

Board of County Commissioners
August 22, 2023



Short-Term Rental Application Fee Changes



Background

- STR program established in early 2021 after 2+ year public process
- STR codes address quality of life impacts, occupancy, minimum safety, etc.
- When Board authorized STRs to be permitted, they directed STR permit fees to cover cost of administration
- Initial fees based on future projections and “guesstimates” for # of permits and resources required
- Expected that fees would need to be re-assessed after program established
 - Enough time has passed to more precisely identify resources required to administer program



Identified Issues

- The STR program is understaffed and does not operate at maximum efficiency (leads to delays in processing / responses)
- Adding approximately 2 FTE work to existing planning staff has dramatically impacted ability to complete primary planning duties
- General taxpayer dollars heavily subsidize operation of STR program
 - FY24 estimated cost: **\$516,000**
 - FY24 projected STR Tier 1 Permit application revenues: **\$257,000**
 - **Annual estimated shortfall: \$259,000**



Proposed Solutions

- Hire dedicated staff to manage STR program duties
- Reduce costs to operate by using para-professional staff rather than higher-level professional staff (annual salary and overhead cost savings of approx. \$92,500)
- Increase STR permit fees to cover the gap
- *Additional benefit: Professional planning staff currently administering the program will be able to re-focus on non-STR planning duties*



What do STR Tier 1 Permit Fees Cover?

- Overall program administration
 - ex. addressing inquiries, change requests, permit/renewal processing, etc.
- Safety and ensuring compliance with standards
 - ex. plan review, safety inspections by building and fire personnel
- Enforcement
 - ex. monitoring by Host Compliance, 24-hour complaint hotline, code enforcement investigation and responding to complaints/violations, etc.
- Permit software development/enhancements
- Clean Tahoe
 - Starting in 2023, within the Tahoe Basin STR fees are also expected to cover some services by Clean Tahoe

Proposed Fee Changes (Attachment A-1)

- Increase initial permit and renewal fees approx. \$270-\$350 depending on specifics of permit
 - Ex. first time permit or renewal; inside or outside of Tahoe Basin; inspection or self-certification; etc.
- Additional new fees:
 - Change local responsible party/agent
 - Change maximum occupancy for Tier 1 permits
 - Applicant appeal of Tier 1 STR Permit denial
- Annual automatic CPI adjustment



Public Input

- July 5, 2023 Incline Village / Crystal Bay CAB
- Online survey (149 responses)
 - Generally:
 - STR owners do not believe permit fees should cover cost of STR program and find proposed increases unreasonable
 - Non-STR-owners believe fees should cover cost of STR program and find proposed increases reasonable
 - Full results in staff report and Attachment C



Enforcement

- Common theme across STR owners and non-STR-owners
- Enhancements:
 - Establish regular data exchange with Sheriff's Office
 - Increase patrol presence near problem STRs when possible
 - Increase street-side spot checks over summer months
 - If new positions are approved, portion of FTE will support STR enforcement



Proposed Motion

“Move to adopt the resolution included as Attachment A to this staff report and further authorize the Chair to sign the resolution on behalf of the Board of County Commissioners with an effective date of October 1, 2023.”

Thank you

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