



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: August 22, 2023

DATE: July 31, 2023

TO: Board of County Commissioners

FROM: Kelly Mullin, AICP, Division Director, Planning and Building,
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THROUGH: Dave Solaro, Arch., P.E., Assistant County Manager
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SUBJECT: Recommendation to provide direction to staff on initiation of amendments to Washoe County Code Chapters 110 (Development Code) and 125 (Administrative Enforcement Code) pursuant to WCC Sections 2.030 and 110.818.05, to create the necessary code language to limit the number of short-term rentals (STRs) operating in unincorporated Washoe County. The amendments may include, but are not limited to, the establishment of a cap on the overall number of STR permits issued, the basis for such a cap, the area of applicability, and method(s) of implementation. The amendments may also include other changes to streamline and clarify current STR permitting and enforcement processes; and direct the County Clerk to submit the request to the District Attorney's Office for preparation of the proposed ordinance(s) in accordance with WCC 2.040. (All Commission Districts.)

SUMMARY

Pursuant to Washoe County Code (WCC) Sections 2.030 and 110.818.05, and in response to a request from Chair Hill and Commissioner Clark, the Washoe County Board of County Commissioners (Board) is asked to provide direction to staff on whether code amendments should be initiated to establish a cap on the number of STRs operating in unincorporated Washoe County. If so, the Board is asked to simultaneously initiate other changes identified by staff to streamline and clarify STR permitting and enforcement processes in accordance with WCC 2.030 and 110.818.05. If initiation occurs, the Board is asked to direct the County Clerk to submit a request to the District Attorney's Office to draft the proposed ordinance(s). When the proposed ordinances are complete, the County Clerk will set an introduction and first reading.

Washoe County Strategic Objective supported by this item: Support a thriving community.

AGENDA ITEM # _____

PREVIOUS ACTION

On May 10, 2022, the Board adopted Ordinance No. 1686, which made amendments to various provisions of Washoe County Development Code (Chapter 110) in Article 319, *Short-Term Rentals*.

On March 23, 2021, the Board adopted Ordinance Nos. 1665, 1666 and 1667, which amended Washoe County Code Chapters 50, 110 and 125 to establish standards and permitting/enforcement processes for STRs.

On February 3, 2021, the Board introduced and conducted a first reading of Ordinances 1665, 1666 and 1667.

On July 10, 2007, the Board adopted changes to Washoe County Code Chapter 25 relating to transient lodging.

BACKGROUND

In March 2021, the Board adopted standards for STRs to operate in unincorporated Washoe County. Standards were further refined through code amendments in May 2022. Regulations generally govern quality of life impacts such as noise, parking, and trash, as well as basic fire and building safety minimums, including occupancy limits. Since work on the STR ordinance began in 2019, it has been expected that related standards would be assessed and updated over time.

The STR program has been operating for two years, providing enough time for the new permitting processes to be established, yearly STR renewals to occur, and streamlining of initial processes to be implemented. There are two sets of amendments currently being contemplated. The first is in response to requests from Chair Hill and Commissioner Clark to establish a cap on the number of STRs in unincorporated Washoe County. The second is a suite of clean-up items proposed by staff to assist in streamlining and adding clarity to current permitting and enforcement processes.

Potential Basis for Establishing a Cap

In July 2023 there were 685 active STR permits in unincorporated Washoe County, with 642, or approximately 94%, located in the Incline Village/Crystal Bay area. *Note: These numbers fluctuate on a regular basis with STRs coming in and out of the market.* Properties within the Tahoe Basin are also subject to the regulatory authority of the Tahoe Regional Planning Agency (TRPA), which was established to protect and restore the unique environment of the Lake Tahoe region. As a result, the County has established more restrictive parking and noise standards for STRs located within the Tahoe Basin.

Tahoe community members have expressed concerns about the lack of affordable and workforce housing within Incline Village/Crystal Bay, and potential impacts from STRs on the shortage. The Washoe Tahoe Housing Partnership's *Housing Roadmap*, released in May 2023, identifies several potential strategies for addressing that shortage, including a recommendation for Washoe County to "consider a potential future cap on the number of STRs in Washoe Tahoe" (p. 41, available from www.tahoeprosperty.org/wthp).

Additionally, in 2019, the TRPA Governing Board adopted an amendment to their Code of Ordinances that added STR neighborhood compatibility as a third criterion to the Performance Review System (PRS) for the distribution of residential allocations to each jurisdiction. It is important to note that every home built in the Tahoe Basin is required to obtain a residential allocation from the local jurisdiction prior to construction. TRPA awards these allocations bi-annually to each jurisdiction based on their PRS scores. With the change in 2019, the number of residential allocations provided to each jurisdiction is now impacted by its STR ordinances. One of the scoring criteria is residential compatibility, with TRPA awarding a higher score to jurisdictions that have established a limit on the total number of STRs. In both 2021 and 2023, Washoe County received fewer than the maximum number of allocations due to deductions associated with STRs. Although Washoe County continues to have a healthy supply of allocations on hand, the Board may choose to consider this factor in weighing whether to pursue a limit on STR permits.

Other potential bases for establishing a cap may be explored by staff should the Board initiate these code amendments.

Caps in Other Jurisdictions within the Tahoe Basin

Jurisdictions surrounding Lake Tahoe include: Washoe County; Douglas County; Carson City; City of South Lake Tahoe; El Dorado County; and Placer County. STR regulations in these areas have been in flux for several years, with modifications to existing ordinances occurring multiple times across jurisdictions. After Washoe County began the process to regulate STRs, Douglas, El Dorado, and Placer Counties updated their ordinances to establish a cap on the number of STRs located within the Tahoe portions of their jurisdictions. Their methods for implementing these caps vary. Although South Lake Tahoe has not established a cap, it limits STRs to commercial areas and the tourist core.

Other Changes

During implementation and administration of the STR program, planning staff have identified several necessary code changes to assist in streamlining and clarifying permitting and enforcement processes. Should the Board initiate an amendment to create regulations establishing an STR cap, the Board is asked to simultaneously initiate the staff-requested updates identified below. Further details and draft code language will be provided subsequently as part of the overall code amendment process.

- Update application submittal requirements for renewals.
- Codify process to require a new STR permit application when a property is sold.
- Clarify that an STR permit must be relinquished if the property owner wishes to stop operating the STR and no longer wishes to be subject to STR regulations.
- Clarify the types of permits needed to be obtained from relevant fire districts.
- Clarify that violations/citations by the Incline Village General Improvement District (waste removal), Health District (waste removal) or Sheriff's Office that also violate STR standards are considered STR violations.
- Clarify that waiting periods associated with revoked permits are applicable to the property owner, not the parcel.
- Update references to code sections to ensure accuracy.
- Identify potential grace period for permit renewals.

- Clarify circumstances under which work completed without required building permits may result in suspension or revocation of the STR permit.
- Create the ability for an applicant to request an updated STR permit renewal date upon payment of a pro-rated permit fee.
- Reduce the appeal window for Stop Activity Orders from 30 days to 14 days for STR-related violations.
- Investigate increasing penalties/fines for STR permit violations and/or related code violations.
- Other changes intended to streamline/clarify STR permitting and enforcement processes.

Next Steps

Should the Board wish to initiate an amendment to limit the number of STRs operating in unincorporated Washoe County, staff will work closely with the District Attorney's Office to develop recommendations for updated code language, including a specific limit on the number of STRs and implementation method for such a limit. Considerations are expected to include the following: Board direction; known issues needing resolution; stakeholder input; best practices; feasibility of implementation; equitability; legality; unintended consequences; etc.

Amendments to the Development Code commonly include a public workshop prior to draft language being provided to the Planning Commission for a recommendation. Following the Planning Commission's hearing, amendments are presented to the Board for introduction and possible adoption over a series of two meetings.

During the August 22, 2023, meeting, the Board is also asked to provide direction on the preferred level of public/stakeholder outreach and engagement for this process.

FISCAL IMPACT

Limiting the number of short-term rental permits has the potential to impact revenues received from both permit application fees and Washoe County's portion of any transient occupancy tax. The magnitude of those impacts will be dependent upon the details of the ordinance. Fiscal impacts will be estimated in future staff reports for Board action. Direction at this time will result in the use of additional staff time to create the applicable ordinance(s).

RECOMMENDATION

It is recommended that the Board provide direction to staff and determine whether to initiate amendments to Washoe County Code Chapters 110 (Development Code) and 125 (Administrative Enforcement Code) pursuant to WCC Sections 2.030 and 110.818.05, to create the necessary code language to limit the number of short-term rentals (STRs) operating in unincorporated Washoe County. The amendments may include, but are not limited to, the establishment of a cap on the overall number of STR permits issued, the basis for such a cap, the area of applicability, and method(s) of implementation. The amendments may also include other changes to streamline and clarify current STR permitting and enforcement processes; and direct the County Clerk to submit the request

to the District Attorney's Office for preparation of the proposed ordinance(s) in accordance with WCC 2.040.

POSSIBLE MOTION

Should the Board choose to initiate the amendment, a possible motion would be:

“Move to initiate amendments to Washoe County Code Chapters 110 (Development Code) and 125 (Administrative Enforcement Code) pursuant to WCC 2.030 and 110.818.05, to create the necessary code language to limit the number of short-term rentals (STRs) operating in unincorporated Washoe County; and direct the County Clerk to submit the request to the District Attorney's Office for preparation of the proposed ordinance(s) in accordance with WCC 2.040.

The amendments may include, but are not limited to, the establishment of a cap on the overall number of STR permits issued, the basis for such a cap, the area of applicability, and method(s) of implementation. The amendments may also include other changes to streamline and clarify STR permitting and enforcement processes. (Optional)-- This motion also includes the following direction to staff _____.”

Attachment: Letter from Department Head requesting initiation of code amendments