Hole, Wyoming)
What	<p>Homeowners with a spare bedroom or apartment who provide housing for a new Jackson Hole Mountain Resort employee(s), will receive one of the following:</p> <ul style="list-style-type: none"> ▶ 15 day resort pass voucher ▶ 15 day pro-rated discount for their Jackson Hole Grand Pass
Results	As of 2019, program discontinued.

Who	Tenants for Turns (Stevens Pass, Washington)
What	<p>Local landlords advertise their rental with Stevens Pass Resort. The resort maintains a list of rentals and makes it available to any hired employee. Once the resort receives a signed rental agreement, the landlord is eligible for up to two \$100 local passes for Stevens Pass.</p> <p>The program is only a facilitator that connects available rentals with employees looking to rent. Stevens Pass does not match tenants and landlords, have requirements regarding the cost of the rental, collect rent, or intervene if issues arise.</p>
Results	Program has been very successful since starting in 2011 with about 50 employees housed/year.

Who	Residential Rewards and Master Lease Programs (Squaw Valley/Alpine Meadows, California)
What	<p>Squaw Valley/Alpine Meadows offer two programs for housing their employees in addition to housing employees in resort-owned units. The Residential Rewards Program offers a \$350 gift card to homeowners who list their rental first with Squaw Valley/Alpine Meadows and sign a lease with a resort employee. The resort also operates a Master Lease program where the resort works with property management companies to find rentals where the resort can sign the lease with the homeowner. The resort then sub-leases the property to its employees, taking the burden of being a landlord off of the property managers and homeowners.</p>
Results	In 2018/2019, 28 property owners listed their units, 9 signed leases with employees, and 15 employees were housed through the Residential Rewards Program. For the Master Lease program, there were 6 leases in 2018/2019, creating housing spots for 29 employees.

D. Home Sharing Programs

Another approach communities are taking to link existing homeowners with tenants is through home sharing program. Home sharing is defined as matching landlord with tenants who provide services in exchange for all or some of the rent.

Who	HIPhousing (San Mateo County, California)
What	<p>Home sharing program which matches homeowners or renters (Home Providers) who have a residence with one or more bedrooms with persons seeking housing (Home Seekers). Program staff screen and interview potential applicants and verify references and income. Two types of home sharing arrangements available:</p> <ol style="list-style-type: none"> 1) A home provider is matched with a home seeker who pays rent. 2) A home provider is matched with a home seeker who exchanges household duties for reduced rent.
Results	Has served 65,000 people since 1979.

Who	Home Match (San Francisco, California)
What	<p>A joint program of two Bay Area nonprofit providers of housing and services, with funding from the Mayor's Office of Housing and Community Development, which pairs low-income residents (earning 90% AMI or below) seeking a place to live with homeowners who have extra room in their homes. Homeowners benefits from extra income or help with chores such as grocery shopping, pet care, or transportation. Program staff screen applicants through interviews, background checks, and home visits, and help potential matches design a comprehensive Living Together Agreement. Additionally, they offer on-going support after a match is made.</p>
Results	About 20–25 matches made per year. Requires one full-time staff person to coordinate matches. Number of matches/year has been increasing with each year program is in operation as more people learn about the program.

Who	SHARE (Sonoma County, California)
What	Home sharing program which places an individual needing housing into a home with a senior (over 60) who otherwise would have been unable to remain in his or her home because of the 'house rich, cash poor' syndrome or needing carefully defined support services which the tenant provides in exchange for paying less or no rent. Through the matching process, parties are vetted, with SHARE Sonoma County providing support, thus alleviating the most common reason for shared housing not too work: fear of allowing strangers into one's home. In addition, with the October 2017 fires, SHAREfire was established, adapting this approach to quickly and securely place those displaced by the fire into existing and affordable housing without restrictions.
Results	Has made over 370 matches since 2014 with only one Home Matching Specialist. Thirty percent of those who were matched with home providers were couch surfing, staying in shelters or living in their car before they discovered SHARE.

SECTION V ▶

Areas for Continued Consideration

1. OVERVIEW OF CONSIDERATIONS

The following section outlines other actions local jurisdictions could consider, recommended by an expert in the field of short-term rentals¹⁰ as well as other research vetted by the MHC STR Tiger Team. The list is separated by the primary goal of the strategy to either address nuisances or preserve housing for locals. **These strategies were not included in the final Agreements list in Section 1 of this document, as consensus was not reached to include them at this time.** However, the Tiger Team felt this information was valuable and could serve as useful information to jurisdictions.

Ideas to Increase Supply of Long-Term Rentals

- 1 Implement a waiting period for STR permits — A one-year waiting period between home purchase and STR permit issuance may act as a deterrent to investors whose primary purpose for purchasing the home is to utilize it as a STR.
- 2 Encourage STRs in certain areas (ex. Town Centers, Lodging Districts) — Areas closer to commercial and tourist activity, and/or encourage short-term rentals when zoned appropriately for tourism. For example, the City of South Lake Tahoe encourages more STR permits in the Tourist Core Area Plan by limiting the number of STRs outside of the Tourist Core Area.
- 3 Limit number of nights/year an STR can be rented — Number of nights could vary depending on owner occupancy (full-time resident versus second homeowner). Alternatively, a jurisdiction could set a total limit of available permits per year.
- 4 Limit number of STR permits issued each year — Can be based on ratio of occupied housing to STRs, first come/first serve, auction, or lottery.

Ideas to Address Nuisances

- 1 Increase STR permit fees and fines for non-compliance to cover costs of enforcement. Higher fees and fines discourage property owners from casually entering the STR market. The new fee structure could have the dual benefit of also concentrating STRs in more desired locations while discouraging concentration in other areas that could be preserved for locals' housing as well as provide funding for increasing the supply of locals' housing.
- 2 Require a two day minimum for STRs to lessen impact of move-ins and move outs (local property managers claim this causes noise).
- 3 Require compliant parking off-street tied to STR occupancy limit.
- 4 Require proper garbage containment, such as bear boxes.

¹⁰ Socioeconomic Impacts of Vacation Home Rentals in South Lake Tahoe, Michael Baker International, June 2017.

CONCLUSION

The North Tahoe-Truckee region has been and continues to be a popular tourist destination. Second homes and STRs have been a part of the housing market for many years and we can expect that the trend will continue with the ease of online bookings and worldwide growth of websites such as Airbnb, VRBO, Vacasa, and HomeAway.

The MHC STR White Paper compiled an array of regional data and other studies on the issue, shedding light on the current state of short-term rentals, growth trends, and what other communities have done to address this new phenomenon. We hope decision-makers use this document as a tool to ground short-term rental policy in data and research, and to make evidence-based decisions on the topic.

Each local jurisdiction will need to address STRs according to the goals, vision, characteristics and circumstances of their locality. The reports, best practices, and national experts referenced in this analysis can be considered as each local jurisdiction tackles its unique challenges. As mentioned by a representative from the National League of Cities at the 2017 National Planning Conference, there is no one-size-fits-all solution to answering the STR home question.¹¹ This is also true for the local jurisdictions in the North Tahoe-Truckee region.

Because the Town of Truckee and Placer County are collecting real-time data on short-term rentals through Host Compliance, the region has a better, and increasingly granular, picture of the short-term rental market.

MHC hopes this document provides decision-makers with a foundational analysis that sets the stage for a deeper understanding and conversation around the short-term rental issue and ways to preserve achievable local housing as this new housing use evolves over time.

¹⁰ DuPuis N. 2017. Addressing the Growth of Short-Term Rentals. Presentation at the National Planning Conference. New York City, New York.



Photos on front and back cover by Greyson Howard

www.mountainhousingcouncil.org